



# BUNBURY PORT AUTHORITY

Annual Report

2008

# **BUNBURY PORT AUTHORITY**

## **Annual Report 30 June 2008**

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# **ANNUAL REPORT 2008**

**To the Hon Alannah MacTiernan MLA  
Minister for Planning and Infrastructure**

In accordance with section 68 and clauses 34 and 35 of Schedule 5 of the Port Authorities Act 1999, I hereby submit for your information and presentation to Parliament, the Annual Report of the Bunbury Port Authority for the year ended 30 June 2008.

**Jim Brosnan**  
Chairman  
Board of Directors

# Chairman's Report

## Overview

On behalf of the Board of the Bunbury Port Authority I am pleased to report that 2007/08 was another excellent year for the Port with record total trade handled of 13.659 million tonnes, which slightly surpassed last year's record. Exports of copper concentrate and coal are expected to commence in the coming year, which will further increase trade levels.

The Authority also had a strong financial performance based on the solid trade figures with an operating profit after tax of \$3.938 million for the twelve month period ending 30 June, 2008, which is almost 3% above the budgeted profit.

The record trade is indicative of the strong economic growth and development in the South West of Western Australia, with the Port being the main export hub. The Structure Plan which has been prepared and circulated for public comment will facilitate future trade growth in a diverse range of commodities.

A major future challenge will be to ensure that the Port meets the expectations of its stakeholders, with respect to environmental standards. As part of this program, accreditation will be sought under ISO 14001 for Environmental Management Systems.

A major achievement of the staff of the BPA has been ensuring that there have been no Lost Time Injuries for the year. I am also pleased to report that the BPA has again achieved a Silver Award for Accountability in Annual Reporting at the annual WS Lonnie Awards for State Government Agencies for its 2006/07 Annual Report and I congratulate our staff on this achievement.

The major potential growth areas for the Authority include the export of coal and other bulk minerals and we continue to work on establishing a container trade in Bunbury with interested parties. To facilitate the growth in trade the Authority has been continuing with the development of a range of options for the expansion of infrastructure in the Inner Harbour.

I would particularly like to express my appreciation for the contribution made by Mr Gary Crockford who served as CEO for the last 3 years. This has been an important period of building relationships with the community as well as for establishing the planning foundations for future development at the port. The recruiting process for a new CEO is currently in progress and I would also like to acknowledge the support given to the Board and myself by Mr John Barratt who is Acting CEO at this time.

## Community Relations and Sustainable Development

The Authority takes seriously the impact of port operations on the surrounding community and the dust monitoring program of PM 10 dust particulates using TEOMs showed no exceedences during the year.

Following on from the environmental situation related to the Port of Esperance, the Department of Environment and Conservation conducted an environmental audit of the Bunbury Port in November 2007. The main issues identified were the management of waste water and the need for improved housekeeping of storage facilities by port users. These have been acted on by the BPA with the Authority progressing a Waste Water Management project for Berth 8 and attendance by port users at DEC briefing meetings in June 2008, where the findings of the audit were discussed. There were no issues raised by the DEC in relation to the impact of port operations on the community.

Minimising the impact of port related activities upon the community remains a priority and to this end it is planned to progress with the erection of trial panels for a noise wall along Port land near Koombana Drive. This will allow the visual impact of such a wall to be assessed.

The Leschenault Homestead Planning Committee comprising of representatives from the BPA, Heritage Council of WA, Port Community Liaison Committee, City of Bunbury and the Bunbury Built Heritage Group has completed a report with recommendations relating to the relocation and interim maintenance of the Homestead. The maintenance plan was developed with the assistance of heritage architect Kent Lyon and has been submitted to the Heritage Council for comment, following which it will be implemented.

The Port Authority's second Port Open Day was held this year with over 2,500 visitors to the port including our Minister the Hon. Alannah MacTiernan. A highlight of the day was the return of the STS Leeuwin II to the Port of Bunbury.

### **Investment in Infrastructure / Land Use Planning**

During the year the Inner Harbour Structure Plan has been finalised and made available to the City of Bunbury for comment (public comment closed 6 June). This plan will provide the basis for all future planning and development at the Port. It is designed to maximise the use of the resources and land which the Port has at its disposal whilst minimising community impact and integrating the Port into the community. The BPA expects approval by the State Planning Commission for the plan in the near future.

A new entry road to the Inner Harbour has been completed, improving both security and traffic control in the port. Work has also commenced on the construction of the new copper concentrate storage facility at Berth 8 for the Boddington Gold Mining Management Company.

The capitalised dredging program has been completed successfully with costs coming in lower than was originally forecast.

Work is continuing on the design and environmental approvals process for the Preston River realignment project which, when finalised, will define the boundary around the ultimate future Inner Harbour basin and support areas, as depicted in the port's Structure Plan. It is expected that the Public Environment Review document will be ready for comment early next year.

### **Business Development**

There are a number of new trade opportunities for Bunbury, including the export of copper concentrates and coal, likely to commence in the short term as well as other bulk commodities under discussion for the medium to longer term. Planning is already underway to ensure that the necessary infrastructure is in place to underpin these opportunities. This includes the upgrading of Berth 5 to give the port a second multi user berth in the Inner Harbour, equipped with a full sized shiploader.

As part of our program to ensure that service standards are maintained, the port has employed two new pilots, Rajeev Sud and Les Turner, to assist our Harbour Master.

A visit to Bunbury's Sister City / Port Jiaying was organised by the BPA in October 2007. This visit was very successful, resulting in opportunities for coal export and an agreement being signed between the Bunbury and Jiaying Chambers' of Commerce and Industry to develop business opportunities. An additional outcome of this visit is the expected opening of a Bunbury Jiaying Liaison Office to further develop economic, educational and cultural ties between the two cities. This visit was followed up by a visit to Jiaying by the Hon. Alannah MacTiernan and Chairs of West Australian Port Authorities in 2008.

During the 2007 visit to Jiaying the Mayor of Bunbury, Mr David Smith, and myself were honoured by the conferring of Honorary Citizenship to the City of Jiaying.

The BPA is still working towards establishing a container trade out of Bunbury to service the export industries of the South West.

## **Outlook**

In many ways this last year has been one of consolidation and preparing a solid foundation for development in what promises to be both an exciting and challenging future.

The BPA takes its responsibilities to all of its stakeholders seriously but most particularly the community. It is for this reason that it is our intention to continue working closely with the community in future and to ensure that whilst we promote economic development in the South West we do not forget the principles of sustainability or our responsibilities to the local community.

## **Acknowledgement**

I would like to acknowledge the Board of Directors for the support given to me as Chair as well as management and staff of the Authority for their excellent work during the year.

I would also like to acknowledge all of the service providers and port users as well as the Port Community Liaison Committee under the Chairmanship of John Saunders for their valued contribution to what has been another strong year for the Authority providing a sound basis for future development.

Jim Brosnan  
Chairman  
Bunbury Port Authority

# Report on Operations

## Performance Summary

The major achievements during the year included:

- Record cargo movement of 13.659 million tonnes
- Completion of the Inner Harbour access road entry and security hut
- Completion of capitalised maintenance dredging
- No Lost Time Incidents for Bunbury Port Authority employees
- Commencement of Environmental Management System for ISO 14001 accreditation
- Commencement of plans for waste water management system at Berth 8
- Port Open Day in November 2007

## Port Operations

The year has been another successful one for the Authority in regard to health and safety with no employees involved in accidents resulting in lost time and a further reduction in community contacts made directly to the Authority from 40 the previous year to 12 this year with respect to impacts on the community from port operations.

The Authority also set an all time record trade for the year of 13.659 million tonnes, which was 0.402 million tonnes above the budgeted trade figure of 13.257 million tonnes. The improvement in trade resulted mainly from strong growth in alumina, woodchips and spodumene exports and caustic soda imports. Imports of mineral sands concentrates continued to grow from 172,567 tonnes in the previous year, to 230,341 this year. Record exports of 1.348 million tonnes saw woodchips as the second largest commodity through the Port for the year.

The Port of Bunbury also had four cruise ship visits for the year and these continue to be popular attractions for the local community and tour operators.

The Authority continues to work closely with coal companies and the Department of Industry and Resources through the Collie & Coal Futures Group, to advance coal exports through Bunbury. A visit to China in June by a trade mission, including the Minister for Planning & Infrastructure, was positive and provided first hand evidence of the growing demand for coal. This gave further support to the business case for the investment required to develop the infrastructure to enable exporting of coal through Bunbury.

The Bunbury Port's Inner Harbour Structure Plan was released for public comment by the City of Bunbury in early 2008 with the closing date for submissions in early June. The submissions received will be assessed and responded to, in order to progress the Structure Plan through the statutory planning approval process with the Western Australian Planning Commission. To further advance the benefits of the Structure Plan, the Authority established an Inner Harbour Buffer Study Working Group, with input from relevant government agencies, environmental consultants, a community representative and a port user. The purpose of the working group is to provide input in developing a buffer study that will more fully address the buffer concepts introduced in the Structure Plan. The intention is to have the outcomes of the study adopted and implemented through the Port Authorities Act, the greater Bunbury Region Scheme and the City of Bunbury Town Planning Scheme No. 7.

After considerable time and effort to gain approval for a sea dumping permit from the then Department of Environment & Water Resources, the capitalised maintenance dredging began in late December 2007 and was successfully completed by Dredco's trailer suction dredge the "Lange Wapper" in February 2008. The Authority was able to reduce the overall

cost of the project to \$8.1 million from the approved budget of \$10.5 million by utilising a combination of the "Lange Wapper" and WA Shell Sands' smaller dredge the "Volvox Anglia" although this was still a significant capital expenditure for the Authority compared to previous dredging campaigns.

During the year the Authority completed the construction of the Inner Harbour access road entry and security hut to further improve port security. The security hut is used by the Authority's security contractors to monitor vehicles entering the port area and to assist port users with compliance with federal Maritime Security legislation and attend to any suspicious activity in the Port's restricted areas. The co-operation of all port users during the construction of the new access road is appreciated. The issuing of MSIC cards continues to be a significant undertaking for the Authority's staff.

In regard to the Authority's focus of continual environmental improvement, we have commenced the process of establishing an Environmental Management System, with the aim of achieving ISO 14001 accreditation during 2010. In addition the Authority has commenced preliminary work on the development of a waste water management system for Berth 8, which will be designed to ensure that waste water from conveyor wash-downs and storm water is redirected away from the marine environment. Construction of the project is expected to be completed by early 2009.

### **Financial Performance**

The port achieved a profit before tax of \$5.643 million. The result was better than budget, due to the record trade levels offsetting some significant once off costs for engineering and environmental studies for future port capital works including the Inner Harbour development and Preston River relocation. There were also increases in maintenance costs for Berths 3, 5 and 8, buildings including storage sheds, security fences and an increase in land tax.

Total revenue was \$21.828 million or 7.6% above budget, with operating costs of \$16.185 million being 9.3% above budget.

As at the end of the financial year, the Authority's balance sheet comprised total assets of \$106.039 million and total liabilities of \$17.031 million resulting in total equity of \$89.008 million.

Capital works approved, commenced or completed during the year included:-

- Capitalised maintenance dredging
- Completion of the enclosure of the Berth 8 common user conveyor system
- The Inner Harbour access road and security hut
- Extension of the Administration office
- Preliminary work for the waste water management system

Capital expenditure for the year totalled \$9.610 million.

### **Port Development**

During the year work continued on developing a second common user bulk loading facility in the Inner Harbour. The original proposal centred around relocating the ship loader from Berth 1 at the Outer Harbour to Berth 5 at the Inner Harbour. However consideration is now being given to the option of constructing a new shiploader for Berth 5, with increased trade capacity to improve loading performance. This concept will provide the Authority with increased capacity and the flexibility of having three multi-user bulk loading berths, one shallow draft and two deep draft, without the need for dredging.



Work also continues with environmental and engineering studies to determine the optimum design for the next major expansion of the Inner Harbour, which would include the development of a new berth for bulk cargoes and the “squaring off” of the existing Inner Harbour basin. This proposed expansion is illustrated in “Figure 21 – Indicative Stage One” on page 64 of the Structure Plan.

The relocation of the Preston River is another project which has significance in relation to the future development of the port as highlighted in the Structure Plan. In relation to this project a number of important environmental studies were completed during the year including flora, fauna and acid sulphate soils. Work will continue to develop a sound business case for the project to proceed as planned.

The Tapered Element Oscillating Microbalance (TEOM) dust monitors that have been deployed around the Port, continue to provide valuable data for the environmental management of the Port and indicate that the Port does not contribute significantly to fine dust levels to areas surrounding the Port.

Although the decision regarding the reintroduction of trains to service the WAPRES woodchip mill with logs is pending at year end, the Authority is still considering the benefits of a noise wall to reduce noise impacts on the local community when rail recommences. In this regard the Authority is planning to erect two small sections indicative of the type of wall to be used, as a trial, to allow the public to comment on their suitability and amenity.

## **Staff**

There were a number of changes to staff during the year.

Those who had left at the date of this report were:

- Lisa Hannagan - Executive Assistant, who resigned in October 2007
- Mike Symonds - Shipping Officer, who retired in February 2008
- Gary Crockford - Chief Executive Officer, who resigned in July 2008

New staff appointed were:

- Terry Brown – Port Operations, in August 2007 (previously employed as a casual)
- Rajeev Sud - Marine Pilot, in August 2007
- Kylie Astbury - CEO’s Personal Assistant, in October 2007
- Laura Beach – Receptionist, in November 2007
- Les Turner – Marine Pilot, in March 2008
- Andrew Atthowe – Environmental Technician, in April 2008

## **Acknowledgement**

The Authority continues to rely on a small workforce, whose strong commitment ensures the Port runs smoothly. It is my pleasure in my role as Acting CEO to acknowledge the contribution and dedication of all staff who have ably assisted me during the year and in particular Gary Crockford our Chief executive Officer, who officially resigned on 4 July 2008, for his valuable contribution over the last three years.

I also wish to acknowledge the valuable contribution made by the customer and community committees whose input has greatly assisted with the ports performance and in making activities such as the Port Open day such a success.

John Barratt

Acting Chief Executive Officer

Bunbury Port Authority

## Community & Environment

The twelve month period has seen a significant increase in the number of environmental studies and investigations undertaken. The majority of these are related to expansion options for the Inner Harbour precinct and include marine sediment sampling, dredge turbidity monitoring, flora and vegetation surveys, bird surveys, fauna surveys and an in-depth desktop assessment study of the former Western Power Station site and environs adjacent to the entrance to the Inner Harbour basin.

An Aboriginal Heritage archaeological survey of the dune system between Turkey Point and the Inner Harbour entrance was also conducted.

Separate environmental studies and investigations associated with the proposed realignment of the Preston River outlet channel were substantially completed during the period with acid sulphate soil drilling and associated sampling and soil and water analysis completed in May 2008.

A Sea Dumping Permit was issued to the Port Authority in late 2007 for the major maintenance dredging campaign that commenced over the Christmas / New Year period and was completed in late February 2008. The application process for the permit had commenced in the previous report year and involved numerous contacts with the Federal Department of Environment, Heritage, Water and the Arts (DEHWA) to clarify or provide additional marine sediment sampling information. The main issue of concern to the Department was trace amounts of Tributyltin (TBT), a component of the anti-fouling paint on the hulls of ships, detected in the Inner Harbour basin sediments. This required the Inner Harbour basin to be dredged first so that this material could be buried at the spoil ground with sediment dredged from the shipping channel and Outer Harbour. Post disposal TBT sampling conducted in May 2008 confirmed successful burial of the TBT containing sediments. The TBT survey results were reported to DEHWA.

Further sediment sampling was undertaken at the Outer Harbour breakwater area in early 2008 with a view to the Port Authority seeking a variation to its current Sea Dumping Permit to extend the approved dredge area closer in towards the breakwater and sand trap to allow dredging of the accumulated sand which is causing shipping draught reduction at Berth 1.

Baseline sampling to establish copper levels in the Inner Harbour sediments and marine biota was undertaken in June 2008 to provide comprehensive baseline data prior to the commencement of copper sulphide concentrate exports in 2009. Once exports commence, period sampling will continue to monitor copper levels in sediments and biota in the Inner Harbour. The sampling results will be compared to the baseline to measure the extent to which the control of wash-down water and product spillage at Berth 8 is being managed to prevent impacts on the marine environment.

The Port Authority's TEOM real time ambient dust monitoring system continued to operate well during the period with no port related exceedances of the PM10 24 hour average of 50ug/m<sup>3</sup> recorded.

An additional TEOM dust monitor was installed and commissioned in late 2007 at the Stirling Street site to measure Total Suspended Particles (TSP). This dust monitor collects and measures 50 micron dusts which are considered to be courser nuisance dusts that are visible to the human eye as fallout on surfaces. While there is no NEPM standard for TSP the Port Authority used the 24 hour averaging time concentration of 90ug/m<sup>3</sup> as its "desirable not to be exceeded" level which is commonly used in Western Australia for industrial and mining operations. To date this level has not been exceeded.

A third party review of the Port Authority's dust monitoring program was conducted in late 2007 to provide feedback as to how well the program was being implemented and to comment on the reliability and validity of the data collected. The monitoring program was considered to provide reliable dust data that demonstrated the Port contribution to ambient dust levels was not an issue of concern. In fact, the review concluded through the use of polar plots which determine the point source of dust emissions, that the overwhelming dust sources monitored were to the south east of the Inner Harbour and therefore not port related.

The Port Authority in conjunction with LandCorp commissioned a dust modelling study of the Inner Harbour environs in early 2008 to assist in the establishment of an appropriate buffer distance between the Port operations and any new development proposals particularly along the Koombana Bay waterfront area to the west side of the Inner Harbour. The dust modelling report will be completed in September 2008.

The Department of Environment and Conservation Port Emissions Audit Team conducted meetings with the Port Authority and port users in late 2007 as part of an overall audit of Western Australian Ports following on from the Esperance Lead Inquiry. The final audit report was communicated to the Port Authority and port users in June 2008. No issues that could impact on the health of the community were identified during the audit process. However, the management of storm and wash-down water runoff into the marine environment was identified as an area for improvement as was general housekeeping to ensure product spillage was reduced and that cleanup of spillage was done in a timely manner.

While the issue of water runoff into the harbour was identified as an area of concern, the Port Authority had already commenced work on a water runoff redirection project at Berth 8 a number of months prior to the audit. This redirection project is now at the design phase and it is anticipated that work on the project will be well underway before December 2008.

The Cumulative Noise Model relating to Inner Harbour operations originally completed in 2006 was revised in late 2007 early 2008 to reflect changes to noise profiles associated with port user operations such as the commissioning of the wood chipping facility at WA Plantation Resources (WAPRES) and the cessation of pine log exports. The revised model determined that there has been no increase in the cumulative noise levels from the Inner Harbour operations and that the fitting of the stack silencer at Bemax had significantly reduced the sound power of this noise source.

A decision was made to continue with investigations into the feasibility of constructing a noise wall on the port boundary adjacent to Koombana Drive. Trial noise wall panels will be installed at two locations on the port boundary later in 2008 to provide the community with an opportunity to assess the aesthetics of the proposed wall and to give feedback to the Port Authority. The panels will be made of materials now commonly used in the Perth metropolitan area near freeways and train lines. Previous noise wall modelling has indicated that the wall will need to be in the 3 to 3.5 metre high range to be effective.

The Port Authority employed an Environmental Technician in 2008 to assist the Environmental, Health and Safety Officer. This new position was created in recognition of the increasing emphasis on the importance of environmental management with ports in general and Bunbury in particular. Following this engagement, work commenced in April 2008 on the drafting of an Environmental Management System (EMS) for those areas of the Inner and Outer Harbours directly controlled by the Port Authority. This drafting is expected to be finalised in September 2008 with implementation of the system to commence soon thereafter. It is anticipated that the EMS could be ready for external ISO 14001-2004 accreditation in late 2009.

The Berth 8 Environmental Licence for loading operations was renewed in September 2007 without any change to the licence conditions. The Berth 1 licence was renewed in April 2008 again with no changes to existing conditions.

Enclosing of conveyors at Berth 8 was completed during the period and a trial of wash-down water sediment collection bags undertaken to assess the effectiveness of these bags in trapping product contained in the wash water.

The Port Authority hosted a meeting of the Western Australian Port Authorities Association (WAPAA) Environmental Officers group in May 2008 which provided an excellent opportunity to discuss environmental issues common to all West Australian Ports and for visiting officers to tour the Bunbury Port facilities. Meetings are scheduled periodically and will rotate through other ports as practicable.

A comprehensive third party peer review environmental and community risk management workshop was undertaken and completed during the period in respect to the transport, storage and export of copper sulphide concentrate through Berth 8 in 2009. Risks were identified and quantified and controls formulated to reduce or eliminate the risk. This review process has set the template for all new and proposed product export or imports through the Port of Bunbury.

Community contacts relating to Port operations continued to decline. For the 12 month period to 30 June 2008 the Authority recorded a total of 12 contacts from the community relating to operations associated with the Inner Harbour. No contacts were received regarding Outer Harbour operations. This was 27 less than the previous report year and continues to reflect the efforts being made by the Authority and port users to manage their activities in a way that minimises impacts on the community. This reduction was particularly pleasing given the increased import of mineral sands through Berth 5 which is close to the East Bunbury community and the ongoing operations of the WAPRES chip mill.

Community contacts were as follows:

- 1 Dust observation
- 7 for noise impacts directly related to inner harbour operations
- 3 for noise impacts related to trucks on public roads near the Inner Harbour
- 1 for turbidity related to maintenance dredging

While contacts relating to trucks on public roads are difficult to address, the Authority and its users communicate with trucking contractors to seek their cooperation in reducing truck noise due to speed or exhaust braking, particularly at night.

Some turbidity from dredging work is inevitable and the Authority will make all practicable efforts to schedule major dredging campaigns, subject to dredge availability, at times of the year that will have minimal effects on the community's enjoyment of the marine environment.

The community was kept informed on environmental matters through presentations to the Port Community Liaison Committee (PCLC) meetings throughout the year. This forum allows issues to be brought directly to the attention of the Port CEO and EHS Officer by PCLC members who represent a broad cross section of the local community.

The Port Users Environmental Committee met twice during the year to discuss environmental matters of common interest and to be updated on Authority commissioned

environmental projects and studies. Environmental information was also conveyed to interested parties at the quarterly Port Users Committee Meetings.

Aboriginal Heritage survey work was undertaken during the year with two ethnographic consultation meetings held with local aboriginal representatives regarding definition of the extent of the mythological site identified within the Inner Harbour area along the previous route of the Preston River as it was in the 1850's.

The Authority is preparing a Section 18 Application under the Western Australian Aboriginal Heritage Act (1972) to include all normal port activities and future development works at the present Inner Harbour area. It is expected that the application will be lodged with the Aboriginal Cultural Management Committee (ACMC) early in the 2008/2009 reporting year.

## **Sustainability**

*(As per the Sustainability Code of Practice for Government Agencies)*

### **Environmental Performance**

The Authority has committed to ensuring that all recyclable materials generated at its Administration building will be separated from general waste and placed in designated recycling bins for collection by the City of Bunbury collection service. To this end, recyclable materials have been placed in separate 240 litre bins since late 2007 for fortnightly collection.

Workshop waste continues to be separated to retrieve metal and electrical cabling for recycling. Waste oils and greases are collected by a Waste Oil recycling company on a regular basis.

The Authority continues to monitor its Inner Harbour potable water reticulation system to identify and repair leaks in underground pipework.

A waste and storm water collection and redirection system at the Inner Harbour is under design to prevent uncontrolled water discharge to the marine environment. Options to reuse this collected water for irrigation or conveyor wash-down are being investigated to reduce draw on groundwater bore water supplies.

Revegetation of an area near the mouth of the Preston River adjacent to the Inner Harbour precinct has been undertaken in conjunction with the City of Bunbury and the Authority will work with the City in the coming year to restrict access to the Turkey Point dune system to reduce damage caused by irresponsible 4WD users.

### **Vehicles and Travel**

The light vehicle fleet is now "carbon neutral" through the Authority's involvement in the Carbon Neutral offsets program run by the Men of the Trees. The Authority has been a green supporter since late 2007 with the offset planting of 696 trees.

Where possible, road travel to distant destinations is by shared vehicle.

### **Built Assets and Land**

Vegetation, flora and fauna studies were completed during the year to identify areas of habitat significance on Authority land and adjacent water bodies. These baseline studies will allow for better protection of habitat sites or if sites have to be disturbed for future port expansion then suitable offsets can be planned well ahead of time.

The Authority has undertaken improvement works on a walkway bordering the Leschenault Estuary and the Inner Harbour precinct to facilitate better public access and viewing of the estuary and its associated birdlife.

### **Occupational Safety and Health**

Previously, the Authority achieved WorkSafe Gold Status for its Occupational Safety and Health management system and has planned a full review of the system in the next reporting period.

During the current period, a full resurvey was conducted to identify asbestos containing materials in assets or infrastructure owned and under the control of the Authority. Following

the completion of the resurvey, an asbestos materials management program was developed and asbestos containing materials will be progressively removed.

Monthly OSH meetings are held with staff to inform employees of OSH issues and to allow them to participate fully in improving the system and allow them the opportunity to raise any safety or health concerns with management.

An online safety and environment induction system was developed and implemented during the period allowing greater access to all persons requiring safety and environmental instruction prior to accessing the port areas to carry out work.

The Authority is pleased to report that during the year there was no time lost due to injury of Port Authority employees and no major incidents occurred in the Port. The Authority has therefore complied with the injury management requirements of the *Workers Compensation and Injury Management Act 1981*.

The Authority's OSH and Injury Management Data for the year as provided by RiskCover is illustrated below:

<b>Indicator</b>	<b>Number of Fatalities</b>	<b>Number of Severe Claims</b>	<b>Number of Lost Time Injury/Diseases</b>	<b>Lost Time Injury Severity Rate</b>
<b>Target (2007/08)</b>	Zero (0)	Zero (0)	Zero (0)	Zero (0)

<b>Data Definitions</b>	
Fatalities	Number of compensated work related fatalities
Severe Claims	Claims are counted where they occur in the 2007/08 financial year and the estimate for lost time exceeds 60 days. Fatal claims are included.
Lost Time Injury/Diseases	Number of claims occurring in the 2007/08 financial year where 1 day or more is estimated to be lost.
Severity Rate	Number of Severe Claims divided by the number of Lost Time Injury/Diseases multiplied by 100.

### **Consulting With Citizens**

During October and November 2007, the Authority conducted a Community Engagement Program to develop an improved understanding of the perceptions of its stakeholders, including near neighbours and the broader Bunbury community in relation to the Port and its current and future operations. By identifying community perceptions and concerns at the very early phases of development, the Port will be able to focus its future engagement activities and target information provision to proactively address any issues of community concern.



Consultation mechanisms included:

- A community attitudes survey sample of 401 households in areas immediately surrounding the Port and households from the broader City of Bunbury.
- Interviews with key stakeholders.
- Discussions with attendees at the Port's Open day and dissemination of information raised during the attitudes survey and stakeholder interviews.

The results of the survey have helped guide the Authority in structuring its information delivery to the community and to better focus its efforts in attending to issues, particularly those associated with the quality of the environment, that the community saw as important to them.

### **Community Service Obligations**

During the year the Authority contributed to a number of community based service providers by charging only peppercorn rental on their lease areas. The monetary contributions to these community services were:

Description of Lease	Area m2	Peppercorn Rent Charged	Commercial Rent	CSO Value
Naval Cadets Club Room Site	2,700	\$ 50.00	\$ 8,235.00	\$ 8,185.00
Bunbury Lifeboat Foundation	250	\$ 10.00	\$ 762.50	\$ 752.50
Department of Waters & Rivers (DEC) (Nursery Site)	6,600	\$1,100.00	\$20,130.00	\$19,030.00
Western Tourist Radio	1,000	\$ 454.55	\$ 3,050.00	<u>\$ 2,595.45</u>
<b>Total Monetary Contributions to CSO's</b>				<b><u>\$30,562.95</u></b>

### **Port Pricing Policies on Services**

The Authority's pricing policy is based on user pays principles which are required to recover ongoing operating costs and earn a rate of return on the assets used in providing port services. Port prices are reviewed annually during the budget process.

The main charge for cargo services is Port Infrastructure and for vessel services the Authority charges Navigational Services and Pilotage charges as well as Berth Hire when Port Authority owned berths are used. Revised Pilotage charges are required to be published in the Government Gazette before they can apply.

In 2007/08 Navigational Services, Port Infrastructure and Berth Hire charges increased by 4% and Pilotage charges by 8.8% to recover increases in operating costs.

Port charges are published each year in the Authority's trade statistics brochure and are available on our web site.

# Corporate Governance

## The Organisation

The Bunbury Port Authority (the Authority) is a body corporate with perpetual succession and a common seal. Subject to the provisions of its enabling legislation, the Port Authorities Act 1999 (the Act), the Authority is capable of suing and being sued and may acquire, hold and dispose of real and personal property.

The board of directors, as the governing body of the Authority, has adopted the following corporate governance principles as the framework by which the board carries out its duties and obligations on behalf of the government shareholder.

## The Board of Directors

### *Role of the Board*

The board is responsible for setting the strategic direction and establishing the corporate policies and procedures of the Bunbury Port Authority. The board is also responsible for planning approvals and oversees the financial performance and monitoring of the business activities of the Authority on behalf of the government as the sole shareholder by whom the directors are appointed and to whom they are accountable. The board also addresses issues relating to internal controls and procedures in relation to risk management including environmental, financial and operational.

Responsibility for the day to day management of the ports activities resides with the Chief Executive Officer who is accountable to the board for the efficient performance of those duties enconced in the Act.

The board is empowered by legislation to determine its own procedures, and has established:

- Standing Orders to encourage maximum participation by directors at meetings of the board.
- A Corporate Governance Committee to ensure board efficiency, quality in outcomes and continuous improvement in board performance.
- Consistent with the powers of delegation contained in the enabling legislation, the board has defined appropriate levels of delegation to effectively manage the Authority's business with clear lines of accountability.
- An Internal Audit and Risk Management Committee which oversees the internal audit program and assessment of risk of the Authority's operations.

In addition directors have responsibility for distinct portfolios including government, business development/commercial financial, infrastructure, land use and Outer Harbour and community, environment and Leschenault Homestead. The intention of the portfolios is to provide an opportunity for directors to provide specialist input to the long term planning and strategic development issues of the Bunbury Port in a manner which allows high level participation in strategic policy development and where appropriate community liaison.

During the year an independent review of directors' performance was carried out by consultants Gerard Daniels and the recommendations from the review are progressively being implemented as part of the boards commitment to continuous improvement.

### ***Composition of the Board***

The Authority has five non-executive directors including the Chairman. The Director's Report in the annual report contains details of each director's qualifications, skills and experience. The board generally meets monthly and as required during the year when special meetings may be called.

### ***Appointment and retirement of Directors***

Directors are appointed by the Minister for Planning and Infrastructure in accordance with Section 7 (1) of the Act. Directors are appointed for periods of up to three years and are eligible for reappointment. The Minister may at any time remove a director from office and is not required to give any reason for doing so. The Minister appoints a director as Chairman and another as Deputy Chairman.

### ***Independent professional advice***

The Authority will permit any director to seek external professional advice as considered necessary in the performance of their responsibility as a director, at the Authority's expense, with the approval of the Chairman.

### ***Conflict of Interest***

At the commencement of each meeting Directors make declarations of items of personal interest so that in the event that a potential conflict of interest may arise, involved directors may, at the discretion of the other Directors:

- a) withdraw from deliberations concerning the matter; and
- b) are not permitted to participate in any vote on the matter.

They are not permitted to exercise any influence over other board members or to make improper use of information or their position.

### ***Directors Fees***

Fees for directors are determined by the Minister in accordance with Section 10 of the Act. Details of fees and other benefits paid to directors during the reporting period are provided in the Directors Report.

### ***Ethical Standards***

The board recognises that the Authority's corporate governance, safety, occupational health, environmental and ethical standards must be of a high standard. The board therefore keeps these practices under review on an annual basis. All directors and employees are required to meet high standards of ethical business practice and must abide by a code of conduct which is part of the Port Authority policy Code of Conduct and Ethical Behaviour.

These policies comply with the requirements of the Commissioner for Public Sector Standards. The performance of staff against the Code of Conduct and Ethical Behaviour is reported annually to the Minister in accordance with Section 21 and 23 of the Act. This year the Authority reported its performance to the Commissioner on the observance by members of staff in relation to the Authority's minimum standards for staff management by way of the Annual Agency Survey, a new reporting tool developed by the Office of the Commissioner.

### ***Remuneration***

The remuneration of the Chief Executive Officer is reviewed annually by the board and is subject to the provisions of the Salaries and Allowances Act 1975 and the approval of the Minister. The annual review includes performance evaluation based on key targets linked to the Statement of Corporate Intent as well as having regard to comparative remuneration and independent advice as may be required from time to time.

### ***Internal Audit and Risk Management Committee***

One of the recommendations of the Gerard Daniels review of the Board's performance was to incorporate risk management as part of the already well established Audit Committee and for directors to have greater representation on the Committee. As a result the Committee is now titled Internal Audit and Risk Management and Committee members consist of Directors' Neema Premji (Chairperson), David Smith and Gary Wood with the Finance and Administration Manager being the ex officio member. The Authority's Internal Auditors, Stantons International, attend each meeting to discuss their audit findings and recommendations. During the year the Committees charter was reviewed and updated.

The Internal Audit and Risk Management Committee performs the following functions:

- Regular, management oriented appraisals of functions to determine their appropriateness in the context of the Authority's objectives as described in the Statement of Corporate Intent and Strategic Development Plan (including, but not restricted to, accounting and financial management information and control systems, performance monitoring and risk management systems);
- Reviews of the reliability of accounting and financial management information and the protection of the assets and resources under their control;
- Reviews of the risk management systems of the Authority;
- Independent and confidential advice on action to be taken to improve operational effectiveness, efficiency and economy;
- Follow up appraisals, where appropriate, regarding remedial action taken by levels of management as a result of the Audit Committee's findings and recommendations; and
- Follow up recommendations and concerns as expressed by the external auditor as a result of any audit findings and recommendations.

The Committee is a direct link for the internal and external auditors to provide their views and recommendations to the board. During the year the Audit Committee held four meetings one of which was to discuss the audit plan for the 2007/08 reporting period.

The areas reviewed by the internal auditors included the following broad scope functions; board risk management and governance, investment of funds, outsourcing control and accident and incident reporting. The financial functions and accounting systems review, which is an annual compliance audit was undertaken in May prior to year end. There were no significant findings as a result of the audits however some improvements in procedures for financial systems controls including masterfile amendment and stock control were identified and recommendations from the broad scope audit identified improvements in corporate governance, outsourcing and an update required for the investment policy.

The recommendations raised by the internal auditors on the broad scope and financial functions that were reviewed have been implemented or are being progressively implemented to improve internal procedures and controls.

### ***Internal Controls***

Procedures have been established at the executive and board level that are designed to safeguard the assets and interests of the Authority and to ensure the integrity of financial reporting and project management.

These include accounting, financial reporting and internal control policies and procedures as well as physical controls over assets and records.

The Authority has in place the following arrangements;

- Review and approval by the board of the annual budget which includes the Statement of Corporate Intent and the five year Strategic Development Plan. These are to be agreed between the Minister and the board with the concurrence of the Treasurer;
- Authorisation of major capital and contractual commitments by the board;
- Guidelines, limits and controls on all financial risks and exposures;
- A comprehensive annual insurance program including risk management reviews undertaken with the assistance of professional outside advisors;
- Compliance with equal opportunity legislation including affirmative action, sexual harassment, discrimination, diversity and the environment;
- Compliance with financial reporting requirements.

The board reviews actual financial results against budget on a monthly basis. The Authority prepares six monthly financial statements and performance reports which following review by the board are submitted to the Minister to comply with the reporting requirements of the Act.

### ***Risk Management/Business Continuity***

The Authority recognises the importance of a pro-active risk management program in performing its day to day operations in order to protect its people, assets, port customers, the environment and earnings by avoiding or minimising where possible the risks that have been identified.

The Authority also recognises that the legal interpretation of a workplace safety hazard is becoming broader with more frequent litigation being initiated against organisations and managers for activities which they considered were outside their area of responsibility, or had adequately addressed the issue. In response to these increasing obligations the Authority conducted an intensive risk management review to update its Risk Register. Risk management, business continuity and safety issues are discussed at weekly management communication meetings. Two staff members also attended the annual Risk Management Conference organised by RiskCover to provide information about the latest risk management practices.

During the year the Authority met with RiskCover staff to provide a review of its draft Business Continuity Management Plan. As a result of the review the Plan has now been finalised. The plan has been prepared as a government requirement to provide the Authority with a procedure by which actions can be taken to minimise interruptions to the essential services and port infrastructure that is provided to our port users when an emergency such as a pandemic occurs.

***Expenditure Guidelines***

The Authority has clearly defined expenditure guidelines for the purpose of controlling operating and capital expenditure outlays. A major focus in controlling expenditure includes monthly reports against budget for the major business units which include finance and administration, management services, port operations and pilotage. In addition there are formally approved levels of delegated financial authority endorsed by the board.

During the year the Office of the Auditor General carried out a performance examination of a number of agencies including a review of the Authority's delegation procedures for financial and operational activities. The report found that the agencies including the Authority did have a range of delegation frameworks in place to manage their financial and operational activities.

The Authority is required to obtain the approval of the Minister for individual capital works expenditure projects that exceed two million dollars and advises the Minister of projects that exceed one million dollars. The board also reviews capital expenditure and cash flows.

***Financial Management Act 2006***

Section 91 of the Port Authorities act 1999 gives effect to Schedule 5 of the Act, which contains provisions substantially based upon Corporations Law in relation to financial administration and audit. The provisions of the Financial Management Act 2006 are limited to the application of the audit process only.

## COMPLIANCE STATEMENT

### For the year ended 30 June 2008

#### Advertising & Sponsorship (Electoral Act S175ZE)

Section 175ZE of the Electoral Act requires the Bunbury Port Authority to disclose details in its report of all expenditure incurred during the year in relation to services provided by advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Expenditure where applicable was incurred during the year as follows:

#### Advertising agencies:-

Exhibit Exhibitions & Publishing	\$ 2,611
Informa Australia	\$ 425
Marketforce Productions	\$ 2,105
Minefield Digital Media	\$ 4,255
Promotions International Pty Ltd	\$ 4,065

Market research organisations:- nil

Polling organisations:- nil

Direct mail organisations:- nil

#### Media advertising organisations:-

Main Event Media Pty Ltd	\$19,603
RadioWest Broadcasters Pty Ltd	\$ 5,556
Rural Press Regional Media	\$ 1,299
South West Printing & Publishing Co	\$ 299

**Total expenditure** **\$ 40,218**

#### Disability Services

The Authority's initiatives in relation to disability access and inclusion are as follows:

- Physical access is provided to the administration office from the car park.
- Access to services within the office for people with disabilities.
- Provision of facilities in the office for people with disabilities in accordance with Australian Standards.
- Access to the successful Port Open Day was provided for people with disabilities.
- The employment of Matt Gare as our casual Data Entry Officer and inclusion at functions has been a success story.

People with disabilities can obtain Information regarding the Authority's publications and services including our annual reports on the Authority's web site at [www.byport.com.au](http://www.byport.com.au) .

#### Recordkeeping Plan

In accordance with section 19 of the State Records Act 2000 the Authority is required to have a Recordkeeping Plan. The Authority is also required to report on its compliance with the Act in its annual report in accordance with section 61 and State Records Commission Standard 2, Principle 6.

As part of the continuous improvement of our Records Management Plan a compactus was installed to allow better management and handling of the Authority's growing number of records. This included improved security over employee records.

In addition a detailed review of document control and file management was carried out during the year by the Chief Executive Officer's Personal Assistant and the Emergency Response and Security Officer. The new system is being implemented over the next twelve to eighteen months as this will assist the Authority to gain ISO 14001 accreditation.

Standard 2, Principle 6 states that the minimum compliance requirements of the Authority's Recordkeeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the Authority's recordkeeping systems is evaluated not less than once every five years.
  - The Authority has a process of continuous improvement for its recordkeeping systems and this will be reviewed as part of the internal audit program. The Authority through a minor reorganisation of administration staff committed resources to records management by creating a new position of Receptionist/Secretary.
2. The Authority conducts a recordkeeping training program.
  - In regard to training the Authority is planning next year for all staff to complete a Records Awareness Training (RAT) refresher course which is provided online by IRIS, an external training provider. All new employees will complete the RAT as part of their induction.
3. The efficiency and effectiveness of the recordkeeping training program is reviewed from time to time.
  - It is envisaged that this review will be undertaken in conjunction with the evaluation of the recordkeeping systems as part of the internal audit program.
4. The Authority's induction program addresses employees' roles and responsibilities in regard to their compliance with the Authority's recordkeeping plan.
  - The Authority's induction procedures include records awareness.

### **Information Statement**

The Authority is required to publish annual information statements either as stand-alone documents or in its annual reports. The Authority has chosen to incorporate its Freedom of Information data in its Annual Report.

Where possible, information the Authority holds will be made available on an informal basis and at no charge. Publications released during the year were:

- 2007 Annual Report
- Trade Statistics (2006-2007) and Port Charges (2007-2008)
- Portal Newsletter, Issue 9 November 2007, Issue 10 May 2008

Other information is available via the Authority's web site at [www.byport.com.au](http://www.byport.com.au).

Under the Freedom of Information Act 1992 the Authority is required to respond to applications for information within 45 days of receipt, unless an extension of time is granted.

A formal application for information must be:

- in writing;
- give enough information to enable the requested documents to be identified;
- give an Australian address to which notices can be sent;



- accompanied by a \$30 application fee, unless the information relates to a personal matter which is free of charge. An additional charge may apply for the processing of non-personal information. The fee is reduced by 25 per cent for pensioners and financially disadvantaged persons; and
- addressed to the Authority's Freedom of Information Act Coordinator as follows:  
Grahame Coves  
FOI Coordinator  
Bunbury Port Authority  
PO Box 4  
BUNBURY WA 6231

The Authority's FOI Coordinator did not receive any FOI access applications during 2007-2008.

### **Public Interest Disclosure**

The Bunbury Port Authority is a "notifying authority" for the purposes of the Corruption and Crimes Commission Act and the Public Interest Disclosure Act

There were no incidents requiring disclosure reports under this legislation during the reporting period ending 30 June 2008.

The Authority has complied with section 23 (1) of the Public Interest Disclosure (PID) Act 2003 by establishing internal procedures relating to the Authority's obligations under the Act. As part of these procedures the Finance & Administration Manager has been appointed as the PID Officer for the Authority. The PID Officer is responsible for receiving disclosures of public interest information relating to matters falling within the realm of responsibility of the Bunbury Port Authority.

The PID Officer provided information to staff to raise awareness about the process of public interest disclosure by distributing the PID newsletter "The Voice" to all staff.

The Authority recognises the value and importance of staff contributions to enhance the administrative and management practices of the Authority and strongly supports disclosures being made by staff as to corrupt or other improper conduct. In addition the Authority will take all reasonable steps to provide protection to staff, who may make disclosures under the PID Act, from any detrimental action in reprisal for the making of a public interest disclosure.

### **Code of Conduct**

Section 21 of the Port Authorities Act 1999 requires the Authority's board to prepare and issue, in consultation with the Commissioner for Public Sector Standards, a code of conduct setting out minimum standards of conduct and integrity to be observed by members of staff. The legislation also requires a report to be submitted to the Commissioner for Public Sector Standards annually regarding the observance by members of the Authority's staff to this code of conduct. Section 23 also requires that a report be delivered to the Minister on the observance by members of staff of any code of conduct in force under section 21.

The report submitted in compliance showed that there were no reported breaches of the code of conduct in the year under review.

### **Human Resource Policies and Procedures**

In the administration and management of its staff the Authority has complied with its human resource policies and procedures and provided a report to the Commissioner for Public Sector Standards as required by section 18 of the Port Authorities Act 1999.

The Authority's policies generally follow the guidelines and principles of the public sector standards in human resource management. The Human Resource Policies are in the Authority's reference library which is accessible to all staff.

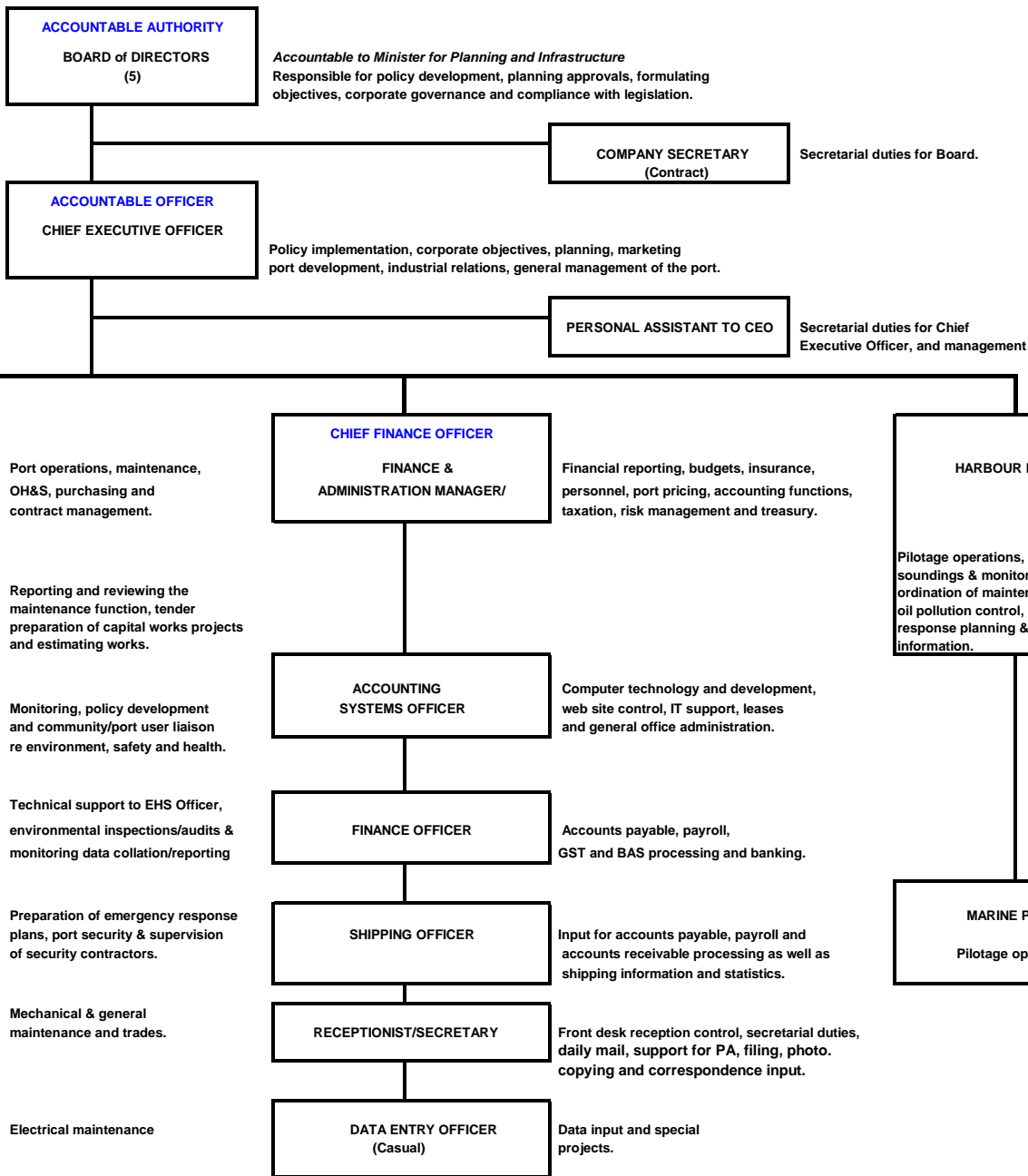
During the reporting period there were five full-time positions advertised by the Authority which were for two Marine Pilots, a Personal Assistant to the Chief executive Officer, a Receptionist/Secretary and an Environmental Technician. There were no claims arising as a result of the recruitment, selection and appointment process of the Authority for these positions.

Following an internal review the structure of the administration and operations sections resulted in the creation of two new positions being the Receptionist/Secretary who now performs the duties of the Records Officer position and the Environmental Technician who assists the Environmental, Health and Safety Officer.

John Barratt  
Acting Chief Executive Officer  
Bunbury Port Authority

21 August 2008

## CORPORATE STRUCTURE



NOTE: Not to be read vertically

## Trade Development

Trade for 2007/2008 was a record 13.659 million tonnes of trade, an increase of 0.137 million tonnes or 1.0% on the previous record of 13.522 million tonnes recorded in 2006/2007.

The improvements in trade volume mainly occurred in exports of alumina which rose by 0.189 million tonnes or 2%, woodchips which increased by 0.065 million tonnes or 5% and imports of mineral sands which rose by 0.057 million tonnes or 33% and caustic soda which increased by 0.040 million tonnes or 4%. Reductions in trade mainly occurred in exports of silica sand which decreased by 0.154 million tonnes or 53%, spodumene which fell by 0.068 million tonnes or 25%, timber which decreased by 0.019 million tonnes or 33% and mineral sands which decreased by 0.017 million tonnes or 2%.

Further details of the Port's trade performance are provided in the statistical information chart and graphs.

Total exports for the year increased only marginally to 12.166 million tonnes while imports were up by 9.6% to 1.493 million tonnes compared to the previous year. Bunbury continues to be a strong net exporter with 89% of total trade being exports.

Commercial vessel visits were lower than the previous year with 337 visits a reduction of 5% compared to last years figure of 353 vessels. As a result the Gross Registered Tons of vessels also decreased by 4% to 9.730 million GRT.

A number of milestones were achieved during the year including:

- Record total exports of 12.166 million tonnes (previously 12.160mt).
- Record total imports of 1.493 million tonnes (previously 1.362mt).
- Record exports of alumina of 9.315 million tonnes (previously 9.127mt).
- Record exports of woodchips of 1.348 million tonnes (previously 1.283mt).
- Record imports of caustic soda of 1.150 million tonnes (previously 1.110mt).
- Record imports of mineral sands 0.230 million tonnes (previously 0.173mt).
- Largest export of mineral sands – 59,750 tonnes on MV “Nord Galaxy” in July 2007.

## Trade Forecast

The Authority is forecasting total port trade for 2008/2009 of 13.850 million tonnes, which is an increase of 1.4% compared to the 2007/2008 trade figure. This is mainly due to the Authority's forecast for copper concentrate exports of 0.100 million tonnes to commence in the second half of the new financial year and for coal trial exports of 0.100 million tonnes. The majority of other trade volumes are expected to remain at similar levels to those achieved for the reporting period.

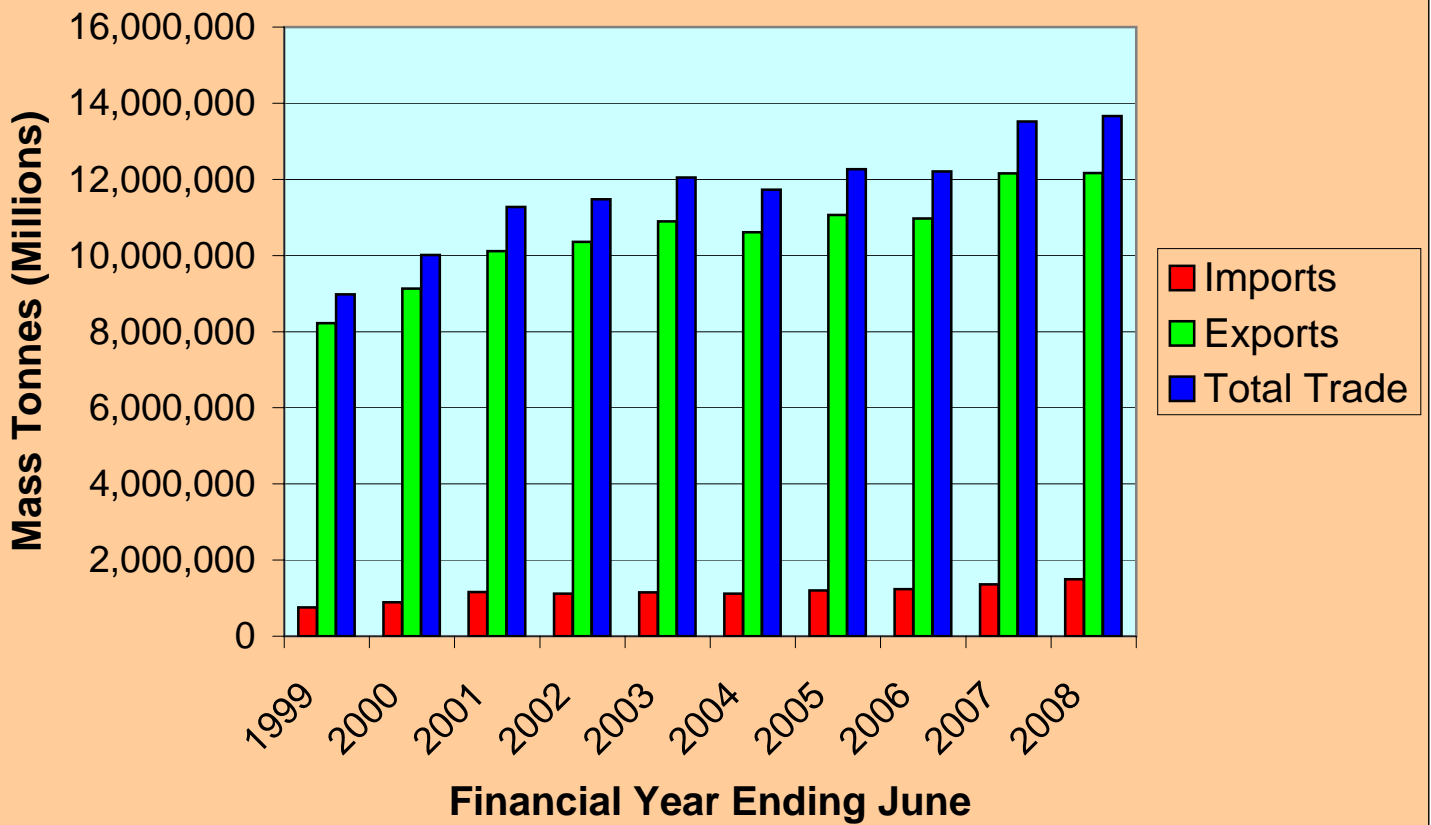
Commercial vessel numbers are estimated to be 365 which is higher than current vessel movements due to the new trades that have been budgeted for.

**BUNBURY PORT AUTHORITY**  
**STATISTICAL INFORMATION**

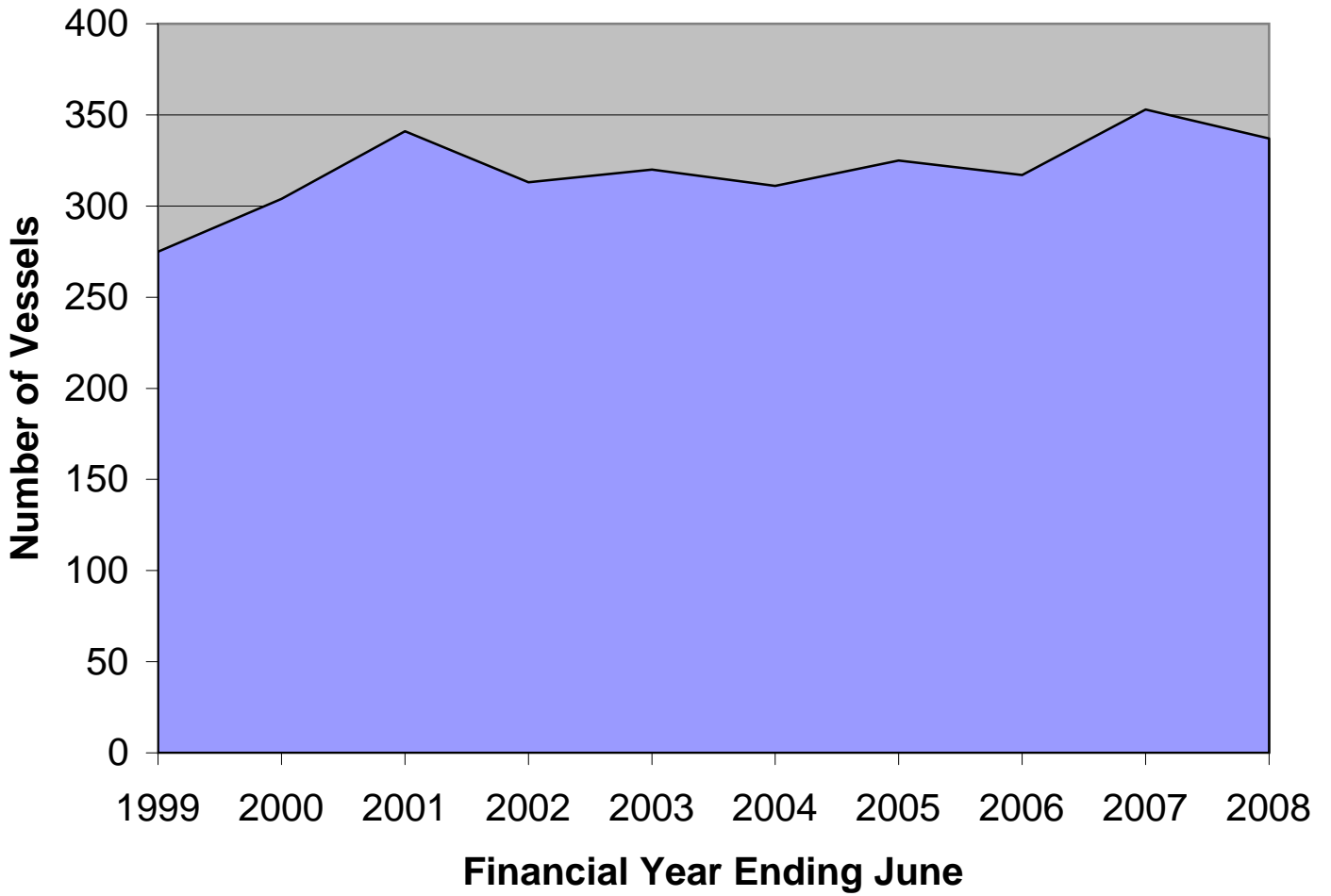
10 Year Period from 1999 to 2008

	Cargo - (tonnes)									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>IMPORTS:</b>										
<b>Commodity</b>										
Caustic Soda	628,410	715,332	996,928	929,261	960,988	961,581	1,084,133	1,050,342	1,110,470	1,149,597
Mineral Sands	35,715	68,514	44,292	34,502	88,491	71,799	-	44,449	172,567	230,341
Phosphate Rock	31,704	28,606	35,632	79,900	23,241	-	-	-	-	-
Potash	9,538	20,976	25,953	23,154	20,928	21,634	36,135	8,703	-	12,099
Petroleum Coke	14,163	15,186	21,968	23,006	23,520	22,057	40,612	66,911	46,379	53,737
Methanol	11,804	13,002	11,527	17,184	13,478	14,733	15,505	18,614	15,684	15,943
Sugar	6,253	10,339	10,105	-	-	10,025	-	-	-	-
Vegetable Oil	8,298	4,204	6,190	4,738	8,056	6,662	3,392	4,097	4,081	3,156
General	1,108	9,047	4,167	-	1,503	996	1,864	-	-	6,652
Coal	-	-	3,585	4,426	4,724	3,789	-	4,605	4,637	-
Sulphur	-	3,912	-	-	-	-	-	-	-	-
Chemical Fertilizers	12,009	-	-	-	4,019	8,107	20,924	34,668	8,046	21,292
<b>TOTAL IMPORTS</b>	<b>759,002</b>	<b>889,118</b>	<b>1,160,347</b>	<b>1,116,171</b>	<b>1,148,948</b>	<b>1,121,383</b>	<b>1,202,565</b>	<b>1,232,389</b>	<b>1,361,864</b>	<b>1,492,817</b>
<b>EXPORTS:</b>										
<b>Commodity</b>										
Alumina	5,972,373	6,768,093	7,715,209	8,188,280	8,248,673	8,435,401	8,469,142	8,531,913	9,127,092	9,315,589
Mineral Sands	1,117,305	1,173,721	932,630	837,975	1,005,415	806,308	852,912	1,014,241	1,113,234	1,096,167
Silica Sand	327,450	340,412	383,077	375,619	459,192	348,810	334,532	257,105	289,045	135,141
Spodumene	34,968	61,171	72,769	78,599	106,245	121,683	126,300	140,124	272,341	204,365
Woodchips	759,443	769,918	982,842	809,623	1,045,693	734,705	1,212,621	966,090	1,283,402	1,347,925
Aluminium Hydroxide	-	4,900	11,500	-	6,478	-	-	-	-	-
General	-	27	8,589	14,906	8,739	9,246	20,047	12,724	11,505	16,122
Silicon Dross	8,052	-	6,286	-	4,475	-	-	-	-	-
Timber	-	6,831	-	22,986	10,403	130,312	39,129	50,445	63,853	43,015
Kaolin Clay	2,008	2,034	-	-	1,500	-	-	-	-	-
Vegetable Oils	-	-	-	-	1,038	2,524	504	-	-	-
Chemical Fertilizers	-	-	-	31,629	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-	-	-	-
Petroleum Products	-	-	-	-	-	-	-	-	-	-
Talc	-	-	-	-	-	9,367	-	-	-	-
Iron Oxide	-	-	-	-	-	8,437	9,174	-	-	7,607
<b>TOTAL EXPORTS</b>	<b>8,221,599</b>	<b>9,127,107</b>	<b>10,112,902</b>	<b>10,359,617</b>	<b>10,897,851</b>	<b>10,606,793</b>	<b>11,064,361</b>	<b>10,972,642</b>	<b>12,160,472</b>	<b>12,165,931</b>
Fuel Oil (Bunkers)	78	-	189	192	37	425	292	135	55	192
<b>TOTAL TRADE</b>	<b>8,980,679</b>	<b>10,016,225</b>	<b>11,273,438</b>	<b>11,475,980</b>	<b>12,046,836</b>	<b>11,728,601</b>	<b>12,267,218</b>	<b>12,205,166</b>	<b>13,522,391</b>	<b>13,658,940</b>
<b>SHIPPING:</b>										
Gross Registered Tonnage	7,056,453	7,940,667	8,502,511	8,687,750	9,063,323	8,405,277	9,055,627	9,074,806	10,104,099	9,730,372
Number of Vessels:										
Commercial Vessels	275	304	341	313	320	311	325	317	353	337
Other	6	7	4	4	3	2	6	8	7	10

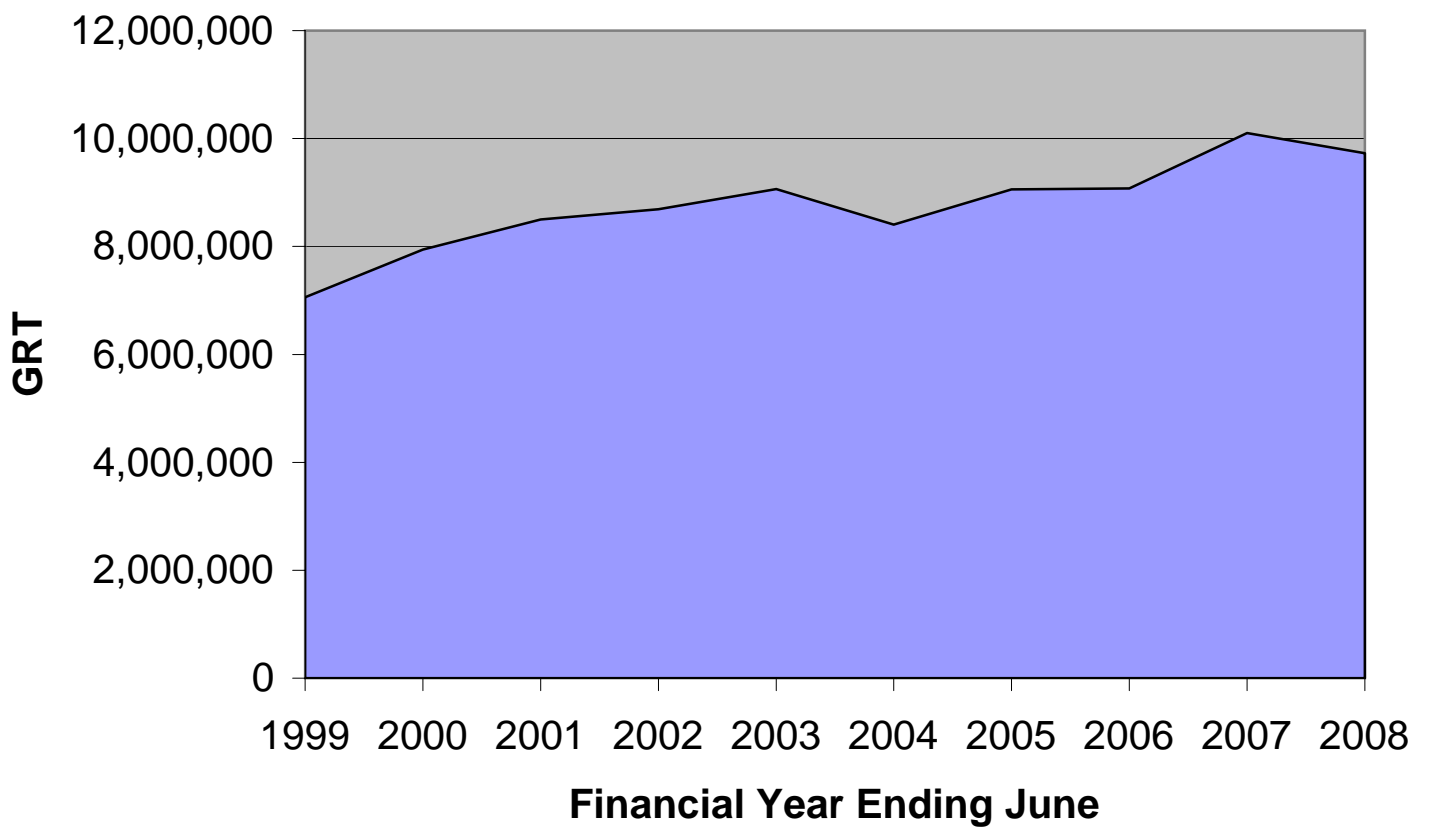
## Total Port Trade Over 10 Years



## Commercial Vessel Visits Comparison Over 10 Years



## Gross Registered Tonnage (GRT) Comparison Over 10 Years





# BUNBURY PORT AUTHORITY

## Key Performance Indicator Results 2008

The annual performance of the Authority is measured against the targets and criteria as set in its Statement of Corporate Intent which is tabled in State Parliament each year.

The following key performance indicators have been developed and adopted by the Authority to give an indication as to the Authority's performance against the targets that have been set.

		Four Year Performance Comparison				
		Target	Actual	2007	2006	2005
		2008	2008			
<b>EFFECTIVENESS INDICATORS</b>						
1.	<b>Berth Utilisation (Occupancy)</b> <b>(Includes commercial and naval vessels but excludes dredges &amp; vessels laying up)</b>	29.92%	31.7%	28.9%	25.9%	28.6%
Comment:	This indicator measures the percentage of actual hours of utilisation of all berths compared to total available hours. The higher the percentage the greater the effective or productive use of the berths. Berth occupancy = total vessel hours at berth/total annual hours available expressed as a percentage. The result is higher than the target due mainly to increased occupancy at Inner Harbour berths as a result of the record cargo throughput in particular at Berths 3, 5 and 6.					
2.	<b>Average Ship Turn Around Time (Hours)</b> <b>(Commercial vessels only.)</b>	45.3	51.8	47.3	45.6	43.1
Comment:	Measures effectiveness of port operations to moor, load and let-go vessels. Generally the lower the figure the better. The higher turn around time for the year compared to the target was caused mainly by slower loading rates at Berths 5, 6 and 8 than forecast and the increase in average cargo tonnes loaded per vessel. The indicator is calculated as the average hours in port per vessel for commercial vessels only.					
3.	<b>Average Ship Delay Time (Hours)</b>	0	0	0	0	0
Comment:	There were no delays to vessels during the year due to industrial stoppages. This measures the effectiveness of the Authority and private sector service providers in the Port to manage industrial relations.					

		Four Year Comparison				
		Target	Actual	2007	2006	2005
		2008	2008			
<b>FINANCIAL INDICATORS</b>						
4.	<b>Gross Cargo Revenue per Cargo Tonne</b>	\$0.45	\$0.45	\$0.43	\$0.41	\$0.37
Comment:	Measured in dollars per cargo tonne. The indicator is calculated by dividing the total revenue from cargo related Port Authority charges by the total per unit throughput (trade) of the Port. This indicator shows the average level of revenue per cargo tonne and provides information about the movement in port charges to port users. The target was achieved due mainly to higher trade volumes over berths 1 and 3 than forecast.					
5.	<b>Gross Ship Revenue per Ship</b>	\$22,215	\$24,129	\$21,882	\$21,836	\$20,764
Comment:	Measures the gross revenue received from Port Authority vessel charges per trading vessel visiting the Port. The purpose of the indicator is to show the average level of revenue earned by the Authority for each ship entering the port. The result for the year is higher than the target due mainly to an increase in berth utilisation and hence berth hire at BPA berths and increased pilotage as a result of growth in intra-port movements. The increase in the average GRT per vessel also has an impact on the indicator result.					
6.	<b>Aggregated Operating Cost per Cargo Tonne</b>	\$1.12	\$1.18	\$1.09	\$1.14	\$1.01
Comment:	This is an efficiency indicator, the lower the indicator the better as it reflects the maximisation of outputs (revenue tonnes) with minimisation of inputs (operating costs). The aggregated operating cost includes all financial, maintenance and administration costs (before income tax). The result for the year is above the target due mainly to increases in engineering and environmental studies for future port expansion projects as well as higher maintenance costs for buildings, berths and road repairs and also a significant increase in land tax, power and water.					

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**BUNBURY PORT AUTHORITY**

**Key Performance Indicator Results 2008 (Continued)**

EFFICIENCY INDICATORS	Target 2008	Four Year Comparison			
		Actual 2008	2007	2006	2005
<b>7. Total Cargo Tonnes Throughput per Berth.</b>	<b>1,893,888</b>	<b>1,951,277</b>	1,931,770	2,034,194	2,044,536
Comment:	The indicator is calculated by dividing the total number of berths into the total actual cargo tonnes for the year to arrive at a figure in cargo tonnes per berth. The increase compared to the target is mainly due to the increase in trade compared to budget of 1.7% from the forecast of 13.257 million tonnes to 13.659 million tonnes.				
<b>8. Cargo Tonnes per Total Vessel Hour. (Average All Berths)</b>	<b>852</b>	<b>783</b>	809	826	856
Comment:	This indicator is calculated by dividing the total cargo tonnes by the total hours that vessels are in port and is based on commercial vessel hours only. The reduction in tonnes loaded per hour compared to the previous years performance as well as against the target figure of 852 tonnes per hour is due mainly to slower loading rates at Berths 1, 5, 6 and 8 compared to forecast. Average loading rates are predicted to improve slightly in 2009.				

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# BUNBURY PORT AUTHORITY

## 5 Year Performance Summary

	2008	2007	2006	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Performance</b>					
Operating income	20,232	19,268	18,271	16,647	14,825
Interest income	1,596	1,487	1,145	1,028	1,066
Total operating income	21,828	20,755	19,416	17,675	15,891
Operating expenses	(11,085)	(9,689)	(8,691)	(8,265)	(5,922)
Operating profit before depreciation, interest paid and income tax equivalent	10,743	11,066	10,725	9,410	9,969
Depreciation and amortization	(4,287)	(4,364)	(4,341)	(4,195)	(4,609)
Borrowing costs	(813)	(819)	(836)	(864)	(878)
Net profit before income tax equivalent	5,643	5,883	5,548	4,351	4,482
Income tax equivalent	(1,705)	(1,676)	(1,655)	(1,348)	(1,517)
<b>Net profit after tax</b>	<b>3,938</b>	<b>4,207</b>	<b>3,893</b>	<b>3,003</b>	<b>2,965</b>
<b>Financial Position</b>					
Current assets	22,434	27,039	23,298	21,692	19,879
Non-current assets	83,605	78,292	78,503	80,257	79,999
Total assets	106,039	105,331	101,801	101,949	99,878
Current liabilities	2,527	2,824	2,396	3,645	3,631
Non-current liabilities	14,504	13,388	14,493	15,805	16,751
Total liabilities	17,031	16,212	16,889	19,450	20,382
<b>Net assets</b>	<b>89,008</b>	<b>89,119</b>	<b>84,912</b>	<b>82,499</b>	<b>79,496</b>
<b>Equity</b>					
Reserves	14,815	28,647	28,647	28,647	28,647
Retained earnings	74,193	60,472	56,265	53,852	50,849
<b>Total equity</b>	<b>89,008</b>	<b>89,119</b>	<b>84,912</b>	<b>82,499</b>	<b>79,496</b>
<b>Statistics</b>					
<b>Financial:</b>					
Operating profit margin	53%	57%	59%	57%	67%
Operating expense ratio	74%	72%	71%	75%	72%
Debt to equity ratio (total liabilities/equity)	19%	18%	20%	24%	26%
Interest cover - profit basis (times) (EBIT/Int)	7.94	8.18	7.64	6.04	6.10
Total operating income per FTE	\$1,039,429	\$1,220,882	\$1,078,667	\$1,262,500	\$1,135,071
Return on average net assets (RONA)	7%	8%	8%	6%	7%
Dividends paid/payable \$'000's	4,049	0	0	3,005	1,525
<b>Trade:</b>					
Total Export Trade	12,166,123	12,160,527	10,972,642	11,064,653	10,607,218
Total Import Trade	1,492,817	1,361,864	1,232,389	1,202,565	1,121,383
Total Port Trade	13,658,940	13,522,391	12,205,031	12,267,218	11,728,601
Total Commercial Vessels	337	353	317	325	311
Total Gross Registered Tons	9,730,372	10,104,099	9,074,806	9,055,627	8,405,277

# BUNBURY PORT AUTHORITY

## Directors' Report 2008

The Board of Directors of the Bunbury Port Authority have pleasure in presenting their report for the financial year ended 30 June 2008.

### Directors

The following persons were Directors of the Bunbury Port Authority during the financial year and up to the date of this report:

J G Brosnan

D J Brennan-Jesson

N B Premji

D L Smith

G N Wood

### Principal Activities

During the financial year the principal continuing activities of the Bunbury Port Authority consisted of:

- provision of port services and port infrastructure for the exchange of goods between sea and land transport;
- maintaining and operating port facilities and equipment required for such purposes including five berths, two mechanical ship loaders and a mobile ship loader; and
- planning and co-ordinating the strategic development of the Port of Bunbury to ensure that facilities meet the current and future needs of port users, the South West regional community and other key stakeholders.

There were no significant changes during the year to the nature of the Bunbury Port Authority's activities.

### Results at a Glance

The operating profit before income tax equivalent payment ("Income Tax") was \$5.643m (2007: \$5.883m). The income tax attributable to the operating profit for the financial year was \$1.705m (2007: \$1.676m).

### Dividends

The following dividends have been paid, declared or recommended by the Authority since the end of the preceding financial year:

- On 1 August 2007 the Authority received advice of the Minister's determination and the Treasurer's concurrence for a dividend payment of \$1.946m which was recommended by the Board and provided for in respect of the year ended 30 June 2006. This dividend was paid in full to the Department of Treasury and Finance on 30 August 2007. The dividend

was based on the government's current approved dividend policy of a 50% payout ratio of after tax profits.

- In respect of the financial performance for the year ended 30 June 2007 the Board recommended a dividend of \$2.103m for the Minister's determination and Treasurer's concurrence. On 20 March 2008 the Authority received advice of the Minister's determination and the Treasurer's concurrence for the payment of this dividend which was paid in full to the Department of Treasury and Finance on 11 April 2008. This dividend is based on the dividend policy of a 50% payout ratio of after tax profits as stated in the Authority's Statement of Corporate Intent.
- In accordance with section 84 of the Port Authorities Act 1999 the Board of the Authority intends to make a dividend recommendation to the Minister of \$1.969 million in respect of the financial performance for the year ended 30 June 2008.

### **Review of Operations**

The Port's record trade performance for the financial year of 13.659 million tonnes, was 0.137 million tonnes or 1.0% above last years record of 13.522 million tonnes and was 3.0% above the budget forecast of 13.257 million tonnes.

The favourable variation compared to budget mainly resulted from increases in exports of alumina, woodchips, mineral sands and spodumene which were up by 3% (0.258 million tonnes), 12% (0.140 million tonnes), 6% (0.061 million tonnes) and 31% (0.048 million tonnes) respectively, and an increase in imports of caustic soda and mineral sands of 4% (0.049 million tonnes) and 10% (0.020 million tonnes) respectively giving a combined increase of 0.576 million tonnes compared to the forecast figures for those trades.

The main reductions in trade compared to the forecast were in exports of silica sands of 0.141 million tonnes or 51% below forecast, general cargo imports of 0.014 million tonnes or 67% below forecast, general cargo exports of 0.003 million tonnes or 5% below forecast and imports of bulk fertilizers and petroleum coke were down by a combined 0.016 million tonnes or 20% resulting in an overall reduction of 0.174 million tonnes.

The net effect of these outcomes was an increase of 0.402 million tonnes above the budget forecast.

Trade for the new financial year is expected to be slightly higher with a total trade forecast of 13.850 million tonnes an increase of 1.4% over the 2008 financial year. There are expected to be minor increases in exports of spodumene and silica sands with the addition of 0.100 million tonnes of copper concentrate exports which are forecast to commence in the first quarter of 2009 and coal trial shipments of 0.100 million tonnes being forecast to commence as well. The majority of other trades are expected to remain at current volumes.

Capital expenditure for the year was \$9.610m. This was \$10.386m below the Authority's total capital budget of \$19.996m which included the original approved new works expenditure of \$9.496m, \$4.000m carried over from the 2006/07 budget for the capitalised dredging project which was deferred until 2008 and \$6.500m for the additional cost for the capitalised dredging required as a result of the high cost of the tender received. The main reasons for the lower capital expenditure were; the multi purpose portainer crane project for \$6.450m did not proceed, there was a saving of \$2.384m in the capitalised dredging project and the \$1.046m expenditure for the investigation into harbour deepening which was a works in progress project is now classified as operating expenditure.

The main capital expenditure items for the year were \$8.116m for the capitalised dredging, \$0.510m for completion of the construction and design work for the Inner Harbour security gate and entry road (Port Access), \$0.202m for the extension to the Administration Office, \$0.042m for preliminary design work for the waste water management project at Berth 8 and the balance of \$0.940m being for minor works including asset replacement and ongoing infrastructure improvements.

The net operating profit of the Authority after income tax for the financial year was \$3.938m (2007: \$4.207m). This represents an increase of 2.8% over the budgeted after tax profit forecast of \$3.830m. The improvement in profit is mainly attributable to an increase in shipping and cargo related revenue arising from the increase in trade as well interest received on invested funds and growth in sundry items against which however, there were increases in operating expenditure.

A summary of the Authority's results for the year is set out below:

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Operating profit before income tax equivalent expense	5,643	5,883
Income tax equivalent expense	(1,705)	(1,676)
Net profit	3,938	4,207
Retained profits at the beginning of the financial year	60,472	56,265
Dividends provided for or paid	64,410	60,472
Transfer from developers contribution reserve	(4,049)	-
<b>Retained profits at the end of the financial year</b>	<b>74,193</b>	<b>60,472</b>

Further details concerning the result of the Authority's operations during the financial year can be found in the Chairman's Report, and the Acting Chief Executive Officer's Review of Operations of the Annual Report.

### **Directors Profiles**

#### **Chairman**

**Jim Brosnan**

**BEng (Metallurgy)**

Mr Brosnan was appointed Chairman of the Authority on 1 November 2003. He is General Manager Operations of Simcoa Operations Pty Ltd a world class producer of silicon situated at Kemerton. He holds or has held various other positions on Boards and committees including the Edith Cowan University (South West Campus) Advisory Board, membership of the Kemerton Advisory Committee and membership of the Ministerial Advisory Committee on Electricity Supply. Mr Brosnan is also Chairman of the Bunbury Jiaying Business Development Committee.

Special responsibilities – Chairman, Chairman of Corporate Governance committee responsible for the Government portfolio.

Expiry of present term: 30 June 2009.

#### **Deputy Chair**

**Neema Premji**

**B.E. (Civil), Grad. Dip., MBA (Tech. Mngt)**

Ms Premji was appointed to the Board on 26 July 2002. She is a civil engineer with broad expertise and experience in the mining and power industries, strategic business planning, asset management and corporate governance. She currently is a partner in Premmck Management Services based in Busselton. She has a keen interest in community activities and previously has

served as a member on the South West Regional Planning Committee and Edith Cowan University Board.

Special responsibilities – Member of Corporate Governance and Chair of Internal Audit & Risk Management committees, and jointly responsible for the Infrastructure, Land Use and Outer Harbour portfolios.

Expiry of present term: 31 December 2008

**Director**

**Derek Brennan-Jesson**

**Dip Eng (Elec), Post Grad Dip (Mgt)**

Mr Brennan-Jesson was appointed to the Board on 27 March 2006. He Graduated as an Electrical Engineer from the London Regent Street Polytechnic and worked with various large UK companies manufacturing power transformers and capacitors in technical and sales capacities prior to emigrating to Australia in 1969. Since arriving in Australia he has worked for a number of companies in the power generation industry including General Electric Company, C. Itoh Ltd, Modra Electric Power Pty Ltd and Energy Equity Corporation Pty Ltd in project management and business development positions. On retirement he has continued his interest in project management and development whilst undertaking a variety of business feasibility studies as well as participating in community service activities in public broadcasting and census survey.

Special responsibilities – Responsible for the Community, Environment and Leschenault Homestead portfolio, jointly responsible for the Business Development/Commercial Financial portfolio and attends the Port Community Liaison Committee meetings.

Expiry of present term: 30 June 2010.

**Director**

**David Smith**

**LLB**

Mr Smith was appointed to the Board on 1 July 2001. He is a retired Barrister and Solicitor. He was also previously a Member of State Parliament from March 1983 until December 1996. From 1989 until 1993 he held numerous State Ministerial portfolios including Minister for the South West, Minister for Justice and Minister for Local Government Planning and Lands. He has been a Councillor for the City of Bunbury since May 2001 and in May 2005 was elected Mayor of Bunbury. He has a strong interest in regional economic development and town planning issues.

Special responsibilities – Member of the Internal Audit & Risk Management Committee, responsible for the Business Development/Commercial Financial portfolio.

Expiry of present term: 30 June 2009.

**Director**

**Gary Wood**

Mr Wood took up his appointment as a member of the Board on 1 October 2006. He has had extensive experience in the coal mining industry and is currently Secretary to both the CFMEU Mining & Energy Division WA District and Coal Miners Industrial Union of Workers of WA, positions which he has held for a number of years. He is currently a member of the Mining Industry Advisory Committee (MIAC) and has a particular interest in matters pertaining to occupational health and safety in general industry and is also a member of the Commission of Occupational Safety & Health (COSH) along with being a member of the Legislative Advisory Council (LAC). Mr Wood is also a Trustee of the Coal Industry Superannuation Board and as such is required to meet the standards of a Registered Superannuation Entity and Australian Financial Services Licence to hold this position.

Special responsibilities – Member of the Internal Audit & Risk Management committee and jointly responsible for the Infrastructure, Land Use and Outer Harbour portfolios.

Expiry of present term: 31 December 2009.

**Directors’ Meetings**

The number of Board meetings held during the financial year ended 30 June, 2008 was as follows:

**Board** **Number of Meetings Held**

Full meeting of Directors

13

As at the date of this report, the Authority had an internal audit and risk management committee which met four times during the year. The Authority’s Corporate Governance committee met once during the year. Details of the functions, role and membership of the committees is presented in the Corporate Governance section.

Details of the attendances at the Board and Committee meetings were as follows:

	Full Board		Committee Meetings			
	Meetings		Audit		Corporate Governance	
	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended
Jim Brosnan	13	12	-	-	1	1
Derek Brennan-Jesson	13	13	-	-	-	-
Neema Premji	13	10	3	3	1	1
David Smith	13	11	4	2	-	-
Gary Wood	13	11	3	2	-	-

**State of Affairs**

There were no significant changes in the state of affairs of the Bunbury Port Authority during the financial year. The licensed operators in the Port, P&O Automotive & General Stevedoring (previously P&O Ports) who provide stevedoring, mooring and pilot crew services and Riverwijs Marine who provide the towage services, continued to provide excellent service to all port users.

The agreed “workaround” solution between the Authority and Hansol PI (Hansol) which has been agreed between the parties will only be implemented when coal exports commence from Berth 8. The impact of the agreed solution on the Authority’s finances are expected to be minor.



The Port Authority operates in the South West of Western Australia under the provisions of the Port Authorities Act 1999. The financial statements for the period ended 30 June 2008 provide details of the financial performance of the Authority for that period.

### **Events Subsequent to the Balance Date**

There has not arisen in the interval between the end of the financial period, and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Authority, to affect significantly the operations of the Bunbury Port Authority, the results of those operations, or the state of affairs of the Bunbury Port Authority, in subsequent financial years.

### **Likely Developments and Future Results**

As reported in the review of Operations above trade volumes for the 2008/2009 financial year are forecast to be 13.850 million tonnes which is an increase of 1.4% on the 2007/2008 year figure of 13.659 million tonnes. Port charges have been budgeted to increase by an average 6% in 2008/2009. As a result revenue is expected to increase by a similar amount above the 2007/2008 years figure.

Operating expenditure for 2008/2009 is budgeted to be significantly higher than the reporting year due mainly to the depreciation cost for capitalised maintenance dredging which more than doubled and increases on finance costs for capital projects for which borrowings have been budgeted for. These projects however have not a yet been approved.

The main positive impact on trade in the new financial year is expected to be the new copper concentrate export trade which is expected to commence in the first quarter of calendar 2009 and the commencement of coal trial shipments from Berth 8. The Authority will continue to work with Griffin coal and the Collie Coal Futures Group to facilitate their proposed coal exports in an efficient and effective manner. When developed coal exports would provide a significant boost to trade for the Port.

The Authority will continue to pursue opportunities to develop other new trades through the port including bulk trades, project cargo and niche container trade. Discussion continues with prospective new clients on the understanding that the projects will only proceed if they are found to be financially viable. Part of the trade development options will include consideration for additional bulk storage sheds for the Inner Harbour if the demand from customers is strong.

The major capital works projects scheduled by the Authority for the 2008/09 financial year include the waste water management system for Berth 8, the hardstand facility for containers or other trades, shiploader relocation from Berth 1 to 5, environmental and design work for stage 1 of the Preston River relocation, further investigation into harbour deepening and continuation of environmental management improvements such as the enclosure of the Berth 8 shiploader boom and ongoing improvement for security and road works and replacement of plant and equipment.

No other major port developments are expected during the year that will affect the Authority's operations or financial results.

### **Environmental Regulation Performance**

A number of the Authority's port operations are subject to a range of environmental regulations, both State and Federal. Operating licences issued by the State Department of Environment and Conservation (DEC) cover the shiploaders at Berths 1 and 8. All performance obligations under these licences are monitored and reported. In November 2008 the Port was audited by the DEC

as part of the state-wide emissions assessment program. The audit found no breaches of an environmental licence held by the Port Authority. However, during the audit, a field notice was issued during loading at Berth 5 and immediate remedial action was implemented by the Port Authority. No action was taken against the Authority by any other Government agency in the year to 30 June 2008.

### **Directors' Benefits**

No Directors of the Bunbury Port Authority have received benefits or became entitled to receive any benefit (other than a benefit disclosed in the total amount of remuneration received or due and receivable by Directors) by reason of a contract made by the Authority with the Director, or with a firm of which the Director is a member, or with an entity in which the Director has a substantial financial interest.

### **Directors' Interest in Contracts**

During the financial year, the Authority did not enter into any contracts with entities in which Directors declared an interest, except as set out in Note 27 that forms an integral part of this Report.

### **Directors' and Officers' Remuneration**

The remuneration of Directors is determined by the Minister for Planning and Infrastructure. The Board oversees the remuneration of the Chief Executive Officer on an annual performance basis which is linked to key hurdles being achieved in accordance with the Authority's Statement of Corporate Intent as approved by the Board and the Minister. The Remuneration of executives apart from the Chief Executive Officer is based on their collective or individual agreements.

Details of remuneration provided to directors and the three most highly remunerated officers for the reporting period are as follows:

#### **Directors of Bunbury Port Authority**

Name	Directors Base Fee \$	Super- annuation \$	Other Benefits \$	Total \$
J G Brosnan <i>Chairman</i>	45,000	4,050	0	49,050
N B Premji <i>Deputy Chairman</i>	25,000	2,250	0	27,250
D J Brennan-Jesson <i>Director</i>	16,500	1,485	0	17,985
D L Smith <i>Director</i>	16,500	1,485	0	17,985
G N Wood <i>Director</i>	16,500	1,485	0	17,985

#### **Senior Officers of Bunbury Port Authority**

Name	Base Salary \$	Super- annuation \$	Other Benefits \$	Total \$
G Crockford	161,864	11,502	13,099*	186,465

*Chief Executive Officer*

\* Includes bonus of \$6,684

H M Cole	150,832	9,394	11,923**	172,149
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*Harbour Master*

\*\* Includes bonuses of \$11,923.

J E Barratt	114,526	14,888	9,943***	139,357
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*Finance & Administration Manager/Acting CEO*

\*\*\* Includes bonus of \$4,284.

The above disclosure is made in accordance with Regulation 13 of the Port Authorities (Act Amendment) Regulations 2002.

**Indemnification of Directors and Officers**

During the financial year the Directors' and Officers' Liability Insurance Policy was renewed to ensure that directors and officers of the Authority had adequate coverage. The policy provides insurance against all liabilities and expenses arising as a result of work performed in their capacities, to the extent permitted by law.

The Authority paid an insurance premium of \$26,053 in respect of the Directors' and Officers' Liability Insurance Policy for the reporting period.

At the date of this report no claims have been made against the policy.

**Rounding of Amounts**


Amounts in the Directors' Report and financial statements have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

This report is made in accordance with a resolution of the Board.



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J G Brosnan  
Chairman



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G N Wood  
Director

21 August 2008

# BUNBURY PORT AUTHORITY

## Balance Sheet as at 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	17,420	24,334
Trade and other receivables	7	4,632	2,336
Inventories	8	382	369
Total current assets		<b>22,434</b>	<b>27,039</b>
<b>Non-current assets</b>			
Other financial assets	9	1,129	1,049
Property, plant and equipment	10	82,476	77,243
Total non-current assets		<b>83,605</b>	<b>78,292</b>
<b>Total assets</b>		<b>106,039</b>	<b>105,331</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	1,520	1,353
Borrowings	12	529	517
Current tax liabilities	13	0	604
Provisions	14/20	478	350
Total current liabilities		<b>2,527</b>	<b>2,824</b>
<b>Non-current liabilities</b>			
Borrowings	15	11,572	12,100
Deferred tax liabilities	16	2,658	953
Provisions	17/20	274	335
Total non-current liabilities		<b>14,504</b>	<b>13,388</b>
<b>Total liabilities</b>		<b>17,031</b>	<b>16,212</b>
<b>Net assets</b>		<b>89,008</b>	<b>89,119</b>
<b>EQUITY</b>			
Reserves	18 (a)	14,815	28,647
Retained profits	18 (b)	74,193	60,472
<b>Total equity</b>		<b>89,008</b>	<b>89,119</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# BUNBURY PORT AUTHORITY

## Income Statement for the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>INCOME</b>			
Revenue	2	21,828	20,755
<b>Total Income</b>		<b>21,828</b>	<b>20,755</b>
<b>EXPENSES</b>			
Operational expenses	4	(4,668)	(4,726)
Administration expenses	4	(4,500)	(3,240)
Utilities expense		(1,899)	(1,621)
Depreciation expense	4	(4,287)	(4,364)
Finance costs	4	(813)	(819)
Other expenses	3	(18)	(102)
<b>Total Expenses</b>		<b>(16,185)</b>	<b>(14,872)</b>
Profit before income tax equivalent expense		5,643	5,883
Income tax equivalent expense	5	(1,705)	(1,676)
<b>Profit for the year</b>	<b>18(b)</b>	<b>3,938</b>	<b>4,207</b>

The above income statement should be read in conjunction with the accompanying notes.

# BUNBURY PORT AUTHORITY

## Statement of Changes in Equity for the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>Balance of equity at start of financial year</b>		<b>89,119</b>	<b>84,912</b>
Dividends		(4,049)	0
Profit for the year		3,938	4,207
<b>Balance of equity at end of financial year</b>		<b>89,008</b>	<b>89,119</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# BUNBURY PORT AUTHORITY

## Cash Flow Statement

for the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		22,147	20,959
Payments to suppliers and employees (inclusive of goods and services tax)		(13,227)	(11,306)
Interest received		1,596	1,487
Borrowing costs paid		(813)	(819)
Income taxes paid		(2,433)	(2,071)
<b>Net cash inflow from operating activities</b>	<b>19(b)</b>	<b>7,270</b>	<b>8,250</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(9,610)	(4,229)
Proceeds from sale of property, plant and equipment		72	40
<b>Net cash (outflow) from investing activities</b>		<b>(9,538)</b>	<b>(4,189)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(517)	(505)
Dividends paid		(4,049)	-
<b>Net cash (outflow) from financing activities</b>		<b>(4,566)</b>	<b>(505)</b>
<b>Net increase in cash held</b>		<b>(6,834)</b>	<b>3,556</b>
Cash at the beginning of the financial year		25,383	21,827
<b>Cash at the end of the financial year</b>	<b>19(a)</b>	<b>18,549</b>	<b>25,383</b>

The above cash flow statement should be read in conjunction with the accompanying notes.

# **BUNBURY PORT AUTHORITY**

## **Notes to the Financial Statements for the year ended 30 June 2008**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general-purpose financial report which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board and the Port Authorities Act 1999. The financial report is prepared on an accrual basis and in accordance with historical cost convention. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The following is a summary of the significant accounting policies adopted by the Authority in the preparation of the financial report.

#### **(a) Income**

##### ***Revenue***

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

##### *Sale of goods*

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

##### *Provision of services*

Revenue is recognised on delivery of the service or by reference to the stage of completion.

##### *Interest*

Revenue is recognised as the interest accrues.

##### ***Gains***

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

##### ***Lease income***

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.



# **BUNBURY PORT AUTHORITY**

**Notes to the Financial Statements for the year ended 30 June 2008**

## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

### **(b) Income Tax “Equivalent”**

The Authority operates within the national tax equivalent regime (“NTER”) whereby an equivalent amount in respect of income tax is payable to the WA Treasury. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

As a consequence of participation in the NTER, the Authority is required to comply with AASB 112 “Income Taxes”.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### **(c) Borrowing Costs**

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

### **(d) Maintenance and Repairs**

Plant and equipment of the Authority is required to be overhauled on a regular basis. This is managed as part of an ongoing cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred. Other routine maintenance, repair costs and minor renewals are also charged as expenses as incurred.

# BUNBURY PORT AUTHORITY

Notes to the Financial Statements for the year ended 30 June 2008

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (e) Property, Plant and Equipment and Infrastructure

#### *Initial recognition and measurement*

All items of property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The Authority has a general policy of expensing at the time of purchase all individual assets costing \$100 or less or with a useful life of less than 2 years. The materiality of the item purchased is also taken into consideration when adopting this policy. Regardless of cost, physical control over all the Authority's assets is maintained.

#### *Subsequent measurement*

After recognition as an asset, the Authority uses the cost basis less, where applicable, any accumulated depreciation and accumulated impairment losses for all property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

#### *Depreciation*

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method (with the exception of motor vehicles, which is using the reducing balance method), using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	4-25 years
Breakwaters	22-40 years
Dredging	3 years
Inner and outer harbour channels and basins	40 years
Navigational aids	10 years
Berth and Jetties	15-40 years
Port infrastructure, plant and equipment	5-40 years
Minor plant and equipment	3-20 years
Office furniture and equipment	3-15 years
Motor vehicles	4-10 years

# **BUNBURY PORT AUTHORITY**

**Notes to the Financial Statements for the year ended 30 June 2008**

## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

### **(f) Impairment of Assets**

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each reporting date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment. Surplus assets at cost are tested for indications of impairments at each reporting date.

See note 22 'Impairment of assets' for the outcome of impairment reviews and testing.

### **(g) Cash and Cash Equivalents**

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

### **(h) Receivables**

Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off.

The provision for uncollectible amounts (doubtful debts) is raised when collectability is no longer probable. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

# **BUNBURY PORT AUTHORITY**

**Notes to the Financial Statements for the year ended 30 June 2008**

## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

### **(i) Payables**

Payables are recognised when the Authority becomes obliged to make future payments as a result of a purchase of goods or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

### **(j) Investments and other financial assets**

The Authority classifies its investments in the following categories:

#### **(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets

#### **(ii) Held to maturity assets**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority's management has the positive intention and ability to hold to maturity.

#### **(iii) Financial liabilities measured at amortised cost**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

### **(k) Financial Instruments**

In addition to cash and cash equivalents, the Authority has three categories of financial instrument:

- Loans and receivables;
- Held-to-maturity investments; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

#### Financial Assets

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

#### Financial Liabilities

- Trade and other payables
- WATC Borrowings

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

# **BUNBURY PORT AUTHORITY**

**Notes to the Financial Statements for the year ended 30 June 2008**

## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

### **(l) Borrowings**

All loans are initially recognised at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method.

### **(m) Provisions**

Provisions are liabilities of uncertain timing and amount. The Authority only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date and adjusted to reflect the current best estimate.

#### **(i) Employee Benefits**

##### *Annual Leave, Long Service Leave and Sick Leave*

The liability for annual, long service and sick leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

All annual leave, unconditional long service and sick leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

##### *Superannuation/Retirement Benefit Obligations*

Contributions are made on behalf of employees by the Authority to State superannuation funds which exist to provide benefits for employees and their dependents on retirement, disability or death. Staff may contribute to the Pension Scheme, a defined benefit pension scheme, now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme, now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

## **BUNBURY PORT AUTHORITY**

**Notes to the Financial Statements for the year ended 30 June 2008**

### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **(m) Provisions (Cont'd)**

##### **(ii) Employee Benefits (Cont'd)**

###### *Superannuation/Retirement Benefit Obligations (Cont'd)*

The liability for future payments under the Pension Scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme are provided for at reporting date. The superannuation liability has been established from an actuarial assessment of the expected future payments for current employees and other beneficiaries that will be met by the Authority.

The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The liabilities for superannuation charges under the West State Superannuation Scheme, Gold State Superannuation Scheme or other funds of the employees' choosing are extinguished by fortnightly (West State & Gold State) and other payments of employer contributions to the appropriate funds.

The note disclosure required by AASB 119 relating to the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market of the plan assets has not been provided. State scheme deficiencies are recognized by the State in its whole of government reporting.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### **(ii) Provisions – Other**

###### *Employment On-Costs*

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Authority's 'Employee benefits expense' and the related liability is included in Employment on-costs provision.

###### *Dividends*

Provision is made for the amount of any dividend declared by the Minister on or before the end of the financial year, but not distributed at balance sheet date.

# **BUNBURY PORT AUTHORITY**

**Notes to the Financial Statements for the year ended 30 June 2008**

## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

### **(n) Inventories**

Inventories are measured at the lower of cost and net realisable value.

### **(o) Comparative Figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

### **(p) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### **(q) Developers Contribution Reserve**

The Developers Contribution Reserve represents the total historical amount received from private developers to fund deeper dredging of the Inner Harbour channel. This reserve has been transferred to retained earnings at 30 June 2008.

**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

Notes	2008 \$'000	2007 \$'000
<b>Note 2. Revenue</b>		
<b>Operating activities</b>		
<b>Shipping services:</b>		
Navigational services	5,969	5,918
Pilotage	1,176	1,066
Berth hire	913	671
Waste disposal & water	79	74
Total shipping services revenue	<u>8,137</u>	<u>7,729</u>
<b>Cargo services revenue:</b>		
Port infrastructure & stevedoring	6,180	5,842
Total cargo services revenue	<u>6,180</u>	<u>5,842</u>
<b>Utilities services revenue:</b>		
Electricity	2,154	1,934
Water	67	56
Total utilities services revenue	<u>2,221</u>	<u>1,990</u>
	<b><u>16,538</u></b>	<b><u>15,561</u></b>
<b>Non-operating activities</b>		
Lease rentals	2,601	2,628
Interest on investments	1,596	1,487
Other	1,093	1,079
	<u>5,290</u>	<u>5,194</u>
<b>Total revenue</b>	<b><u>21,828</u></b>	<b><u>20,755</u></b>
<b>Note 3. Net gain (loss) on disposal of non-current assets</b>		
<b>Costs of disposal of non-current assets</b>		
Plant, equipment and vehicles	(90)	(141)
<b>Proceeds from disposal of non-current assets</b>		
Plant, equipment and vehicles	72	40
Net gain (loss) on disposal	<u>(18)</u>	<u>(101)</u>
<b>Note 4. Expenses</b>		
<b>Profit before income tax equivalents expense</b> <b>includes the following specific expenses:</b>		
<b>Employee benefits</b>		
Wages and salaries	1,741	1,584
Superannuation - defined contribution plans	150	136
Net movement in provisions		
Accrued wages	23	(10)
Annual leave & ADO's	47	(5)
Long service leave	5	4
Sick leave	12	21
Superannuation	(24)	4
<b>Total employee benefits</b>	<u>1,954</u>	<u>1,734</u>
<b>Depreciation</b>		
Buildings	757	830
Plant and equipment	3,530	3,534
<b>Total depreciation</b>	<u>4,287</u>	<u>4,364</u>
<b>Other charges against assets</b>		
Doubtful debts expense	13	0
<b>Finance costs</b>		
Interest and finance charges paid or payable on:		
Borrowings	733	739
Inscribed stock	80	80
<b>Finance costs expensed</b>	<u>813</u>	<u>819</u>



**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

Notes	2008 \$'000	2007 \$'000
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**Note 5. Income tax equivalent expense**

a. The components of the income tax equivalent expense comprise:		
Current tax	0	2,360
Deferred tax	1,705	(590)
Under/(over) provision in respect of prior years	0	(94)
	<u>1,705</u>	<u>1,676</u>
b. The prima facie tax on profit before income tax equivalents is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax equivalents at 30% (2007: 30%)	1,693	1,765
Add:		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- under-provision (over-provision) for income tax in prior years	0	(94)
- provisions	14	(9)
- sundry	(2)	14
Income tax equivalent expense	<u>1,705</u>	<u>1,676</u>

**Note 6. Current assets - Cash and cash equivalents**

Cash at bank and in hand (a)	1,953	2,606
Deposits at call (b)	15,467	21,728
<b>19(a)</b>	<u>17,420</u>	<u>24,334</u>

(a) Cash at bank

Interest was earned at a weighted average rate of 6.48% during the year (2007: 5.85%)

(b) Deposits at call

The deposits (one to two months periods) are bearing average fixed interest rates of 6.75% (2007: 6.26%).

**Reconciliation to cash at the end of the year**

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	17,420	24,334
Other financial assets - sinking funds (Note 9)	1,129	1,049
Balances per statement of cash flows	<u>18,549</u>	<u>25,383</u>

**Note 7. Current assets - Trade and other receivables**

Trade receivables	2,728	2,280
Less: Provision for doubtful receivables	(21)	(8)
Income tax receivable	1,829	0
	<u>4,536</u>	<u>2,272</u>
Prepayments	96	64
	<u>4,632</u>	<u>2,336</u>

**Reconciliation of changes in the allowance for impairment of receivables:**

Balance at start of year	8	7
Doubtful debts expense recognised in the income statement	13	1
Amounts written off during the year	0	0
Amounts recovered during the year	0	0
Balance at the end of year	<u>21</u>	<u>8</u>

**Credit Risk**

**Ageing of receivables past due but not impaired based on the information**

provided to Senior management, at the balance sheet date:

Not more than 3 months	2,705	2,272
More than 3 months but less than 6 months	9	6
More than 6 months but less than 1 year	7	1
More than 1 year	7	1
	<u>2,728</u>	<u>2,280</u>

The Authority does not hold collateral as security or other credit enhancements relating to receivables.

**Note 8. Current assets - Inventories**

Material stores, spares for maintenance - at cost	346	347
Livestock - at cost	36	22
	<u>382</u>	<u>369</u>

**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

Notes	2008 \$'000	2007 \$'000
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**Note 9. Non-current assets - Other financial assets**

**Investments carried at cost:**

Sinking fund deposits (Restricted)	19(a)	1,129	1,049
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The sinking fund deposits are held at the Department of Treasury and Finance to offset Inscribed Stock loans when they mature. The funds are invested at floating interest rates. Interest rates received ranged between 6.272% and 7.633% giving an average of 6.91% (2007 average 6.02%). These investments are classed as non-current as their maturity is greater than 12 months.

**Note 10. Non-current assets - Property, plant and equipment**

**Land and buildings**

**Vested (Crown) Land:**

At cost		10,196	10,196
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**Freehold Land:**

At cost		8,216	8,216
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**Buildings :**

At cost		16,921	16,955
Less: Accumulated depreciation		(6,228)	(5,768)
		10,693	11,187

**Plant and equipment**

**Breakwaters:**

At cost		2,725	2,725
Less: Accumulated depreciation		(2,660)	(2,649)
		65	76

**Dredging (capitalised):**

At cost		13,977	5,861
Less: Accumulated depreciation		(6,721)	(5,855)
		7,256	6

**Inner & outer harbour channels & basins:**

At cost		37,734	37,734
Less: Accumulated depreciation		(17,980)	(17,041)
		19,754	20,693

**Navigation aids:**

At cost		426	426
Less: Accumulated depreciation		(358)	(316)
		68	110

**Berths & jetties:**

At cost		17,356	17,356
Less: Accumulated depreciation		(8,897)	(8,189)
		8,459	9,167

**Port infrastructure plant & equipment:**

At cost		24,507	21,791
Less: Accumulated depreciation		(7,719)	(6,977)
		16,788	14,814

**Minor plant & equipment:**

At cost		338	367
Less: Accumulated depreciation		(221)	(263)
		117	104

**Office furniture & equipment:**

At cost		621	646
Less: Accumulated depreciation		(419)	(456)
		202	190

**Motor vehicles:**

At cost		792	707
Less: Accumulated depreciation		(325)	(297)
		467	410

**Add: Capital works in progress**

At cost		195	2,074
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Total at cost		134,004	125,054
Total accumulated depreciation		(51,528)	(47,811)
<b>Total property, plant and equipment</b>		<b>82,476</b>	<b>77,243</b>

**Note 10. Non-current assets - Property, plant and equipment (continued)**

**Reconciliations**

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year are set out below.

**Land and buildings**

**Vested (Crown) Land:**

Carrying amount at start of year	10,196	10,196
Carrying amount at end of year	<b>10,196</b>	<b>10,196</b>

**Freehold Land:**

Carrying amount at start of year	8,216	7,714
Additions	0	502
Carrying amount at end of year	<b>8,216</b>	<b>8,216</b>

**Buildings :**

Carrying amount at start of year	11,187	12,079
Additions	17	23
Transfers from Capital Works in Progress	263	0
Disposals	(18)	(85)
Depreciation expense	(757)	(830)
Carrying amount at end of year	<b>10,692</b>	<b>11,187</b>

**Plant, equipment and infrastructure**

**Breakwaters:**

Carrying amount at start of year	76	86
Depreciation expense	(11)	(10)
Carrying amount at end of year	<b>65</b>	<b>76</b>

**Dredging (capitalised):**

Carrying amount at start of year	6	949
Additions	1,052	0
Transfers from Capital Works in Progress	7,063	0
Depreciation expense	(865)	(943)
Carrying amount at end of year	<b>7,256</b>	<b>6</b>

**Inner & outer harbour channels & basins:**

Carrying amount at start of year	20,693	21,631
Depreciation expense	(939)	(938)
Carrying amount at end of year	<b>19,754</b>	<b>20,693</b>

**Navigation aids:**

Carrying amount at start of year	110	153
Depreciation expense	(42)	(43)
Carrying amount at end of year	<b>68</b>	<b>110</b>

**Berths & jetties:**

Carrying amount at start of year	9,167	9,874
Depreciation expense	(708)	(707)
Carrying amount at end of year	<b>8,459</b>	<b>9,167</b>

**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

**Notes**                      **2008**                      **2007**  
   **\$'000**                      **\$'000**

**Note 10. Non-current assets - Property, plant and equipment (continued)**

**Reconciliations (continued)**

**Port infrastructure plant & equipment:**

Carrying amount at start of year	14,814	14,127
Additions	276	280
Transfers from Capital Work in Progress	2,482	1,143
Disposals	0	(2)
Depreciation expense	(784)	(734)
Carrying amount at end of year	<u>16,788</u>	<u>14,814</u>

**Minor plant & equipment:**

Carrying amount at start of year	104	89
Additions	29	36
Depreciation expense	(16)	(21)
Carrying amount at end of year	<u>117</u>	<u>104</u>

**Office furniture & equipment:**

Carrying amount at start of year	190	101
Additions	71	136
Disposals	0	(3)
Depreciation expense	(59)	(44)
Carrying amount at end of year	<u>202</u>	<u>190</u>

**Motor vehicles:**

Carrying amount at start of year	410	402
Additions	237	153
Disposals	(72)	(51)
Depreciation expense	(107)	(94)
Carrying amount at end of year	<u>468</u>	<u>410</u>

**Capital works in progress:**

Carrying amount at start of year	2,074	119
Additions	8,560	3,098
Transfers to Property, Plant & Equipment	(9,808)	(1,143)
Amounts written-off	(631)	0
Carrying amount at end of year	<u>195</u>	<u>2,074</u>

**Total property, plant and equipment**

Carrying amount at start of year	77,243	77,520
Additions	10,241	2,593
Transfers from Capital Works In Progress	9,808	0
Transfers to Capital Works In Progress	(9,808)	0
Disposals	(90)	(63)
Depreciation expense	(4,287)	(4,341)
Capital works in progress amounts written-off	(631)	0
Carrying amount at end of year	<u>82,476</u>	<u>77,243</u>

The above capital works in progress includes the write-off of \$631,000 of project costs incurred in respect to three capital projects initially expected to be completed over several financial years. During the year ending 30 June 2008 the board have subsequently decided not to proceed with the related projects, accordingly these amounts have been written off as at 30 June 2008.

**Valuation of land and buildings.**

An independent valuation of land and buildings including freehold land, Crown land and Crown reserves was undertaken by Landgate (Valuer General's Office Bunbury) in June 2008.

The valuation methodology used was based on market valuation using kerbside and desktop valuation techniques.

The values determined were:

	<b>\$'000</b>
Freehold land	30,065
Buildings on freehold land	1,070
Crown land	57,950
Buildings on Crown land	22,655

These values have not been recognised in the financial statements.

**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

	Notes	2008 \$'000	2007 \$'000
<b>Note 11. Current liabilities - Trade and other payables</b>			
Trade payables		1,051	1028
Other payables		22	22
GST payable		163	57
Unexpired income		284	246
		<b>1,520</b>	<b>1,353</b>

**Note 12. Current liabilities - Borrowings**

WA Treasury Corporation Direct Borrowings		<b>529</b>	<b>517</b>
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The current amount represents the estimated principal repayments for the next twelve months on the WA Treasury Corporations borrowings.

**Note 13. Current liabilities - Current tax liabilities**

Income tax		<b>0</b>	<b>604</b>
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**Note 14. Current liabilities - Provisions**

Employee benefits - annual leave		190	144
Employee benefits - sick leave		106	75
Employee benefits - long service leave		85	57
Employee benefits - accrued wages		24	1
Superannuation		37	36
Other - employment costs		36	37
	<b>20</b>	<b>478</b>	<b>350</b>

**Movement in provisions**

Movements in each class of provision during the financial year, other than employee benefits, are set out below.

**Current**

Carrying amount at start of year		0	0
Additional provision recognised	<b>18(b)</b>	4,049	0
Payment of dividends		(4,049)	0
Carrying amount at end of year		<b>0</b>	<b>0</b>

**Dividends**

**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

Notes	2008 \$'000	2007 \$'000
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**Note 15. Non-current liabilities - Borrowings**

WA Treasury Corporation Direct Borrowings (a)	10,522	11,050
WA Treasury Corporation Inscribed Stock (b)	500	500
Other Inscribed Stock (b)	550	550
<b>Total non-current interest bearing liabilities</b>	<b>11,572</b>	<b>12,100</b>

(a) These borrowings are part of the WA Treasury Corporation's Portfolio Lending Arrangements (PLA) of various long and short term borrowings with a range of maturity dates out to ten years. Interest rates on the borrowings as at 30 June 2008 varies between 5.43% and 7.97% (30 June 2007: 6.16% and 6.28%). Repayments are based on quarterly instalments with the capital and interest being repaid according to a fixed repayment schedule.

(b) These are various inscribed stock borrowings with fixed interest rates which vary between 5.875% and 10.5% (30 June 2007: 5.875% and 10.5%). The loans have different maturity dates and will be fully repaid on maturity. The maturity dates range from 12 November 2011 to 20 February 2016. Interest payments are based on a fixed formula and instalments are payable every six months. The loans also require a set sinking fund balance to be deposited every six months to help off-set the debt which is payable by lump sum on maturity.

**Note 16. Non-current liabilities - Deferred tax liabilities**

**The balance comprises temporary differences attributable to:**

Depreciation	2,658	953
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**Note 17. Non-current liabilities - Provisions**

Employee benefits - sick leave	0	7
Employee benefits - long service leave	24	48
Employee benefits - superannuation	247	272
Other - employment costs	3	8
<b>20</b>	<b>274</b>	<b>335</b>

**Note 18. Reserves and retained profits**

**(a) Reserves**

Asset revaluation reserve		
At 1 July	14,815	14,815
Deferred tax liabilities	0	0
At 30 June	14,815	14,815

Developers contribution (c) (ii)	0	13,832
<b>Total reserves</b>	<b>14,815</b>	<b>28,647</b>

**(b) Retained profits**

Movements in retained profits were as follows:		
Balance at 1 July	60,472	56,265
Dividend provided for/paid (a)	(4,049)	0
Transfer from developers contribution reserve	13,832	0
Net profit for the year	3,938	4,207
Balance at 30 June	<b>74,193</b>	<b>60,472</b>

(a) Dividend for 2006 of \$1.946 million and 2007 of \$2.103 million was based on the Government's dividend policy of 50% of after tax profit.

**(c) Nature and purpose of reserves**

**(i) Asset revaluation reserve**

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. The balance relates to valuation of land and plant and equipment. All land and plant and equipment previously revalued are now carried at deemed cost.

**(ii) Developers contribution reserve**

The developers contribution reserve represents the total historical amount received from private developers to fund the dredging of the Inner Harbour. This reserve has been transferred to retained earnings during the financial year.

**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

	Notes	2008 \$'000	2007 \$'000
<b>Note 19. Notes to the Statement of Cash Flows</b>			
<b>(a) Reconciliation of cash</b>			
For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and deposits at call and in money market instruments. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
<b>Cash assets:</b>			
Cash at bank		1,953	2,606
Deposits at call		15,467	21,728
Total cash assets		<u>17,420</u>	<u>24,334</u>
<b>Other financial assets:</b>			
Sinking fund deposits invested at Treasury		1,129	1,049
Balances as per statement of cash flows	6	<u>18,549</u>	<u>25,383</u>
<b>(b) Reconciliation of profit after income tax to net cash inflow from operating activities</b>			
Profit for the year		3,938	4,207
<b>Adjustments for non-cash revenue and expense items</b>			
Depreciation		4,287	4,364
Net (gain)/loss on sale of property, plant & equipment		18	102
<b>Changes in assets and liabilities</b>			
<b>(Increase)/decrease in assets:</b>			
Trade and other receivables		(467)	(268)
Inventories		(13)	17
<b>(Decrease)/increase in liabilities:</b>			
Trade and other payables		62	147
GST liability		106	57
Income tax payable		(604)	195
Employee benefits		67	19
Deferred tax liabilities		1,705	(590)
Income Tax Receivable		(1,829)	0
<b>Net cash inflow from operating activities</b>		<u>7,270</u>	<u>8,250</u>

**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

	Notes	2008 \$'000	2007 \$'000
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**Note 20. Employee benefits**

**Employee benefits liabilities**

Provision for employee benefits			
Current	14	478	350
Non-current	17	274	335
		<b>752</b>	<b>685</b>

**Employee numbers**

Number of full-time employees at end of financial year		21	17
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**Current liabilities**

Annual Leave (a)		190	144
Sick Leave (b)		106	75
Long Service Leave (b)		85	57
Accrued wages and other		24	1
Superannuation (d)		37	36
Other - employment on-costs (c)		36	37
		<b>478</b>	<b>350</b>

**Non-current liabilities**

Sick leave (b)		0	7
Long service leave (b)		24	48
Superannuation (d)		247	272
Other - employment on-costs (c)		3	8
		<b>274</b>	<b>335</b>
<b>Total provision</b>		<b>752</b>	<b>685</b>

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date.

(b) Sick leave and long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date.

(c) The settlement of annual, long service and sick leave liabilities give rise to the payment of employment on-costs, including workers' compensation premiums and payroll tax.

(d) Defined benefit superannuation plans

Reconciliation of the unfunded liability recognised in the balance sheet is as follows:

	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Liability at start of year	287	283	21	20
Current service cost	36	40	1	1
Benefits paid	(37)	(36)	0	0
Liability at end of year	<b>286</b>	<b>287</b>	<b>22</b>	<b>21</b>

**Note 21. Land & Building - Operating Leases**

The Authority owns land and buildings and controls areas of Crown land some of which are not currently required for use in day to day operations.

Disclosures required by the Authority as lessor, in accordance with AASB 117 are as follows:

**Land & buildings leased by the Authority to lessees:**

Land at cost		8,835	8,835
Buildings at cost		14,252	14,252
Less accumulated depreciation		(5,160)	(4,539)
		<b>9,092</b>	<b>9,713</b>

Land and buildings leased by the Authority to lessees includes vested Crown land, the majority of which is valued at cost by the Authority as detailed at Note 10 - Property, plant and equipment.

**Depreciation expense applicable to leased assets:**

Buildings - depreciation expense		621	671
Lease commitment receivables as at 30 June		408	362

Minimum lease payments receivable by the Authority under non-cancellable land and building leases not recognised in the financial statements are receivable as follows:

Within 1 year		2,660	2,651
Later than 1 year but not later than 5 years		9,722	9,640
Later than 5 years		44,164	46,216
		<b>56,546</b>	<b>58,507</b>



**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

Notes	2008 \$'000	2007 \$'000
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**Note 22. Impairment of assets**

There were no indications of impairment to property, plant and equipment, infrastructure and intangible assets at 30 June 2008.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2008 have either been classified as non-current assets held for sale or written-off.

**Note 23. Commitments for expenditure**

**Capital commitments**

Commitments for the acquisition of buildings, plant and equipment contracted for at the reporting date but not recognised as liabilities payable:

Within one year \*

<b>4,168</b>	<b>2,525</b>
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\* The Authority has capital expenditure commitments outstanding of \$4.168 million in relation to the following:

\$3.953 million for Berth 8 Waste Water Management  
 \$0.099 million for Berth 8 Shiploader Boom Enclosure  
 \$0.060 million for Berth 8 Shiploader Spill Tray  
 \$0.056 million for Inner Harbour security access gate & park

The capital commitments are due to be completed by June 2009.

**Note 24. Contingent liabilities**

The Authority's policy is to disclose as a contingency any material future obligation that may arise due to special circumstances or events.

**Dividends**

As of balance date the Authority has not recommended a dividend payment amount to Government for 2007/08. The Authority's recommended dividend for 2005/06 of \$1,946,000 was paid in 2007/08.

**Contingent consideration**

<b>0</b>	<b>1,946</b>
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**Contaminated sites**

Under the Contaminated Sites Act 2003, the Authority is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the act, DEC classifies these sites on the basis of the risk to human health, the environment and environment values. Where sites are classified as *contamination - remediation required* or *possibly contaminated - investigation required*, the Authority will have a liability in respect of investigation or remediation expenses.

In the previous reporting period the Authority reported eight suspected contaminated sites to DEC. The Authority has recently been advised by DEC that due to the very large amount of reports received during this period, DEC was unable to adhere to the statutory 45 day classification period set out in section 14 of the Act for many of the submissions made during this period including those of the Authority. DEC intend to complete the classification of the Authority's sites that were reported to them as soon as practicable and provide advice accordingly as to the classification of each of the sites.

As a result the Authority is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows.

**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

**2008**                      **2007**  
**\$'000**                      **\$'000**

**Note 25. Remuneration of officers**

**(a) Remuneration of Directors**

The Minister for Planning and Infrastructure determines the remuneration of non-executive Directors. The Board oversees the remuneration policy for the Chief Executive Officer. Directors receive no other income from the Authority other than that disclosed below.

The numbers of Directors of the Authority whose total fees and other benefits received or due and receivable for the year, falls within the following bands:

	Number	Number
\$0 - \$9,999	-	2
\$10,000 - \$19,999	3	3
\$20,000 - \$29,999	1	1
\$40,000 - \$49,999	1	-
The total of all fees and other benefits received or due and receivable for the year, by Directors of the Authority.	<b>\$130,255</b>	<b>\$71,940</b>

Directors' remuneration excludes a proportion of insurance premiums of \$16,283 (2007:\$14,962 ) paid by the Authority in respect of a directors and officers liability insurance contract. Information relating to the insurance contract is set out in the Directors' Report.

**(b) Remuneration of executives**

The number of executive officers whose total income due and receivable for the year falls within the following bands, were:

	Number	Number
\$110,000 - \$119,999	1	-
\$130,000 - \$139,999	2	2
\$170,000 - \$179,999	1	1
\$180,000 - \$189,999	1	1
\$220,000 - \$229,999	-	1
The aggregate income of the executives referred to above:	<b>\$747,649</b>	<b>\$855,080</b>

Income of executives comprises amounts paid or payable to executive officers directly or indirectly, by any related party in connection with the management of the affairs of the Authority whether as executive officers or otherwise.

**Note 26. Remuneration of auditors**

Remuneration received, or due and receivable, by the Auditor General for:  
Audit of the financial statements

	<b>33</b>	<b>30</b>
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**Note 27. Related party disclosures**

**(a) Directors:**

The following persons were Directors of the Bunbury Port Authority during the financial year:

**Chairman**

J G Brosnan

**Deputy Chair**

N B Premji

**Directors**

D J Brennan-Jesson

D L Smith

G N Wood

**(b) Directors transactions**

There were no transactions on a customer or supplier relationship basis between the Directors or their Director related parties and the Authority during the financial year.

In the previous reporting period the only transaction between related parties was for Port Infrastructure charges of \$5,653 to Simcoa Pty Ltd, a company of which a Director is General Manager.

**(c) Related party transactions**

No transactions occurred between the Authority and related parties.

**Note 28. Events occurring after reporting date**

There were no events occurring after the reporting date which would impact on these financial statements.

**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

**2008**  
**\$'000**

**2007**  
**\$'000**

**Note 29. Financial risk Management Objective and Policies**

The principal financial instruments held by the Authority comprise of interest bearing borrowings, term deposits and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Port Authority's operations. The Port Authority has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Authority's financial instruments are interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Note 1 to the financial statements discloses the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument.

The Authority's policy is to manage interest rate risk, in an endeavour to reduce the impact of short term fluctuations on the Authority's earnings. Permanent changes in interest rates over the longer term may have an impact on Authority earnings with the extent of that impact dependent on the level of cash resources held by the Authority.

The Authority holds the following financial instruments.

**Financial Assets**

Cash and cash equivalents	17,420	24,334
Trade and Other Receivables	4,632	2,336
Other Financial Assets	1,129	1,049

**Financial Liabilities**

Trade and other payables	1,520	1,353
Borrowings	12,101	12,617

**Market risk**

The Authority's exposure to the risk of changes in interest rates relates primarily to the Authority's long term debt obligations. The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities or at variable rates. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than detailed in the interest rate sensitivity analysis table below, the Authority has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings (at fixed rates). The Authority does not trade in foreign currency and is not materially exposed to price risks.

**Credit risk**

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value bases and monitors risk on a regular basis.

The Authority's port services client base consists of customers who are billed for shipping or cargo services and tenants who are billed for lease rental or electricity all of which are required to settle accounts within 30 days. Due to the Authority's stable customer base the Authority is not considered materially exposed to any individual customer or group of customers.

**Trade receivables**

Less than 30 days	2,343	1,924
30 to 60 days	274	315
Greater than 60 days	111	41
<b>Total Trade receivables</b>	<b>2,728</b>	<b>2,280</b>

With respect to credit risk arising from cash and cash equivalents, the Authority's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents. The Authority's practice is to only deal with major trading banks.

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed loans from WATC. The Authority manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

**Note 29. Financial risk Management Objective and Policies (Cont.)**

**Interest rate sensitivity analysis**

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying Amount \$'000	- 1% Change		+ 1% Change	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2008</b>					
<u>Financial Assets</u>					
Cash at Bank	1,953	(20)	(20)	20	20
Deposits at call	15,467	(155)	(155)	155	155
Other Financial Assets	1,129	(11)	(11)	11	11
		<b>(186)</b>	<b>(186)</b>	<b>186</b>	<b>186</b>
<b>2007</b>					
<u>Financial Assets</u>					
Cash at Bank	2,606	(26)	(26)	26	26
Deposits at call	21,728	(217)	(217)	217	217
Other Financial Assets	1,049	(11)	(11)	11	11
		<b>(254)</b>	<b>(254)</b>	<b>254</b>	<b>254</b>

The Authority's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities both recognised and unrecognised at the balance date, are as follows:

**Financial Instruments**

	Floating interest rate	Fixed interest rate maturing in:			Non- interest bearing	Total carrying amount as per the balance sheet	Weighted average effective interest rate
		1 year or less	Over 1 to 5 years	More than 5 years			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
<b>2008</b>							
<u>(i) Financial Assets</u>							
Cash at Bank	1,953	0	0	0	0	1,953	6.48
Deposits at Call	0	15,467	0	0	0	15,467	6.75
Trade & Other Receivables	0	0	0	0	4,632	4,632	-
Other Financial Assets	1,129	0	0	0	0	1,129	6.91
<b>Total Financial Assets</b>	<b>3,082</b>	<b>15,467</b>	<b>0</b>	<b>0</b>	<b>4,632</b>	<b>23,181</b>	
<u>(ii) Financial Liabilities</u>							
Trade and Other Payables	0	0	0	0	1,520	1,520	-
WA Treasury Corp Borrowings	0	529	2,239	8,282	0	11,050	6.87
WA Treasury Corp Inscribed Stock	0	0	200	300	0	500	9.26
Other Inscribed Stock	0	0	0	550	0	550	6.16
<b>Total Financial Liabilities</b>	<b>0</b>	<b>529</b>	<b>2,439</b>	<b>9,132</b>	<b>1,520</b>	<b>13,620</b>	
<b>Net financial assets (liabilities)</b>	<b>3,082</b>	<b>14,938</b>	<b>(2,439)</b>	<b>(9,132)</b>	<b>3,112</b>	<b>9,561</b>	
<b>2007</b>							
<u>(i) Financial Assets</u>							
Cash at Bank	2,606	0	0	0	0	2,606	5.85
Deposits at Call	0	21,728	0	0	0	21,728	6.26
Trade & Other Receivables	0	0	0	0	2,336	2,336	-
Other Financial Assets	1,049	0	0	0	0	1,049	6.02
<b>Total Financial Assets</b>	<b>3,655</b>	<b>21,728</b>	<b>0</b>	<b>0</b>	<b>2,336</b>	<b>27,719</b>	
<u>(ii) Financial Liabilities</u>							
Trade and Other Payables	0				1,353	1,353	-
WA Treasury Corp Borrowings	0	517	2,188	8,862		11,567	6.87
WA Treasury Corp Inscribed Stock	0		200	300		500	9.26
Other Inscribed Stock	0			550		550	6.16
<b>Total Financial Liabilities</b>	<b>0</b>	<b>517</b>	<b>2,388</b>	<b>9,712</b>	<b>1,353</b>	<b>13,970</b>	
<b>Net financial assets (liabilities)</b>	<b>3,655</b>	<b>21,211</b>	<b>(2,388)</b>	<b>(9,712)</b>	<b>983</b>	<b>13,749</b>	

**BUNBURY PORT AUTHORITY**  
**Notes to the financial statements**  
**for the year ended 30 June 2008**

**Note 29. Financial risk Management Objective and Policies (Cont.)**

**Fair Values**

The net fair value of a financial asset or financial liability is the amount at which the asset could be exchanged or the liability settled in a current transaction between willing parties after allowing for transaction costs.

In thousand of AUD	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Trade and other Receivables	4,632	4,632	2,336	2,336
Cash and cash Equivalents	17,420	17,420	24,334	24,334
Trade and other payables	1,520	1,520	1,049	1,049
WA Treasury Corp short & long term debt	11,050	11,137	11,567	11,725
WA Treasury Corp inscribed stock	500	575	500	593
Other inscribed stock	550	558	550	562
Unrecognised (loss) gain		<b>(170)</b>		<b>(263)</b>

The net fair value of short and long term debt is estimated by discounting expected cash flows at the interest rates currently offered to the Authority for debt of the same remaining maturities and security plus costs expected to be incurred when the liability has been settled.

Other than the above, the carrying amounts of financial assets and liabilities are recognised at amounts that represent a reasonable approximation of fair value.

# BUNBURY PORT AUTHORITY

## Directors' Declaration

The Directors' declare that the financial statements and notes:

- (a) comply with Accounting Standards, the Port Authorities Act 1999 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Authority's financial position as at 30 June 2008 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

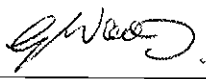
In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Port Authorities Act 1999; and
- (b) there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a resolution of the Directors.



J O Brosnan  
Chairman



G N Wood  
Director

Bunbury  
21 August 2008



## Auditor General

### **INDEPENDENT AUDIT REPORT ON BUNBURY PORT AUTHORITY**

#### **To the Parliament of Western Australia**

I have audited the financial report of the Bunbury Port Authority, which comprises the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration.

#### **Directors' Responsibility for the Financial Report**

The directors of the Bunbury Port Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Port Authorities Act 1999. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Summary of my Role**

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial report is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial report.

#### **Audit Opinion**

In my opinion, the financial report of the Bunbury Port Authority is in accordance with schedule 5 of the Port Authorities Act 1999, including:

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

A handwritten signature in black ink, appearing to read 'C. Murphy'.

COLIN MURPHY  
AUDITOR GENERAL  
28 August 2008

**BUNBURY PORT AUTHORITY**  
**A.B.N. 30 044 341 250**

**Corporate Directory Information**

**Directors**

J G Brosnan  
Chairman

N B Premji  
Deputy Chairman

D J Brennan-Jesson

D L Smith

G N Wood

**Acting Chief Executive Officer**

J E Barratt

**Principal Accounting Officer**

J E Barratt

**Address of Office**

1 Casuarina Drive  
Bunbury WA 6230  
Telephone: 08 9729 7020

**Auditors**

Office of the Auditor General, Western Australia

**Internal Auditors**

Stantons International

**Annual Report**

To request an Annual Report::

- Telephone: 08 9729 7020
- Internet: [www.byport.com.au/report](http://www.byport.com.au/report)
- Mail request to PO Box 4 Bunbury 6231