BUNBURY PORT AUTHORITY

annual report

2011

contents

Annual Report 2011

To the Hon Troy Buswell MLA
Minister for Transport; Housing

In accordance with section 68 and clauses 34 and 35 of Schedule 5 of the Port Authorities Act 1999, I have pleasure in submitting for your information and presentation to Parliament, the Annual Report of the Bunbury Port Authority for the year ended 30 June 2011.

Neema Premji
Chairperson
Board of Directors

"The Bunbury Port has ended the year on a very high note by setting three new records in its 102 years of operation."

Chairperson's Report

Introduction

The Bunbury Port is one of the State's major exporting ports, serving the South West region of Western Australia and again has ended the year on a very high note by setting three new records in its 102 years of operation:

- Net Profit before Tax of $8.3 million, up 122% compared to last financial year's actual result and up 73% on budget;
- Total trade of 13,997,636 tonnes; and
- Commercial ship visits totalling 414.

Bunbury Port Authority has achieved these results through strong management, operational efficiencies, diligent project management, transparent infrastructure costings and sound financial investments. This has placed the Authority in a strong financial position to pursue capital funding for the development of necessary infrastructure improvements to berths, ship loaders and associated facilities for the long term.

The growth in new trade has been unprecedented and consequently the Port has plans to increase its operations in the Outer Harbour for the short term. To successfully transfer these operations into the Inner Harbour the Port is working on formulating financial business cases for much needed new port infrastructure and is concurrently engaging with Federal, State and potential private investors to secure capital funds for this purpose.

Bunbury Port Authority, in conjunction with the Bunbury Wellington Economic Alliance, South West Development Commission and support from the State Government, has made a joint submission to Infrastructure Australia, namely the Roads To Export Infrastructure Investment Plan, for funding to the value of $521 million for road and rail access into the Port and the diversion of the Preston River.

Alumina is still the major commodity exported by the Port followed by woodchips, silica sands, mineral sands, spodumene and general cargo. During the past year new export trades have been added such as significant project cargos, recycled oil and iron concentrate.

Community Focus and Sustainable Development

The Port continues to work towards minimising any potential adverse environmental impacts on the community and nearby surroundings. To do this effectively and efficiently the Port has put in place a comprehensive risk management system and a Due Diligent and Development Proposal process.

The proposal must be submitted by prospective port users to identify potential environmental and safety risks to the community at large and implement measures accordingly to mitigate these risks.

To compliment this system, the Port, through active engagement with the Port Community Liaison Committee (PCLC), advises and consults with community members on current operations and keeps them informed of future port developments. The PCLC's advice is an invaluable input into the decision making process of the Board.

During this year the Port has allocated substantial resources towards achieving accreditation to the ISO 14001 Environmental Management and AS 4801 Occupational Health and Safety Management systems. As part of our commitment to environmental responsibility the Port has successfully completed the construction of the waste water management system on Berth 8 and has commenced planning of a similar system on Berth 5.

If you have been driving along Koombana Drive in Bunbury, you would have noticed a screen wall with dolphin and maritime etchings. This wall marks the Port's boundary and provides security to port operations. During this financial year the Port is planning to construct a viewing platform enabling the public to enjoy and learn about the Port.

In November 2010 and April 2011, Bunbury Port Authority and its sister Port, Zhapu Port in Jiaxing, celebrated its 10th Sister Port Friendship Anniversary. During these 10 years the two ports have had a healthy exchange on port development, environmental topics and building sustainable port operations. We have no doubt that this relationship will continue to flourish in the ensuing years.

Growth, Development and Outlook

Bunbury Port reached a significant and major milestone in January 2011 when the Board endorsed the Inner Harbour Structure Plan to be submitted to the Environmental Protection Authority for a Strategic Public Environmental Review (SPER). This is a first for any port in WA. The SPER process is expected to take up to 18 months, however the outcomes will place the Port in a very strong position of attracting potential port users with an already established set of environmental conditions, the objective being to minimise the time taken for new trade and infrastructure to be established within the port, while still meeting very high environmental standards.

In February 2011 the Authority commenced discussions with a coal export company in regards to the construction of a new coal berth at Berth 14, including a ship loader and extensive dredging of the Inner Harbour basin. The Port will be working closely with all stakeholders to facilitate coal export through Bunbury Port in the future.

In March 2011 the Board, in conjunction with the State Government committed to developing robust business cases for the land backing of Berth 3 as the next major infrastructure development project for the Inner Harbour. The project will provide the Port with a new multi-purpose heavy lift berth and a new ship loader. The cost of this planned infrastructure investment is estimated to be $132 million.

The Board committed substantial financial resources over the past year towards the strengthening of the deck of Berth 5 to its original design capacity to support the growth in general cargo, especially heavy lifts.

Throughout 2010/2011 the Authority has been working constructively to develop container handling services which, when commenced, will connect the South West exporters to overseas markets. At this stage the Port is hopeful this service will commence in December 2011.

With the continuing trade growth, the Port is also undergoing organisational structural changes and has welcomed many new faces. This has brought the additional challenge of establishing new office accommodation in the next two years and subsequently the Port is currently in negotiations with the relevant state agencies to resolve this requirement. In the meantime the Port has completed considerable work on the maintenance and improvement of the Leschenault Homestead to serve as temporary office accommodation.

Corporate Governance

During 2010/2011, the State Minister for Transport initiated reviews dealing with ports and access to ports, specifically a high level review of port governance in Western Australia and a Regional Freight Transport Plan. Both of these reviews have been welcomed by the Board and we have taken a very proactive role in ensuring the interests of the Port and South West have been strongly conveyed. In addition the Board has also had an opportunity to contribute toward the formulation of the National Ports Strategy.

With the continued diversification in the Port, increasing community expectations and legislative requirements, the demands placed on the Board of Directors continue to grow. During the year the Board engaged an external consultant to carry out an assessment of its role, responsibilities and adherence to corporate governance principles.

The result of the assessment was: The BPA Board is a strong, successful and effective board and has implemented governance reforms with good effect.

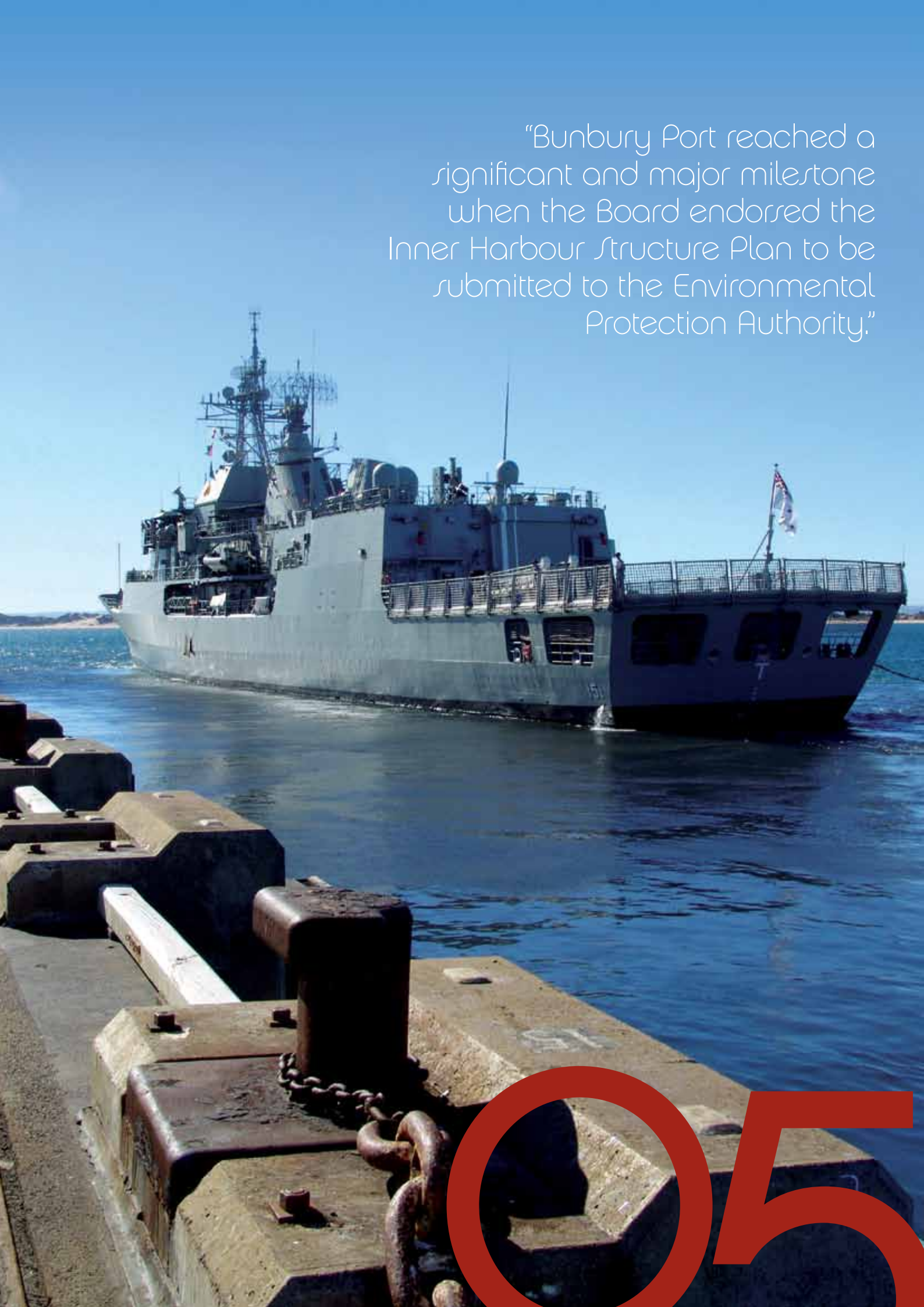
Acknowledgements

In conclusion, I would like to acknowledge the Board of Directors, the Ports CEO Kevin Schellack, Company Secretary, Senior Management team, all employees of the Authority, Port Users and service providers for their dedication, support and contribution in what has been a busy, challenging, productive and record setting year.

I also thank the Port Community Liaison Committee for their valuable work and input on issues raised between the Authority and the community and the proficient manner in which the committee has mediated with the Bunbury community.

Finally, the vision and strategic direction of the Bunbury Port Authority for 2011/12 and beyond, is one which will continue to focus on sustainable port development in order to facilitate the predicted growth in trade, while maintaining our commitment to the community, existing Port Users and meeting the expectations of our stakeholders.

Neema Premji
Chairperson



"Bunbury Port reached a significant and major milestone when the Board endorsed the Inner Harbour Structure Plan to be submitted to the Environmental Protection Authority."

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"The 2011 reporting year has indeed been an exciting one for the Authority having achieved a number of highlights including record trade of 13.998 million tonnes."

CEO's Report on Operations

HIGHLIGHTS FOR 2011

- Record trade of 13.998 million tonnes – up by 0.9% from last years record.
- Record number of commercial vessel visits 414 – up by 6% compared to last year.
- Record profit before tax of $8.255 million.
- New pilot boat, the Freycinet, purchased and commissioned at cost of $0.574 million.
- Progress towards achieving ISO 14001 accreditation.
- Completion of the Berth 8 waste water management system for total cost of $4.306 million – 5.6% below the budget of $4.563m.
- Completion of the Koombana Drive Screen Wall at a cost of $1.082 million.
- Continued work on +/-15% cost estimates for next major development – Berth 3 land backing and new shiploader and Berth 5 waste water management system.

Port Operations

The 2011 reporting year has indeed been an exciting one for the Authority having achieved a number of highlights including record trade of 13.998 million tonnes, record number of commercial vessel visits of 414 and record operating profit before tax of $8.255 million. The Port and its users are to be congratulated for these achievements. The record trade was an increase of 0.9% compared to last years total of 13.867 million tonnes.

The improvement in trade resulted mainly from a growth in imports of 11.8% especially mineral sands, caustic soda and in general and project cargo, such as the import of wind turbine components, which increased by 66% compared to the previous year. Conversely exports were slightly lower by 0.3% compared to the 2010 financial year.

Demand for Port land continued to grow especially for land adjacent to Berth 8 for bulk storage and at Berth 5 for project and general cargo imports and exports.

It has also been another busy year in terms of trade development with negotiations for the Perdaman urea exports project nearing completion and discussion with future coal export proponents also gaining momentum. Other important trade developments which occurred during the year included commencement of the recycled oil and iron concentrate exports. The Authority also continues to discuss opportunities with service providers in establishing an interim container handling service through the Outer Harbour.

Cruise ship visits to the Port continued to provide welcome activity in the Outer Harbour with 7 visits generating economic benefits for the local small business sector while providing an added attraction for the local community.

Workplace health and safety is given high priority in the day to day practices of our operations. Although not of a severe nature, there was one lost time injury reported during the year and it will be the Authority's goal to again achieve a nil result in the 2012 year as was the case in 2010.

The Authority continued its strong focus on environmental and risk management practices with community contacts remaining low in respect to impacts on the community from port operations. There was continued proactive environmental monitoring for dust and noise for new trades such as iron concentrate to ensure community impacts were minimised. This included a request to transport companies to reduce speed in built up areas which produced a positive reduction in noise levels during loading operations of iron concentrate.

During the year, the Authority progressed with future trade development and capital investment projects in the Port with the assistance of government agencies such as the Department of Transport and Department of State Development. The support of these agencies has been invaluable to the Authority in providing advice to assist with the development of the business cases for the next phase of Port development in the Inner Harbour including the potential of land-backing Berth 3 and improvements to Berth 5 for the proposed exports of urea. Engineering consultants have been engaged to provide cost estimates and detailed design to +/-15% accuracy for these important business cases.

"In May 2011 the Authority took delivery of our new pilot boat the Freycinet which was constructed by Kirby Marine at a cost of $0.574 million."

Major Projects

The construction of the Berth 8 waste water management system was completed in early 2011 at a total cost of $4.306 million which was 5.6% below the original budget estimate of $4.563 million. This is an important environmental management project at Berth 8 and the staff and contractors involved are to be congratulated for their diligence on what was a difficult retro fitting of such a system to an already established berth area.

I am also pleased to report that the screen wall along Koombana Drive which delineates the Authority's southern boundary was completed at a total cost of $1.082 million which was also below the approved budgeted total expenditure limit for the project of $1.5 million, $1.2 million of which was allocated to the 2010/2011 budget year.

In May 2011 the Authority took delivery of our new pilot boat the Freycinet which was constructed by Kirby Marine at a cost of $0.574 million. The new pilot boat is a Naiad design which replaces the aging Koombana which has gone into retirement. The new vessel will also be used for emergency response purposes when required, and has already proven to be an excellent fair weather vessel with increased speed and operational efficiency with pilotage movements.

The Authority also completed a considerable amount of work on maintenance and improvements to the Leschenault homestead. The homestead will be used for the short term for office accommodation for our expanding number of staff until the Authority completes plans for a new administration office development that can handle the growing workforce required for the effective and efficient operation of the port.

Financial Performance

The Port achieved a record profit before tax of $8.255 million. This was a significant improvement on the profit last year of $3.730 million and was higher than the budget estimate for 2011 of $4.786 million. The improvement in profit performance compared to last year was mainly due to the record trade and its flow-on effects on revenue items such as pilotage, berth hire and port infrastructure as well as an increase in interest on investments at banking institutions. There was also a slight reduction in expenditure due to lower depreciation expense than the previous year.

Total revenue was $30.514 million or 10.6% above budget, with operating costs of $22.259 million being 2.4% below budget.

As at the end of the financial year, the Authority's balance sheet comprised total assets of $110.792 million and total liabilities of $13.278 million resulting in total equity of $97.515 million.

Capital expenditure for the year totalled $6.057 million.

Port Development

The Authority carried out their yearly strategic planning workshop in August 2010 which further confirmed that land backing Berth 3 dolphin structure berth, would be the next major development in the Inner Harbour.

The land backing of Berth 3 will increase the potential utilisation of the berth by converting it into a multi-purpose heavy lift berth. This development will provide the port with the added flexibility of not only loading bulk products such as woodchips as it currently does, but also capacity for handling general and project cargo imports and exports over the same berth.

As there is no need for dredging of the berth pocket area the Berth 3 land backing option would also allow completion of the project in a more timely manner to coincide with the export of urea which is planned to be loaded over Berth 5 if the urea project proceeds as planned.

In regards to the urea exports the Authority is nearing completion of the agreements with Perdaman in relation to the port land lease and access to Port facilities.

The Authority is also working with coal export companies in the South West to assist them to establish appropriate infrastructure at the Berth 14 site in the Inner Harbour. This site was identified as the most appropriate option for coal and other compatible bulk exports.

The Authority has appointed Robert Fenwick as our consultant to assist the Authority with a GAP analysis to progress towards achieving ISO14001 accreditation. This is an important project for the Authority in ensuring our systems are of a high standard especially in relation to environmental management and occupational, health and safety.

Further work was undertaken during the year on the Preston River relocation project. The focus during the year was to obtain engineering design and indicative cost estimates for construction of the relocated river for preparation of the business case for the funding of the project. The project which has wider community benefits has been included in a joint submission to Infrastructure Australia with input from the South West Development Commission and Bunbury Wellington Economic Alliance.

With the potential for strong growth in trade and increasing demand for new infrastructure and land from current and future port users, the Port has a very positive outlook for 2011/2012 and into the future.

Human Resources

There were a number of changes to the Authority's staff during the year. The Authority welcomed the following new staff members during the year:

- Robyn (Rob) Liley, Marine Manager/Harbour Master
- Lisa Meade, Senior Human Resources & Administration Officer
- Carol McKenzie, Administration Assistant
- Dom Pruiti, Mechanical Tradesperson Maintenance
- Peta Trigwell, Company Secretary
- Allyson Bosas, Records Officer

Apart from the Marine Manager/Harbour Master the other five positions were created as a result of a management review of the corporate structure to assist with the growing operational needs for the Authority especially in light of the increase in port development and activity. The Company Secretary position became a permanent internal position following the resignation of Sue Moore who was on a contract. I wish to thank Sue for her assistance over the last few years. I am pleased to welcome all of the new staff who have settled in well to their roles and also welcome back Miranda Lydon as Finance Assistant on a casual basis.

The Authority is well known as being an "employer of choice" in the South West and I am also pleased to advise that there were no staff resignations during the year. Our high retention rate reflects the value we place in our professional staff and the appreciation of the skills and input each and every one of them provides in our day to day business requirements.

The Authority will continue to review the corporate structure in the new reporting period to ensure the operational needs of the port and its users are in accordance with the anticipated growth in port trade.

In regards to the Marine Pilots Enterprise Bargaining Agreement negotiations are continuing via a mediation process through Fair Works Australia. We anticipate the negotiations will be finalised in a mutually agreeable manner shortly.

Acknowledgement

The Authority's enthusiastic professional team of management and staff, are to be congratulated on their significant commitment during the year. They have responded to the growing number of customer enquiries from both new and existing port user activity which has led to the record trade performance. I would also like to thank them for assisting me with the many exciting projects this year and I look forward to working with them to meet the new challenges that lie ahead for the future development of the Bunbury Port.

I would also like to acknowledge the valuable contribution made by port users, port contractors, port community committees and Government agencies, in particular the Department of Transport, whose combined input has greatly assisted the Authority in achieving its goals in 2011. Finally I extend my personal appreciation to our Chairperson Neema Premji and the Board of Directors for their continued support in establishing and refining corporate governance policies and their guidance with the important strategic planning and future direction for the Authority.

Kevin Schellack
Chief Executive Officer

Environment, Community and Heritage

"The Port Authority continued its proactive approach to environmental management by undertaking marine sediment, seawater and biota monitoring."

Environment

While the 2010/2011 year saw a record number of shipping movements and cargo export and import tonnages, the number of community contacts regarding port operations continued to be very low and environmental incidents minimal. The Port Authority continued its proactive approach to environmental management by undertaking marine sediment, seawater and biota monitoring to ensure that port activities were not causing any undesirable impacts. Also, a baseline monitoring program has been ongoing over the year to establish conditions in the nearby Leschenault Inlet, Preston River and Vittoria Bay prior to some significant potential export developments involving urea fertiliser and coal exports.

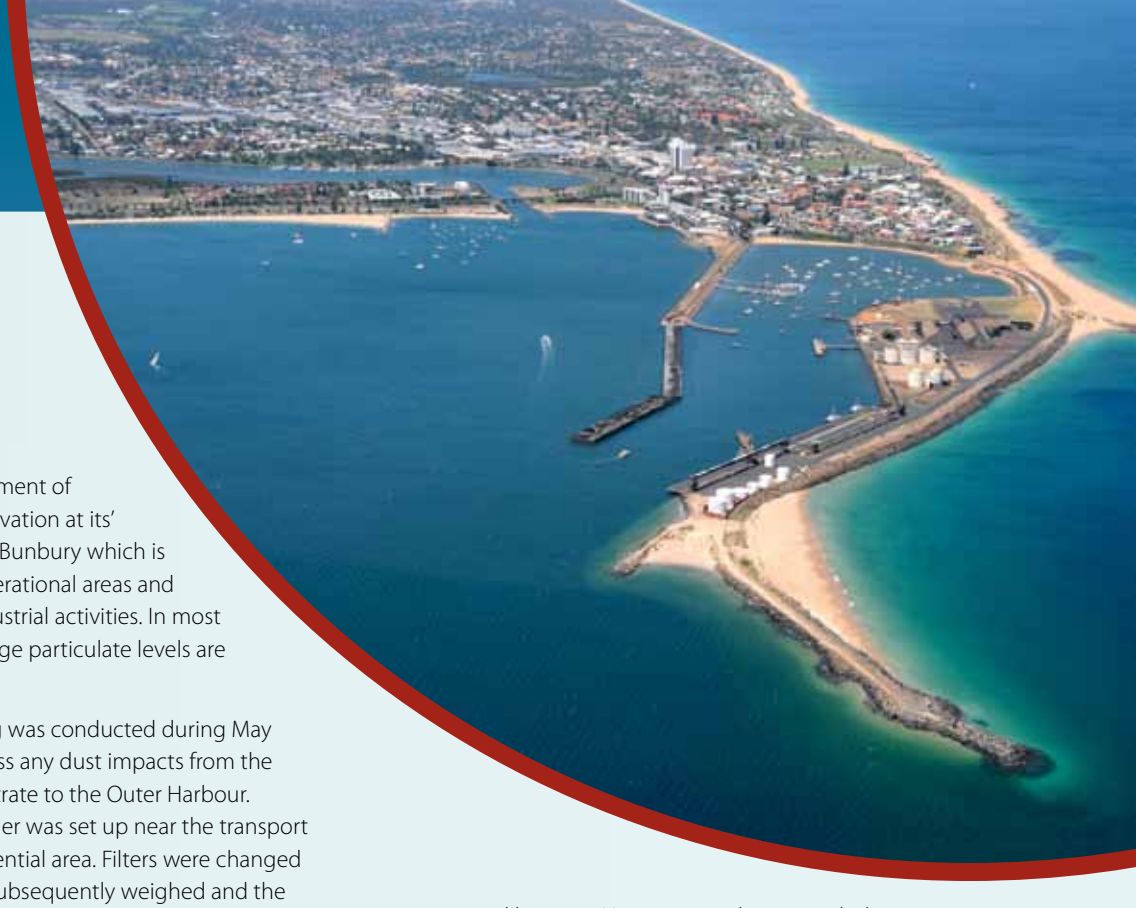
The continued use and refinement of the risk assessment and management process for new export and import activities has proven invaluable in allowing these activities to proceed with little or no community or environmental impact.

Dust Monitoring

A key element of the Authority's environmental management system is its real time particulate (dust) monitoring network. During the period, the monitoring system comprising 4 x PM10 and 1 x TSP (PM50) Tapered Element Oscillating Microbalance (TEOM) particulate monitors again operated reliably with good data capture. The monitoring results continued to demonstrate that port operations are not a significant source of airborne particulates, contributing only a small percentage of overall particulate concentrations. As has been previously reported, the very highest PM10 levels continue to be due to smoke from non-port related activities and/or distant regional sources.

A review of the air monitoring data collection for the period 1/10/2007 to 31/12/2010 was carried out by an independent third party consultant during the year. The scope of the review was to undertake quality checks of the data; generate statistical summaries of dust levels; correlate dust levels with winds to indicate potentially contributing sources; compare measured data with predictions made in a previous air dispersion modelling report in 2009; and to outline any issues that may require further investigation. The review in summary confirmed that the data contained no obvious errors, showed excellent data recovery and is reliable.

As in previous years, the Authority compares its daily monitoring results against PM10 particulate levels



measured by the Department of Environment and Conservation at its' monitoring site in South Bunbury which is distant from the port operational areas and removed from other industrial activities. In most instances, the daily average particulate levels are directly comparable.

Additional air monitoring was conducted during May and June of 2011 to assess any dust impacts from the transport of iron concentrate to the Outer Harbour. A High Volume Air Sampler was set up near the transport route adjacent to a residential area. Filters were changed out daily and the filters subsequently weighed and the particulates analysed by an independent laboratory to determine if any iron concentrate dust was released during the transport of half height lidded containers. Results indicated that there was minimal release of dust from the transport operations with the highest 24 hour concentration being conservatively measured at 5ug/m^3.

Noise Model

An update of the Inner Harbour Cumulative Noise Model which was first developed in late 2005 and revised biennially since then was completed in September 2010. The modelling indicated that the port activity during the year had not contributed to any noticeable increase in the overall noise levels. In fact the probability of exceedance of assigned noise levels has decreased due to noise mitigation initiatives taken by some Port lease holders.

Environmental Regulation and Marine Monitoring

The Authority's Berth 8 environmental licence for the handling of bulk mineral products issued in 2009 still has the status of an "Interim" licence. One of the "Interim" licence conditions required the development of an Environmental Improvement Plan for the "prescribed premises" which was submitted to the Department of Environment and Conservation in early 2010. The Department responded to the Authority in early 2011 with a number of comments and some additional requirements. The Authority updated the Improvement Plan and resubmitted it to the Department and at the end of the reporting year is still to receive a response.

During the year, the Authority submitted Annual Audit Compliance Reports to the Department of Environment and Conservation as required by the Berth 1 and Berth 8 environmental licences. No non-compliances with the licence conditions were declared.

Following the commencement of the export of copper sulphide concentrate through Berth 8 in November 2009, a number of marine sediment, biota and seawater chemistry sampling programs were conducted throughout the year. The data collected along with that from the first baselines in 2008 and 2009 is being used to monitor any changes to baseline metals levels due to concentrate handling, loading or wash-down activities. The design of the sampling program is based around the classic BACI (Before, After, Control, Impact) model. The baseline survey establishes the "Before" condition with sampling in the Inner Harbour being the "Impact" component and the reference sites outside the harbour fulfilling the "Control" condition. Sampling and analysis at the same locations taken in subsequent monitoring surveys fulfils the "After" component. This design allows for the determination of changes in metals concentration over time, differentiation of natural versus anthropogenic changes and the spatial extent of any anthropogenic changes to metals concentrations. Post loading sampling and analysis over the year has shown that an elevation in copper levels in the sediments adjacent to Berth 8 is showing a steady decline over time demonstrating that improvements to the conveyor system and increased berth cleaning during loading has been effective in reducing the potential for product to enter the marine environment. Over the year, there was no identifiable change in the seawater chemistry indicating low solubility of the product in salt water.

In conjunction with the Authority and the exporter of the copper concentrate, the CSIRO was engaged during the year to provide independent advice and testing in relation to the potential ecotoxilogical risks due to copper concentrate in sediments as a result of the export of the

concentrate. In summary, the CSIRO concluded that the most recent long-term monitoring for copper in sediments adjacent to Inner Harbour Berth 8 indicated a downward trend in copper concentrations, likely due to improved loading practices. In addition it was concluded that it is unlikely that ecotoxilogical effects would occur from any short term release of product during loading as there would be considerable dilution of the product in the seawater and naturally occurring particulates within the seawater would be expected to scavenge a large portion of any released metals through absorption reactions. However it was recommended sediment monitoring should continue along with time-integrated monitoring of dissolved copper concentrations in the seawater adjacent to Berth 8.

Inner Harbour Structure Plan Strategic Public Environmental Review

Following discussions with the Office of the Environmental Protection Authority (OEPA) in the latter part of 2010 regarding the proposed Preston River realignment project, it was agreed that the Port Authority would undertake a strategic environmental assessment of the entire Inner Harbour Structure Plan of which the Preston River realignment is a significant part. This approach would allow an assessment by the Regulator of the cumulative environmental and community impact of all elements of the future Inner Harbour development rather than assessing individual development proposals in isolation. Subsequently the Port Authority submitted a Draft Environmental Scoping Document to the OEPA in early 2011. The OEPA has advised that it will write the Environmental Scoping Document based in part on documentation provided by the Port Authority and provide a draft to the Port Authority for consideration and comment. This draft had not been received by the end of the reporting year.

Maintenance Dredging

After a comprehensive harbour sediment sampling program, the Authority submitted its 10 year sea dumping permit application to the Commonwealth Department of Sustainability, Environment, Water, Population and Communities in October 2010. However, due to delays in the assessment process by the Department the Authority still did not have the permit issued by the end of the reporting year. The Authority however was advised in writing by the Department that the outstanding issues regarding the 10 year permit assessment process should be resolved by the end of February 2012. As a consequence of this delay, the Authority sought and was issued an interim 1 year sea dumping permit to conduct maintenance dredging in the Shipping Channel in March 2011 to remove sediment accumulation in parts of the

channel. Approximately 30,000m^3 of very fine sediment was removed from the channel. The dredging was conducted without water overflow which significantly reduced turbidity but lowered the efficiency of the dredging as it resulted in less solid material and more water being transported each trip to the spoil ground.

Environmental Projects

The Berth 8 waste water capture project was completed in early 2011 and since then, the majority of waste and stormwater run-off generated at Berth 8 and associated hardstand areas has been collected by the system and directed to a retention basin located to the east of Berth 8. The Authority has continued a 3 monthly regime of water and sediment quality monitoring to ensure that the water quality in the retention basin is suitable for overflow discharge into the Preston River.

In addition, as part of its general environmental monitoring program, the Authority has continued sediment and water quality monitoring exercises in the Preston River and Vittoria Bay to identify any change to baseline as compared to those prior to the Berth 8 waste water capture project coming into full operation. Additional monitoring sites were added in the Leschenault Estuary adjacent to the Inner Harbour again to establish baseline conditions prior to a proposed urea storage and export facility at Berth 5. All the above monitoring is conducted in each of the 4 seasons and will inform the Authority of any changes to these environments as a result of operational activities so that appropriate remedial actions can be taken if necessary.

To further improve its environmental management systems, the Port Authority commenced the process to achieve ISO14001 accreditation. Initial gap audits have been completed and it is expected that external accreditation will be achieved in the first half of 2012.

Community

The number of community contacts relating to operations has remained low despite significantly increased activity, in particular, an increase in break-bulk cargoes and other imports through Berth 5 which is very close to the residential areas of East Bunbury. This trend of fewer community contacts year on year over the past five years is the result of the Authority and its port lease holders maintaining their focus on dust and noise reduction initiatives and the mitigation of other impacts that could potentially affect the community.

The potential for increased activity at the Outer Harbour has raised concerns in the nearby residential area and the Port Authority is working to ensure that impacts, can so far as can practicably be achieved, are kept to a minimum while continuing to use the Outer Harbour infrastructure for export and import activities.

The Port Community Liaison Committee met bimonthly during the year and was kept up to date on all operational activities and environmental issues. The Committee continues to provide an effective conduit for the community to maintain an effective dialogue with the Authority and to be kept abreast of future expansion plans.

Heritage

Significant maintenance works have been undertaken on the Leschenault Homestead over the past year. The Port Authority will utilise the building as additional office and meeting space with the first employees relocating there in the second half of 2011. The Heritage Council of Western Australia is liaising with the Port Authority regarding permanent listing of the place. The Port Authority has sought and received confirmation from the Heritage Council that the listing will not in anyway jeopardise the possible relocation of the Homestead should future Inner Harbour Development require this.

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, monitoring the business activities and overseeing the financial performance of the Authority on behalf of the government, the sole shareholder by whom the directors are appointed and to whom they are accountable.

The board also takes a proactive approach on matters that may be raised in relation to internal controls and procedures in regards to the following risk management categories:

- Injuries and health;
- Financial loss and or asset damage;
- Business interruption;
- Reputation and image;
- Environment; and
- Compliance (corporate governance).

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 described 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 is achieved. 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.
- A Human Relations Committee which oversees the review of staff awards and individual contracts as well as human resource management policies.

In addition, two of the directors, attend the Authority's well established Port Community Liaison Committee (PCLC) meetings which are held bi-monthly.

Local resident John Saunders has been Chairman of the PCLC for a number of years and his voluntary long service in this important role is appreciated.

Composition of the Board

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

Appointment and retirement of Directors

Directors are appointed by the Minister for Transport 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 Chairperson.

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. As was the case last 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.

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 taking into consideration comparative remuneration and independent advice when required.

Internal Audit and Risk Management Committee

The Internal Audit and Risk Management Committee met regularly during the year to discuss internal audit findings, to review the Authority's Risk Register and assess new risks that may have been identified during the year. The Committee is represented by Directors' Derek Brennan-Jesson (Chairman) and Ray Frisina with the ex officio members during the year being the Chief Executive Officer, Chief Financial Officer and Port Superintendent. The Authority's Internal Auditors, AMD Chartered Accountants, attended meetings where required to discuss their audit findings and recommendations.

The Internal Audit and Risk Management Committee perform 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, monitoring operational performance and risk management systems);
- Reviews of the reliability of accounting and financial management information and the protection of all assets and resources under the Authority's control;
- Regular reports on the extreme and high level risks to the Authority and its operations with at least annual reports on medium and low level risks;
- Reviews of the risk management systems and mitigation strategies developed, implemented and monitored by 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 an important link for the internal and external auditors to provide their views and recommendations to the board. During the year the Audit Committee held 6 meetings one of which was to discuss the Strategic Audit Plan for the 2010/11 reporting period.

The broad scope areas assessed by the internal auditors included the following:

- Information Systems and Record Management;
- Budgetary Process;
- Human Resources and Contract Compliance Review;
- Vehicle Fleet Management;
- Corporate Plans/KPI's/Strategic Planning; and
- Asset Management Plan.

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

The financial systems and functions of the Authority were audited in May by the internal auditors in preparation for the external audit. It was pleasing to note that there were only two minor recommendations raised as a result of the audit. One from the area of payroll which included the need for staff to take regular leave to assist in reducing the annual and long service leave provisions for employee entitlements, and the other in regards to improving the procedures relating to the Authority's debtor billing system.

Internal Controls

Procedures have been developed at the executive and board level to ensure that the assets and interests of the Authority are safeguarded and to ensure the integrity of financial reporting and project management. These controls are enhanced by a strong focus on risk 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 service provider contractual commitments by the board;
- Guidelines, limits and controls on all financial risks and exposures in accordance with the powers of delegation of the Port Authorities Act;
- A comprehensive annual insurance program including risk management reviews and business continuity planning undertaken where necessary with the assistance of professional outside advisors;
- Compliance with equal opportunity legislation including affirmative action, sexual harassment, discrimination, diversity and the environment; and
- Compliance with financial reporting requirements and applicable accounting standards.

The board reviews actual financial results against budget on a monthly basis. The Authority prepares quarterly 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 and the Ministers requests.

Risk Management/Business Continuity

The Authority is committed to the following policy statement in regards to risk management:

- Behaving as a responsible corporate citizen, protecting employees, lease holders, port users, contractors and their property, as well as the community and the broader environment from unnecessary injury, loss or damage;
- Achieving its business objectives by seeking opportunities to improve the business and optimise risk management; and
- Finding the right balance between the cost of control and the risks it is willing to accept as the legitimate grounds for earning reward.

The Authority recognises that effective risk management at all levels of the organisation is a core element of corporate governance and is necessary for the successful achievement of business objectives and outcomes.

The Authority has adopted a pro-active rather than reactive approach to risk management by establishing a Risk Management Framework, discussing on a weekly basis new risks that have been identified and incorporating risk management as a standing item on agendas for each Internal Audit and Risk Management Committee meeting. At each Committee meeting risks that are rated as extreme or high are reviewed and the Risk Register updated accordingly.

A comprehensive Risk Treatment Action Plan has been developed by the Committee for recording treatment and actions that have been or are planned to be taken for each risk. The Committee Chairman then signs off on the Risk Treatment Action Plan when the Committee is satisfied that all the necessary action that can be taken has been implemented to reduce the risk.

The Authority also recognises the importance of workplace occupational health and safety. Risk management and safety issues are discussed at regular senior management communication meetings.

Expenditure Guidelines

The Authority has clearly defined expenditure guidelines for the purpose of controlling operating and capital expenditure. A major focus in controlling expenditure includes monthly reports analysing the variances between actual and budgeted expenditure for the major business units which include marine expenses, port operations, administration and management services, asset maintenance and port utilities. In addition there are formally approved levels of delegated financial authority endorsed by the board.

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 at monthly board meetings.

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.

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	Commercial Rent	CSO Value
Bunbury Lifeboat Foundation (Outer Harbour)	250	$10.00	$1,325.00	$1,315.00
City of Bunbury	3,062	$10.00	$16,228.60	$16,218.60
Department of Waters and Rivers (DEC) Nursery Site	6,600	$1,100.00	$34,980.00	$33,880.00
Navel Cadets	3,000	$50.00	$15,900.00	$15,850.00
Western Tourist Radio (Glen Iris)	1,000	$454.45	$5,300.00	$4,845.45
Total Monetary Contributions to CSO's				**$72,109.05**

Port Pricing Policies on Services

The Authority's pricing policy is based on commercial 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.

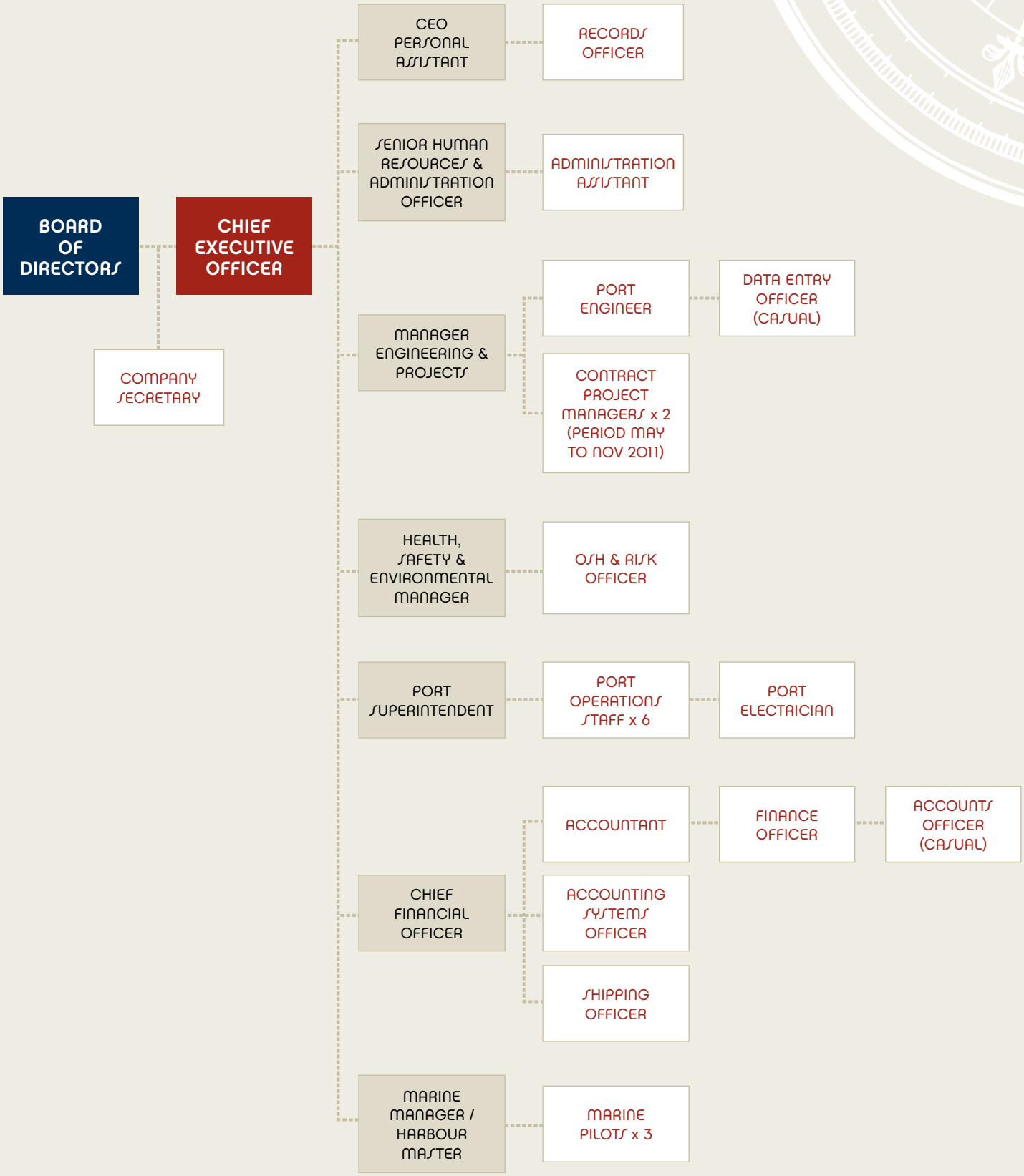
The main charge for cargo services is Port Infrastructure and for vessel services the Authority charges Navigational Services and Pilotage charges as well as Berth Hire when Port Authority owned berths are used. Revised Pilotage charges are required to be published in the Government Gazette before they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

In 2010/11 port charges increased to recover budgeted increases in major maintenance and refurbishment costs, especially for berths and port infrastructure, as well as for pilotage to recover upward movement in salaries and an increase in the number of marine pilots employed for the service. The increases ranged from 5.3% for navigational services, 5.3% to 10% for port infrastructure, 24.6% for pilotage and 37.0% for berth hire. The increase in berth hire was required to recover the improvements to the Berth 2 fender system, concrete repairs to Berth 5 decking and the repairs to the mooring dolphins and replacement of the cotton reel fenders at Berth 3.

The Authority's Port charges can be obtained from the Authority's web site.

Corporate Structure

Bunbury Port Authority Organisational Chart 30 June 2011



Trade Development

Total trade for 2010/2011 was a record 13.998 million tonnes, an increase of 0.131 million tonnes or 0.9% compared to the previous record of 13.867 million tonnes set in 2009/2010.

Compared to the 2009/2010 year there were improvements in a number of exports in particular woodchips which rose by 0.209 million tonnes or 16%, spodumene which increased by 0.139 million tonnes or 56%, and copper concentrate which improved by 0.047 million tonnes or 44%. There were also 0.020 million tonnes of iron concentrate and 0.011 million tonnes of recycled oil exported as well. The main improvement in imports was for mineral sands which increased by 0.095 million tonnes or 53% compared to last year.

The main negative variations were in exports of mineral sands which were 0.238 million tonnes or 33% lower, alumina which were 0.224 million tonnes or 2% lower, silca sand which decreased by 0.005 million tonnes or 2% and timber which fell by 0.001 million tonnes or 2%.

Details of the Port's trade performance can be found in the section on statistical information, chart and graphs.

Total exports for this year compared to last year decreased by 0.3% to 12.369 million tonnes while imports were up by 11.8% to 1.629 million tonnes compared to the previous year. Exports represent 88% of total trade through the port for 2010/2011.

Another record achieved in 2010/2011 was in commercial vessel visits with 414 visits, an increase of 6% compared to last years record figure of 391 vessels. Gross Registered Tons of vessels increased by 4% to 11.419 million GRT, also a record for the Port.

Milestones achieved during the year included:

- Record total trade of 13.998 million tonnes (previously 13.867 mt).
- Record imports of 1.629 million tonnes (previously 1.538 mt).
- Record number of commercial vessel visits of 414 (previously 391).
- Record gross registered tons (GRT) of 11.419 million GRT (previously 11.024 million GRT).
- Record exports of woodchips of 1.523 million tonnes (previously 1.347 mt).
- Record exports of spodumene of 0.387 million tonnes (previously 0.272 mt).
- Record exports of copper concentrate of 0.156 million tonnes (previously 0.108 mt).
- Record imports of caustic soda of 1.195 million tonnes (previously 1.158 mt).
- Largest export of woodchips – 53,332 tonnes on Hachinohe Maru July 2010.
- Largest export of copper concentrate – 22,550 tonnes on Fourseas SW April 2011.
- Largest export of iron oxide – 10,087 tonnes on AAL Fremantle June 2011.
- Largest export of recycled oil – 4,250 tonnes on Golden Gion May 2011.

Trade Forecast

The Authority is forecasting total trade for 2011/2012 of 15.382 million tonnes. This represents a 10% increase compared to the 2010/2011 trade result.

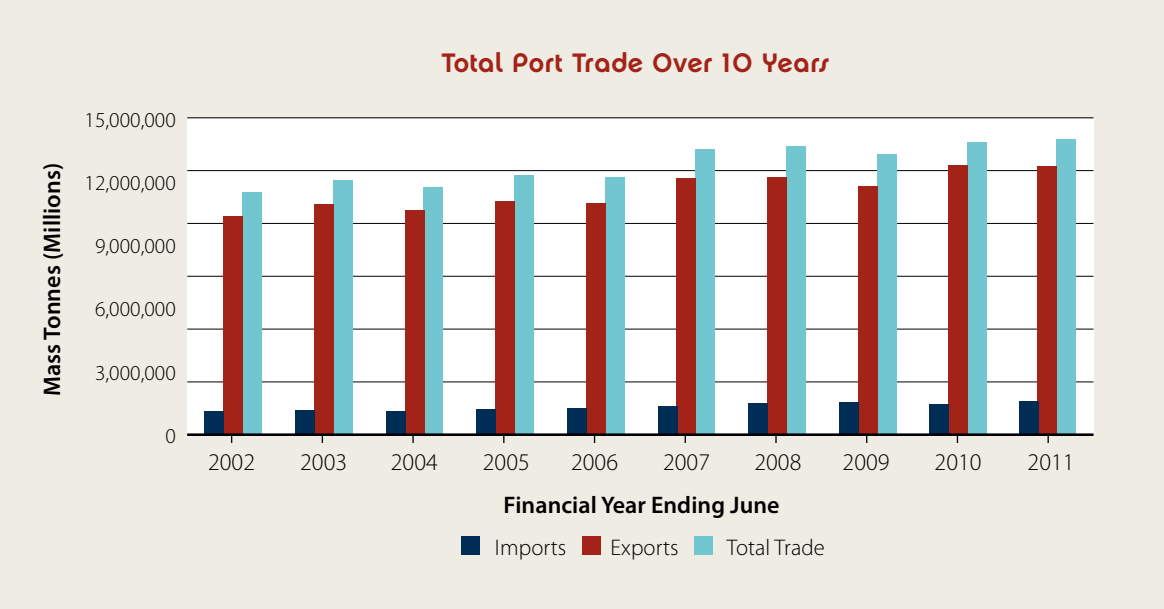
Majority of the trade volumes are expected to remain at similar levels to those achieved for the reporting period except for alumina and mineral sands which are forecast to increase by 0.861 million and 0.234 million tonnes respectively. A full year of iron oxide and recycled oil exports of 0.160 and 0.050 million tonnes respectively has also contributed to the anticipated trade growth.

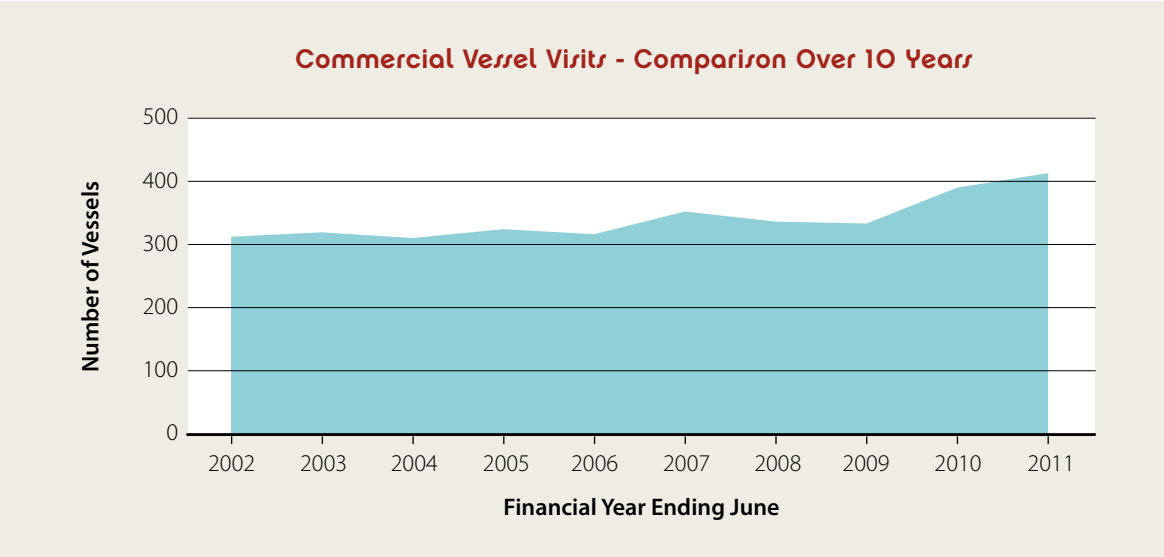
Commercial vessel numbers are estimated to be higher than the 2010/2011 year.

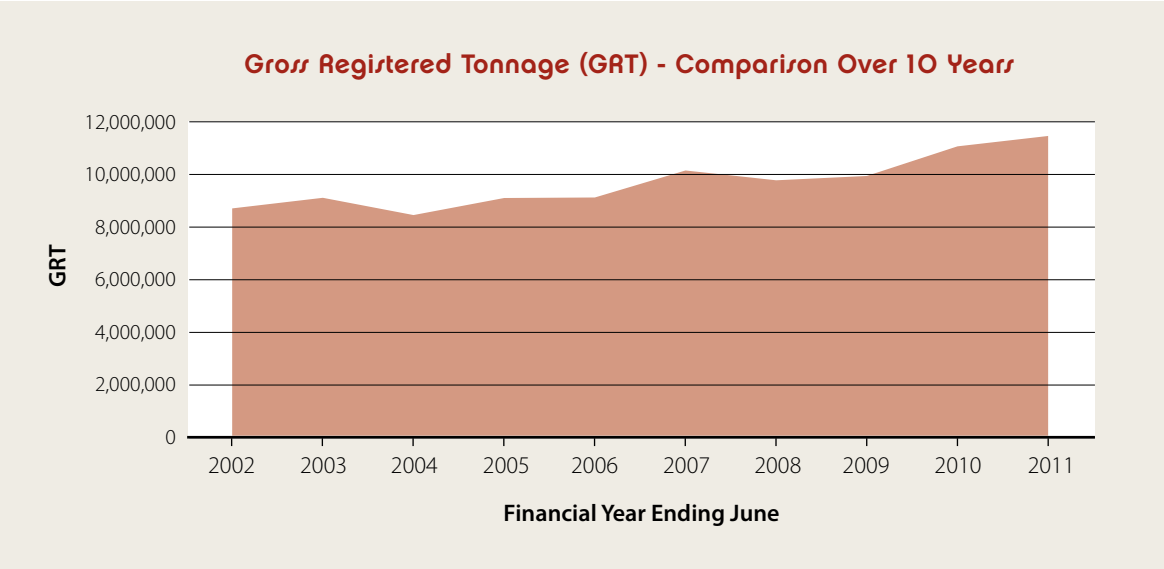
Statistical Information

10 Year Period from 2002 to 2011

Cargo - (tonnes)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
IMPORTS:										
Commodity										
Caustic Soda	929,261	960,988	961,581	1,084,133	1,050,342	1,110,470	1,149,597	1,146,632	1,158,492	1,194,894
Mineral Sands	34,502	88,491	71,799	-	44,449	172,567	230,341	252,356	179,386	274,523
Phosphate Rock	79,900	23,241	-	-	-	-	-	-	-	-
Potash	23,154	20,928	21,634	36,135	8,703	-	12,099	21,755	-	-
Petroleum Coke	23,006	23,520	22,057	40,612	66,911	46,379	53,737	58,967	45,341	61,098
Methanol	17,184	13,478	14,733	15,505	18,614	15,684	15,943	14,739	9,715	13,538
Sugar	-	-	10,025	-	-	-	-	-	-	-
Vegetable Oil	4,738	8,056	6,662	3,392	4,097	4,081	3,156	3,015	3,626	4,442
General	-	1,503	996	1,864	-	-	6,652	-	29,188	45,506
Coal	4,426	4,724	3,789	-	4,605	4,637	-	4,800	4,468	10,502
Chemical Fertilizers	-	4,019	8,107	20,924	34,668	8,046	21,292	36,208	26,786	24,268
TOTAL IMPORTS	**1,116,171**	**1,148,948**	**1,121,383**	**1,202,565**	**1,232,389**	**1,361,864**	**1,492,817**	**1,538,472**	**1,457,002**	**1,628,771**
EXPORTS:										
Commodity										
Alumina	8,188,280	8,248,673	8,435,401	8,469,142	8,531,913	9,127,092	9,315,589	9,476,391	9,663,730	9,439,269
Mineral Sands	837,975	1,005,415	806,308	852,912	1,014,241	1,113,234	1,096,167	732,732	720,774	482,458
Silica Sand	375,619	459,192	348,810	334,532	257,105	289,045	135,141	218,068	250,524	245,551
Spodumene	78,599	106,245	121,683	126,300	140,124	272,341	204,365	204,844	248,051	387,204
Woodchips	809,623	1,045,693	734,705	1,212,621	966,090	1,283,402	1,347,925	1,094,405	1,313,394	1,522,675
Aluminium Hydroxide	-	6,478	-	-	-	-	-	-	-	-
General	14,906	8,739	9,246	20,047	12,724	11,505	16,122	12,337	17,615	19,108
Silicon Dross	-	4,475	-	-	-	-	-	-	-	-
Timber	22,986	10,403	130,312	39,129	50,445	63,853	43,015	-	87,290	85,974
Copper Concentrate	-	-	-	-	-	-	-	-	108,507	155,739
Kaolin Clay	-	1,500	-	-	-	-	-	-	-	-
Vegetable Oils	-	1,038	2,524	504	-	-	-	-	-	-
Chemical Fertilizers	31,629	-	-	-	-	-	-	-	-	-
Talc	-	-	9,367	-	-	-	-	-	-	-
Iron Concentrate	-	-	8,437	9,174	-	-	7,607	-	-	20,126
Recycled Oil	-	-	-	-	-	-	-	-	-	10,691
TOTAL EXPORTS	**10,359,617**	**10,897,851**	**10,606,793**	**11,064,361**	**10,972,642**	**12,160,472**	**12,165,931**	**11,738,777**	**12,409,885**	**12,368,795**
Fuel Oil (Bunkers)	192	37	425	292	135	55	192	-	82	70
TOTAL TRADE	**11,475,980**	**12,046,836**	**11,728,601**	**12,267,218**	**12,205,166**	**13,522,391**	**13,658,940**	**13,277,249**	**13,866,969**	**13,997,636**
SHIPPING:										
Gross Registered Tonnage	8,659,043	9,063,323	8,405,277	9,055,627	9,075,026	10,104,099	9,730,372	9,895,143	11,023,611	11,419,143
Number of Vessels:										
Commercial Vessels	313	320	311	325	317	353	337	334	391	414
Other	3	3	2	6	8	7	10	11	11	9


Total Port Trade Over 10 Years
Mass Tonnes (Millions)
15,000,000
12,000,000
9,000,000
6,000,000
3,000,000
0
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Financial Year Ending June
Imports
Exports
Total Trade


Commercial Vessel Visits - Comparison Over 10 Years
Number of Vessels
500
400
300
200
100
0
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Financial Year Ending June


Gross Registered Tonnage (GRT) - Comparison Over 10 Years
GRT
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Financial Year Ending June

Key Performance Indicator Results 2011

The annual performance of the Authority is measured against the targets and criteria as provided 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 provide information as to the Authority's performance against the targets that have been set.

				Four Year Performance Comparison		
		Target 2011	Actual 2011	2010	2009	2008
Effectiveness Indicators						
1.	**Berth Utilisation (Occupancy)**	**30.32%**	**40.3%**	34.3%	26.9%	31.7%

(The indicator includes commercial and naval vessels but excludes dredges & vessels laying up)

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 berth utilisation result is higher than the target mainly due to the flow-on effect of record cargo throughput (increased vessel visits) and an increase in general cargo which has longer loading and discharge times.

2.	**Average Ship Turn Around Time (Hours)**	**52.7**	**58.2**	50.9	46.4	51.8

(Commercial vessels only)

Comment: Measures effectiveness of port operations to moor, load and let-go vessels. Generally the lower the figure the better.

The target for Average Ship Turn Around Time was not met this year. It was higher than the target mainly due to the impact of general cargo vessels taking longer to load/discharge.

The indicator is calculated as the average cargo hours in port per vessel for commercial vessels only.

3.	**Average Ship Delay Time (Hours)**	**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.

Financial Indicators

		Four Year Performance Comparison				
		Target 2011	Actual 2011	2010	2009	2008
4.	**Gross Cargo Revenue per Cargo Tonne**	**$0.50**	**$0.54**	$0.49	$0.45	$0.45

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 (total trade tonnes) 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 actual result was higher than the target due mainly to higher trade volumes over Port Authority owned berths including 5 and 8 which attract a higher port charge per tonne.

5.	**Gross Ship Revenue per Ship**	**$30,537**	**$30,327**	$27,517	$26,026	$24,129

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 slightly lower than the target due mainly to lower GRT than budgeted and hence reduced navigational services revenue.

6.	**Aggregated Operating Cost per Cargo Tonne**	**$1.54**	**$1.59**	$1.61	$1.46	$1.18

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 the actual trade for the year being lower than the budgeted trade of 14.776 million tonnes. Operating costs were actually lower than budget by $0.552 million a reduction of 2.4%.

Key Performance Indicator Results 2011 (cont.)

		Four Year Performance Comparison				
		Target 2011	Actual 2011	2010	2009	2008
Efficiency Indicators						
7.	**Total Cargo Tonnes Throughput per Berth**	**2,110,876**	**1,999,662**	1,980,996	1,896,750	1,951,277

Comment: This 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.

Although the Authority achieved a record trade, the lower performance compared to the target is due to the actual trade of 13.998 million tonnes being 5.3% lower when compared to the budget target of 14.776 million tonnes.

8.	**Cargo Tonnes per Total Vessel Hour (Average of all berths)**	**795**	**581**	696	856	783

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 795 tonnes per hour is due mainly to slower loading rates at Berths 1, 5 and 8 compared to forecast as a result of the increase in general cargo trade handled over those berths.

The average loading rate of cargo tonne per total vessel hour is predicted to improve in 2012.

Environmental & Sustainability Indicators						
9.	**Achieve Year on Year Reduction in Substantiated Community Complaints**	**36**	**7**	6	9	12

Comment: This indicator is measured by the number of substantiated complaints received by the Authority and entered into the Authority's Complaints Register.

The result was lower than the target figure and only slightly above the previous year indicating the Authority's concerted efforts to reduce the impact of port operations on the local community.

10.	**Target Zero Lost Time Injuries**	**0**	**1**	0	1	0

Comment: The results for this indicator are provided by the State Government Insurance Commission (RiskCover), and is calculated as the number of lost time injury/disease claims where one day/shift or more is estimated to be lost on claims lodged in the financial year.

There was one lost time injuries during the reporting period which was minor in nature and resulted in the staff member succesfully returning to work following recovery in accordance with the Authority's Injury Management Plan process.

5 Year Performance Summary

	2011 $'000	2010 $'000	2009 $'000	2008 $'000	2007 $'000
Financial Performance					
Operating income	28,862	24,881	20,746	20,232	19,268
Interest income	1,652	1,155	1,096	1,596	1,487
Total operating income	30,514	26,036	21,842	21,828	20,755
Operating expenses	(16,086)	(15,440)	(12,815)	(11,085)	(9,689)
Operating profit before depreciation, interest paid and income tax equivalent	14,428	10,596	9,027	10,743	11,066
Depreciation and amortization	(5,484)	(6,232)	(6,230)	(4,287)	(4,364)
Borrowing costs	(689)	(634)	(769)	(813)	(819)
Net profit before income tax equivalent	8,255	3,730	2,028	5,643	5,883
Income tax equivalent	(2,466)	(1,150)	(578)	(1,705)	(1,676)
Net profit after tax	**5,789**	**2,580**	**1,450**	**3,938**	**4,207**
Financial Position					
Current assets	32,221	28,320	26,481	22,434	27,039
Non-current assets	78,571	78,742	78,985	83,605	78,292
Total assets	110,792	107,062	105,466	106,039	105,331
Current liabilities	4,054	2,799	3,959	2,527	2,824
Non-current liabilities	9,223	10,860	13,018	14,504	13,388
Total liabilities	13,277	13,659	16,977	17,031	16,212
Net assets	**97,515**	**93,403**	**88,489**	**89,008**	**89,119**
Equity					
Reserves	14,815	14,815	14,815	14,815	28,647
Retained earnings	82,700	78,588	73,674	74,193	60,472
Total equity	**97,515**	**93,403**	**88,489**	**89,008**	**89,119**
Statistics					
Financial:					
Operating profit margin	50%	43%	44%	53%	57%
Operating expense ratio	73%	86%	91%	74%	72%
Debt to equity ratio (total liabilities/equity)	14%	15%	19%	19%	18%
Interest cover – profit basis (times) (EBIT/Int)	12.98	6.88	3.64	7.94	8.18
Total operating income per FTE	$1,130,148	$1,239,810	$1,040,095	$1,284,000	$1,220,882
Return on average net assets (RONA)	9.4%	4.8%	3.2%	7.2%	7.7%
Dividends paid/payable $'000's	1,677	725	1,969	4,049	0
Trade:					
Total Export Trade	12,368,865	12,409,967	11,738,777	12,166,123	12,160,527
Total Import Trade	1,628,771	1,457,002	1,538,472	1,492,817	1,361,864
Total Port Trade	13,997,636	13,866,969	13,277,249	13,658,940	13,522,391
Total Commercial Vessels	414	391	334	337	353
Total Gross Registered Tons	11,419,143	11,023,611	9,895,143	9,730,372	10,104,099

Other Legal and Government Policy Requirements

The following are the disclosures required in accordance with legislation and government policies.

Advertising & Sponsorship (Electoral Act 1907 - s175ZE)

In accordance with section 175ZE of the Electoral Act 1907 the Bunbury Port Authority incurred the following expenditure in advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2010/11 was $33,764.
2. Expenditure for each service where applicable, was incurred during the year in the follow areas:

Advertising Agencies:	
Informa Australia	$638
Total	**$638**
Market research organisations:	Nil
Polling organisations:	Nil
Direct mail organisations:	Nil
Media advertising organisations:	
Adcorp Australia Limited	$1,014
Main Event Media Pty Ltd	$28,623
Rural Press Regional Media	$184
South West Printing & Publishing Co	$1,105
Lomax Media	$2,200
Total	**$33,126**

Disability Access and Inclusion Plan Outcomes

Initiatives in relation to disability access and inclusion are provided by the Authority as follows:

- Physical access is provided to the administration office from the car park.
- Provision of facilities in the office for people with disabilities in accordance with Australian Standards.
- Matt Gare has completed nearly five years employment service with the Authority as our casual Data Entry Officer.

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

Recordkeeping Plan

In accordance with section 19 of the State Records Act 2000 the Authority is required to have a Recordkeeping Plan.

During the year the Authority made a number of significant improvements to its records keeping procedures. These included the following:

1. The recruitment of our first full-time Records Officer, Allyson Bosas, which has resulted in a significant improvement in the Authority's records keeping management and procedures.
2. In regards to training, the Authority arranged for newly appointed and existing staff to complete a Records Awareness Training (RAT) through the online service provided by IRIS, an external training provider. This training was a requirement of the Authority's plans in implementing its new Records System during this year.
3. Replacement of the existing Thesaurus paper based records system, with the IT Vision developed SynergySoft Central Records system which is an electronically based records system. This system is now being implemented on a "roll out" basis to staff as they complete an intensive one day training session provided by IT Vision. The Central Records system is fully integrated with the Authority's SynergySoft information management system.
4. It is envisaged this system should be more reliable, systematic and easier to use and manage, so as to produce consistent and accountable results. The Central Records system will be compliant with legislative requirements and best practice standards. The Authority intends to have the new records system reviewed as part of the broad scope internal audit plan in the new financial year.
5. New staff will be required to undertake the RAT training and then learn the new records system as part of the Authority's induction process to ensure that they comply with the Authority's new recordkeeping procedures.

Ministerial Directives

The Minister may give directions in writing to the Board of Directors with respect to the performance of the functions prescribed by legislation.

There were no Ministerial directives during the year.

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:

- 2010 Annual Report
- Portal Newsletter, Issue 15 October 2010 and Issue 16 June 2011.

Other information is available via the Authority's web site at 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 received one FOI access application during 2010-2011.

Compliance with Public Sector Standards and Ethical Codes

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 in 2010/2011 there were no incidents involving reportable misconduct or breaches of the Authority's code of conduct.

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 four full-time positions advertised by the Authority. The full-time positions were for the Records Officer, Administration Assistant, Mechanical Trades Person and Company Secretary. There were no claims arising as a result of the recruitment, selection and appointment process carried out by the Authority for that position.

The Marine Pilots Enterprise Bargaining negotiations are continuing via a mediation process through Fair Works Australia. The Authority expects that the negotiations will be finalised in a mutually agreeable manner.

Substantive Equality

The Bunbury Port Authority acknowledges the importance to support employees balancing work and family responsibilities by providing, where possible, flexible hours, availability of purchased leave and maternity and paternity leave.

The number of permanent full-time women employed by the Authority has increased from 5 in 2010 to 7 in 2011.

Occupational Safety, Health and Injury Management

Compliance with occupational safety, health and injury management reporting.

The Bunbury Port Authority's management team is committed to maintaining a high standard of occupational safety and health and injury management. Regular meetings are held with management and all staff to discuss occupational safety and health (OSH) issues and to allow staff to participate in improving the system and allow them the opportunity to raise any safety or health concerns with management.

Our consultative process extends to and includes the licensed stevedores and lessees. Quarterly Port User meetings are held to discuss operational, security and any health and safety issues. This is considered an important

strategy in particular to minimise the effects that may occur with regards to workplace related health issues that may impact on the Port users at the Bunbury Port Authority. When issues are raised the Authority takes action to implement changes to improve the safety of workers in the Port precinct. Minutes of the meetings with assigned actions are recorded and available to all staff on the Authority's electronic filing system.

During the year there was one injury to a staff member that resulted in a reportable lost time incident. The injury was not of a serious nature and the staff member returned to work after recovering in accordance with the Authority's injury management plan. The Authority will continue to comply with the injury management requirements of the *Workers Compensation and Injury Management Act 1981*. The Injury, Illness and Return to Work Management plan is available to all employees on the Authority's electronic filing system. The Port is committed to assisting employees who are injured at work or who suffer a work related illness to return to work as soon as appropriate.

The Authority's Safety Manual also includes a revised OSH Management Program (System) that is reviewed annually. The Authority also has an Employee Assistance Program (EAP) which assists employees to resolve work and personal issues that may affect their wellbeing and productivity.

The Authority is also committed to providing first aid training to all staff on a voluntary basis and it is pleasing to report that eight staff have undertaken Senior First Aid Training this financial year. It is planned that most staff will have completed their first aid training within two years of the program commencing.

The Authority's OSH and Injury Management Data for the reporting period is illustrated below:

Risk Management

The Authority recognises the importance of a pro-active risk management program and also recognises that senior managers need to be aware of their legal responsibilities in regards to workplace safety hazards which have become broader.

The Risk Management process has formed part of the strategic, operational and line management responsibilities and is integrated into the Strategic and Business Planning processes of the Authority.

The Authority's Internal Audit and Risk Management Committee which reviews and assesses risks that have been identified by the Staff Risk Committee, held 6 meetings during the year. The Internal Audit and Risk Committee reports directly to the Board of Directors so that appropriate actions can be taken at the highest level to either mitigate or remove the risk. A key role of the Committee is to formulate and communicate Risk Management Policy, Objectives, Procedures and Guidelines and through the Board of Directors, direct and monitor the implementation of risk management processes throughout the Authority.

The Authority in response to these increasing obligations is currently developing a Business Continuity Management Plan as part of its overall risk management strategy to protect its people, assets, port customers and earnings by avoiding or minimising where possible the potential for loss.

The Authority's risk management business continuity plan has a dual purpose:

- Legislative compliance; and
- Ensuring observance of Due Diligence and Corporate Governance requirements.

	Actual Results		Results against Target	
Measure	**2009-10**	**2010-11**	**Target**	**Comments**
Number of Fatalities	0	0	0	
Number of Lost Time Injury or Diseases	0	1	0	
Number of Severe Claims	0	0	0	
Lost Time Injury Severity Rate	0.0000	0.0000	0.0000	
Percentage of injured workers returned to work within 28 weeks	100%	100%	100%	
Percentage of managers trained in occupational safety, health and injury management responsibilities	40%	40%	100%	Over the next 4 years

Directors' Report 2011

The Board of Directors of the Bunbury Port Authority have pleasure in presenting their report for the financial year ended 30 June 2011.

1. Directors

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

Neema Premji

Chairperson
B.E. (Civil), Grad. Dip.(Tech. Mngt), MBA, GAICD, MIE (Aust)
Appointed: Chair on 1 October 2009

Ms Premji was appointed to the Board of Bunbury Port Authority in 2002 and is currently the Chair of BPA. Ms Premji is also a Director on the Busselton Water Board and a graduate member and facilitator of the Australian Institute of Company Directors. She is a Civil Engineer with broad expertise and experience in the mining and power industries, strategic business planning, asset management, corporate governance and local government. Ms Premji administers her own engineering and business management consultancy, based in Busselton. She has previously served as a member on the South West Regional Planning Committee, Edith Cowan University Board, Bunbury Regional Art Gallery Collections Committee and Zonta Club of Bunbury and is actively interested in community concerns. Currently Ms Premji is a member of the Australian Institute of Company Directors, South West Regional Committee.

Special responsibilities – Chair of Corporate Governance Committee.

Expiry of present term: 30 June 2012

Raffaele (Ray) Frisina

Deputy Chairman
Fellow of CPA Australia
Appointed: 1 October 2009

Mr Frisina was appointed to the Board on 1st October 2009. As a Certified Practising Accountant he has extensive experience in commercial and small business consultancy, management and taxation, corporate governance and strategic planning. He is a member of the Australian Institute of Company Directors. Mr Frisina has lived in Bunbury for in excess of 50 years and has served on numerous statutory and community Boards and Committees, including a term as Councillor for the City of Bunbury. He was a Board Member of the Val Lishman Health Research Foundation, Board Member of the Greater Bunbury Regional Planning Committee, Chairman of the Chefs Long Lunch Charity Committee, member of the South West Regional Planning Commission and currently serves on the Board of the Bunbury Regional Entertainment Centre. Mr Frisina has a desire and commitment for maintaining the lifestyle of Bunbury to which the residents of Bunbury have grown accustomed to, whilst developing the economic, social, environmental and cultural activities which will ensure the ongoing growth and exuberance of the region.

Special responsibilities – Board representative on the Port Community Liaison Committee, Member of Internal Audit and Risk Management Committee

Expiry of present term: 31 December 2011

(L-R) D J BRENNAN-JESSON, N B PREMJI, G N WOOD, T BRENNAN AND R FRISINA AT THE LESCHENAULT HOMESTEAD

Derek Brennan-Jesson

Dip Eng (Elec) UK, Grad Dip (Mgt) GAICD
Appointed: 27 March 2006

Mr Jesson was appointed to the Board on 27 March 2006. He emigrated to Australia in 1969 following many years experience working with major UK Manufacturing and Public Supply Authorities. Since arriving in Australia he has worked with a number of prominent companies in the power generation and supply industry gaining experience in project development and management, business feasibility studies and risk assessment. Since retirement from full time employment he continued these interests by way of dedicated contract situations whilst adding to an involvement with local community issues, including being a founding member of a community radio station.

Special responsibilities – Chair of the Internal Audit and Risk Committee; member of the Port Community Liaison Committee and member of the Leschenault Homestead Relocation Committee.

Expiry of present term: 31 December 2011.

Tony Brennan

Bachelor of Laws, Grad. Dip. (Legal Practice)
Appointed: 1 March 2010

Mr Brennan was appointed to the Board on 1 March 2010. He holds a Bachelor of Laws from the University of Queensland and a Graduate Diploma in Legal Practice having practiced in areas of corporate advisory, mergers and acquisitions, banking and finance. The projects he has been involved with range from tunnels, gas pipelines, international cruise ship terminals, agricultural, energy and resource projects. Mr Brennan is a member of Mining Law Committee, the International Construction Projects Committee and the Maritime and Transport Law Committee of the International Bar Association. He is a member of and a former facilitator for, the Australian Institute of Company Directors prestigious Company Directors course and presenter on corporate governance issues for not-for-profit boards.

Special responsibilities – Member of Human Relations Committee and Corporate Governance Committee.

Expiry of present term: 31 December 2012.

Gary Wood

Re-appointed: 17 May 2010

Mr Wood commenced his appointment as a member of the Board on 1 October 2006 bringing his extensive experience in Industrial Relations and the Fair Work Act to the Board. He holds the long term positions of Secretary to both the CFMEU Mining & Energy Division WA District and Coal Miners Industrial Union of Workers of WA and has a lengthy history of widespread involvement in the mining industry. Mr Wood is currently a member of the Australian Institute of Company Directors, the Mining Industry Advisory Committee (MIAC) and the Ministerial Advisory Panel to develop a Best Practice safety regime for Western Australian Resource Sector based on practical risk management. Mr Wood is a member of the Commission of Occupational Safety & Health (COSH) along with being a member of the Legislative Advisory Council (LAC) inline with his interest in matters pertaining to occupational health and safety in industry, including onshore petroleum and dangerous goods. He 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 – Chair of the Human Resources Committee.

Expiry of present term: 30 June 2012.

2. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Authority during the financial year are:

	FULL BOARD MEETING		COMMITTEE MEETINGS							
			Internal Audit & Risk Management		Human Relations		Corporate Governance		Port Community Liaison	
Name	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended
N Premji	14	14	-	-	1	1	4	4	-	-
R Frisina	14	14	6	6	-	-	1	1	6	6
D Brennan-Jesson	14	13	6	6	-	-	-	-	6	5
G Wood	14	13	-	-	8	8	-	-	-	-
T Brennan	14	12	-	-	7	7	3	3	-	-

3. Principal Activities

Within the focus of sustainable development the role of the Bunbury Port is to operate an efficient and competitive port and to ensure that goods are moved reliably, efficiently and effectively between sea and land transport.

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 other significant changes in the nature of the activities of the Authority during the year.

Objectives

The Authority's core objectives are summarised as follows:

- **Customer focus** – ensure the provision of efficient port facilities and services to meet customer needs.
- **Financial performance** – be financially self sufficient and viable on a commercial basis over the long term.
- **Environmental focus** – promote, plan and develop the port in an environmentally responsible manner for the benefit of the State, industry customers and the community.
- **Productivity improvement** – provide training and personal development for employees to enhance productivity, efficiency and safety.
- **Community relations** – work through the Port Community Liaison Committee to address and improve Port/Community communication in port planning, development and operations.
- **Safety** – eliminate as far as practicable possible hazards in the workplace.
- **Corporate values** – To support the Authority's objectives the Board has approved the following core values for the organisation:
  - Safety, environment and risk management (continuous improvement within the workplace, within the port environment).
  - Respect (for our staff, our customers, our fellow Board of Directors, our shareholder and the communities within which we operate).
  - Honesty (integrity, trust and fairness).
  - Adding value to the economic development of the State and in particular the South West.
  - Progress through partnering (with our shareholder, staff, customers, service providers and communities within which we operate).
- **Risk management** – Risk management is recognised by the Authority as an important process in managing risks that have been identified in the day to day operations of the port.

In order to meet a number of these objectives the following targets, which are aligned with the Authority's performance indicators, have been set for the 2011 financial year and beyond:

Customer Focus

	Actual	Target				
	2011	**2011**	**2012**	**2013**	**2014**	**2015**
Berth Utilisation (includes commercial and navel vessel hours)						
Outer Harbour Berths 1 & 2	**7.1%**	4.1%	4.1%	4.1%	4.1%	4.1%
Inner Harbour Berth 3	**21.3%**	19.0%	20.9%	22.8%	22.8%	22.8%
Inner Harbour Berth 5	**57.1%**	23.9%	21.8%	23.0%	26.4%	37.8%
Inner Harbour Berth 8	**43.4%**	42.4%	37.0%	44.8%	56.2%	68.2%
Inner Harbour Berth 4 & 6	**69.5%**	59.3%	57.2%	58.1%	58.9%	59.6%
Total Combined Berth Occupancy	**40.3%**	**30.32%**	**29.92%**	**30.52%**	**32.96%**	**36.48%**
Average ship delay time	**0**	0	0	0	0	0
Average ship turn-a-round time – hours in port	**58.2**	52.7	45.5	45.5	43.0	44.6

Financial Performance

	Actual	Target				
	2011	2011	2012	2013	2014	2015
Gross cargo revenue per tonne of cargo	**$0.54**	$0.50	$0.58	$0.59	$0.98	$1.32
Gross ship revenue per ship	**$30,327**	$30,537	$31,482	$33,221	$35,231	$37,737
Aggregated operating Port Authority cost per cargo tonne	**$1.59**	$1.54	$1.47	$1.77	$2.15	$2.26
Rate of return	**8.5%**	5.8%	7.9%	6.8%	7.9%	8.2%

Environmental Focus

	Actual	Target				
	2011	2011	2012	2013	2014	2015
Maintain PM10 dust levels below NEPM standard of 50mg/m^3	**Maintained less than 50mg/m^3**	Maintain less than 50mg/m^3	Maintain less than 50mg/m^3	Maintain less than 50mg/m^3	Maintain less than 50mg/m^3	Maintain less than 50mg/m^3
Achieve ISO 14001 accreditation within 3 years	**Commenced work to achieve ISO 14001**	ISO 14001 Achieved	ISO 14001 Achieved	ISO 14001 Maintain	ISO 14001 Maintain	ISO 14001 Maintain
Develop a carbon neutral operation in regards to the Authority's vehicle and mobile equipment fleet	**Carbon Neutral Fleet Maintained**	Carbon Neutral Fleet Maintained	Carbon Neutral Fleet Maintained	Carbon Neutral Fleet Maintained	Carbon Neutral Fleet Maintained	Carbon Neutral Fleet Maintained

Productivity (Efficiency) Improvement

	Actual	Target				
	2011	2011	2012	2013	2014	2015
Total tonnes throughput per berth	**1,999,662**	2,110,876	2,233,145	2,277,519	2,605,359	2,783,676
Cargo tonnes per total vessel hour (Average all berths) bulk	**581**	795	852	852	902	871

Community Relations

	Actual	Target				
	2011	2011	2012	2013	2014	2015
Achieve year on year reduction in substantiated community complaints	**7**	36	35	34	33	32
Undertake annual monitoring of marine waters, sediments, surface water and soils for determination of product build up	**Monitoring Programmes Undertaken**	Monitoring Programmes Undertaken	Monitoring Programmes Undertaken	Monitoring Programmes Undertaken	Monitoring Programmes Undertaken	Monitoring Programmes Undertaken

Safety

	Actual	Target				
	2011	2011	2012	2013	2014	2015
Target zero lost time injuries	**1**	0	0	0	0	0

4. Dividends

Dividends paid or declared by the Authority since the end of the previous financial year were:

	2011 $'000	2010 $'000
Dividends paid	1,677	725

5. Operating and financial review

Results at a glance

The operating profit before income tax expense was $8.255 million (2010: $3.730 million). The income tax attributable to the operating profit for the financial year was $2.466 million (2010: $1.150 million).

The increase in profit before income tax was mainly as a result of an increase in revenue which was up compared to the previous year by $4.478 million, due to an increase in trade and other revenue generating port activities and services. In addition there was a slight decrease in total operating expenditure of $0.047 million which was mainly due to a decrease of $0.748 million in depreciation expense while other costs such as port utilities and marine expenses increased by $0.406 million and $0.295 million respectively.

Review of operations – port trade

The Port's record trade performance for the financial year of 13.998 million tonnes, was 0.131 million tonnes or 0.9% above last years record total trade of 13.867 million tonnes but was 5.3% below the budget forecast of 14.776 million tonnes mainly due to cargoes such as bauxite not proceeding as budgeted and lower mineral sands exports.

Significant variations in actuals for 2011 compared to actuals for 2010 were as follows:

Imports

- Mineral Sands increased by 0.095 million tonnes or 53.0%;
- General, including Coal imports up by 0.022 million tonnes or 66.4%;
- Petroleum Coke up by 0.016 million tonnes or 34.8%;
- Methanol up by 0.004 million tonnes or 39.4%; and
- Caustic Soda up by 0.036 million tonnes or 3.1%.

Exports

- Woodchips up by 0.209 million tonnes or 15.9%;
- Spodumene up by 0.139 million tonnes or 56.1%;
- Copper Concentrate up by 0.047 million tonnes or 43.5%;
- Silica Sands down by 0.005 million tonnes or 2.0%;
- Mineral Sands down by 0.238 million tonnes or 33.1%; and
- Alumina down by 0.224 million tonnes or 2.3%.

Actual total trade for the year of 13.998 million tonnes sets a new record compared to the record total trade last year of 13.867 million tonnes, an increase of 0.9% with imports up by 11.8% and exports down by 0.3%.

Actual YTD Compared to Budget YTD

Imports

- General, including Coal imports up by 0.046 million tonnes or 460.1%;
- Mineral sands up by 0.049 million tonnes or 21.5%;
- Petroleum Coke up by 0.005 million tonnes or 8.1%;
- Urea up by 0.004 million tonnes or 21.3%;

- Caustic Soda down by 0.085 million tonnes or 6.6%; and
- Potash down by 0.010 million tonnes or 100.0%.

Exports

- Spodumene up by 0.149 million tonnes or 62.3%;
- General, including Timber up by 0.095 million tonnes or 950.8%;
- Woodchips up by 0.073 million tonnes or 5.0%;
- Silica Sands up by 0.021 million tonnes or 9.1%;
- Alumina down by 0.642 million tonnes or 6.4%;
- Mineral Sands down by 0.266 million tonnes or 35.6%;
- Copper concentrate down by 0.044 million tonnes or 22.1%; and
- Bauxite down 0.200 million tonnes or 100.0%.

The net effect of these variations was a decrease of 0.778 million tonnes below the budget forecast of 14.776 million tonne.

Review of operations – financial results

	Target 2011 $'000	Actual 2011 $'000	Actual 2010 $'000
Income	27,597	30,514	26,036
Expenditure	(22,811)	22,259	(22,306)
Net profit before tax	4,786	8,255	3,730
Tax expense	(1,436)	(2,466)	(1,550)
Net profit after tax	3,350	5,789	2,580

Commentary on operating results

The net operating profit of the Authority after income tax for the financial year was $5.789m (2010: $2.580m). This represents an increase of 124.4% compared to the 2010 financial year. The profit performance after tax was also 72.8% above the budget figure of $3.350 million due to a combination of higher revenue than budgeted as explained above as well as a decrease in operating expenditure especially for dredging maintenance and general administration expenses including consultants fees.

Capital expenditure for the year was $6.057 million. This was $0.894 million above the Authority's approved asset investment budget of $5.163 million which included $2.563million for the waste water management system at Berth 8, $1.200 million for the screen wall along Koombana Drive adjacent to the Inner Harbour and $1.400 million for minor works and asset improvements.

The major capital investment expenditure (including GST) undertaken during the year included $2.741 million for the Berth 8 waste water management system (completed at a total cost of $4.306 million), $1.082 million for the screen wall along Koombana Drive, and minor works of $2.234 million including ongoing port infrastructure improvements such as $0.553 million for Berth 2 fender system upgrade, $0.443 million for the new back-up pilot boat (completed at total cost of $0.574 million), $0.296 million for new cotton real fenders at Berth 3, $0.094 million for improvements to buildings, $0.204 million for minor plant and machinery replacement, $0.193 million for replacement of mobile equipment and $0.267 million for office equipment.

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

Strategy and future performance – trade and finance

Trade for the new financial year is budgeted to be higher with a total trade forecast of 15.382 million tonnes an increase of 9.9% over the 2011 financial year. The projected increase in trade is mainly as a result of forecast growth in exports of alumina and woodchips as well as a full year of exports of copper concentrate and shipments of up to 0.160million tonnes of iron oxide. There is also a forecast increase in imports of caustic soda and mineral sands. The current trend in the reduction of mineral sands exports below what has been budgeted is expected to be compensated by an increase in spodumene exports.

The targeted financial performance for 2011/12 is based on achieving total revenue of $32.149 million, expenditure of $24.651million resulting in a budgeted operating profit before tax of $7.498 million.

Port users were advised of increases in port charges for 2011/12 which ranged from 3.2% for Navigational Services, 4.5% for Port Infrastructure, 5.9% for Pilotage and further step changes to Berth Hire charges ranging from 9.4% for Berth 3 to 170% for Berth 1 and 2 to recover budgeted cost increases in maintenance and capital improvements. These increases in charges will become effective in the new financial year.

6. Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Authority that occurred during the financial year under review.

7. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year 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 Authority, the results of those operations, or the state of affairs of the Authority, in future financial years.

8. Likely developments

The Authority is forecasting that trade volumes for the 2011/2012 financial year are to increase to 15.328 million tonnes. This is a projected increase of 9.9% above the 2010/2011 year trade figure of 13.998 million tonnes.

The increase in trade in the new financial year is based on achieving incremental growth in exports of alumina, woodchips and copper concentrate and imports of caustic soda, mineral sands and general or break bulk cargo.

As was identified last year the next major development in the Inner Harbour will be the conversion of the Authority's existing Berth 3 dedicated woodchip export berth, into a multi user berth by converting the dolphin style berth into a land-backed berth.

The Bunbury Port Authority will continue in the new financial year to work with consultant engineers to provide accurate cost estimates for this important infrastructure investment, as well as support and advice from government agencies in order to prepare a sound business case for the construction of the berth.

The proposed new land-backed Berth 3 will provide greater flexibility to the Authority by allowing general cargo to be loaded or discharged over Berth 3 as well as being able to load bulk cargoes such as woodchips. The increased flexibility of the proposed land back conversion will improve utilisation of Berth 3 and extend the life of the asset by a further 40 years without the need for expensive capital dredging. While it was reported last year that the Authority intended to commence the Berth 3 project in 2010/11 it is now anticipated that the project will commence in 2011/12.

The Authority continues to work closely with Perdaman Chemicals and Fertilisers to assist them with the establishment of their urea export facility at Berth 5 which is planned to commence late 2014 or early 2015.

In addition, the Authority has also commenced discussions and negotiations with coal export companies for the development of a dedicated coal loading facility that has been identified and planned for at Berth 14. It is intended that Berth 14 will be funded by coal company proponents. Once developed, coal exports will provide a significant boost to trade for the Port.

Other trade developments that the Authority is pursuing include bulk trades, project cargo and 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.

The Authority's approved asset investment program for 2011/2012 of $1.500 million is for minor works items such as replacement of mobile plant and equipment, improvement to the Port's infrastructure and other civil works including upgrades to roads and buildings.

The Authority has plans for major capital works projects which are still subject to government approval. These major projects include the land backing of Berth 3, the purchase of freehold land in the Glen Iris area and a waste water management system to be developed at Berth 5 in preparation for the proposed urea exports at that berth.

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

9. Directors' emoluments

In accordance with Section 13(c)(ii) of Schedule 5 of the Port Authorities Act 1999, the nature and amount of each major element of remuneration of each Director of the Authority, each of the three named executives who received the highest remuneration and other key management personnel of the Authority are:

Directors of the Bunbury Port Authority

Name	Directors Base Fee $	Superannuation $	Other Benefits $	Total $
N Premji - Chairperson	45,000	4,050	0	49,050
R Frisina - Deputy Chairperson	25,000	2,050	0	27,050
D Brennan-Jesson - Director	16,500	1,485	0	17,985
G Wood - Director	16,500	1,485	0	17,985
T Brennan - Director	16,500	1,485	0	17,985

Name	Base Salary $	Superannuation $	Other Benefits $	Total $
K L Schellack - Chief Executive Officer	193,289	16,782	17,556*	227,627
V L Turner - Marine Pilot	185,622	16,706	13,170**	215,498
R Sud - Marine Pilot	171,559	14,797	12,241***	198,597

* *Includes bonus of $8,611 and fringe benefits of $8,945.*
** *Includes bonus of $6,823 and fringe benefits of $6,347.*
*** *Includes bonus of $6,823 and fringe benefits of $5,418.*

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 $25,834.46 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.

10. Environmental regulation

The Authority's operations are subject to regulation under both Commonwealth and State environmental legislation applicable to any Australian commercial entity. Under the Port Authorities act 1999, the Authority is also required to "protect the environment of the port and minimise the impact of port activities on that environment".

11. Environmental management

The Authority is committed to demonstrating that it is an environmentally responsible organisation and this commitment is reflected in its values and corporate priorities. In order to comply with environmental responsibilities and objectives, the Authority maintains an environmental management system to the international standard ISO14001. The Authority has engaged a consultant to undertake a GAP analysis of our systems and procedures and is currently aiming to achieve the ISO 14001 accreditation by June 2012.

12. Rounding off

Amounts have been rounded off to the nearest thousand dollars in the Directors' Report and Financial Statements.

This report is made with a resolution of the directors.

N B Premji
Chairperson

R Frisina
Deputy Chair

Bunbury, Western Australia
18 August 2011

Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	2011 $'000	2010 $'000
Revenue	4	25,368	21,912
Other income	5	5,146	4,124
Depreciation expense	6	(5,484)	(6,232)
Marine expenses		(1,816)	(1,521)
Port operations expenses		(1,189)	(945)
General administration		(3,805)	(4,123)
Asset maintenance		(5,108)	(5,156)
Environmental expenses		(654)	(659)
Port utilities		(2,760)	(2,354)
Security and safety		(727)	(645)
Finance costs	8	(689)	(634)
Other expenses	9	(27)	(37)
Profit before income tax		**8,255**	**3,730**
Income tax expense	10	(2,466)	(1,150)
Profit for the year		5,789	2,580
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,789**	**2,580**

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

Statement of Financial Position

as at 30 June 2011

	Notes	2011 $'000	2010 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	12	28,608	24,452
Trade and other receivables	13	3,258	3,492
Inventories	14	355	376
Total Current Assets		**32,221**	**28,320**
Non-Current Assets			
Other financial assets	15	-	1,250
Deferred tax assets (if applicable)	10	3,220	2,375
Property, plant and equipment	16	75,351	75,117
Total Non-Current Assets		**78,571**	**78,742**
TOTAL ASSETS		**110,792**	**107,062**
LIABILITIES			
Current Liabilities			
Trade and other payables	17	1,606	703
Interest bearing borrowings	18	566	553
Current tax liabilities	10	1,409	1,156
Provisions	19	473	387
Total Current Liabilities		**4,054**	**2,799**
Non-Current Liabilities			
Interest bearing borrowings	18	8,862	10,478
Provisions	19	361	382
Total Non-Current Liabilities		**9,223**	**10,860**
TOTAL LIABILITIES		**13,278**	**13,659**
NET ASSETS		**97,515**	**93,403**
EQUITY			
Reserves	20	14,815	14,815
Retained earnings	20	82,700	78,588
TOTAL EQUITY		**97,515**	**93,403**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2011

	Notes	Reserves $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 July 2009		**14,815**	**76,733**	**91,548**
Total comprehensive income for the year		-	2,580	2,580
Transactions with owners in their capacity				
Dividends paid		-	(725)	(725)
Total comprehensive income for the year		-	1,855	1,855
Balance at 30 June 2010		**14,815**	**78,588**	**93,403**
Balance at 1 July 2010		**14,815**	**78,588**	**93,403**
Total comprehensive income for the year		-	5,789	5,789
Transactions with owners in their capacity				
Dividends paid		-	(1,677)	(1,677)
Total comprehensive income for the year		-	4,112	4,112
Balance at 30 June 2011		**14,815**	**82,700**	**97,515**

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

Statement Of Cashflows

for the year ended 30 June 2011

	Notes	2011 $'000	2010 $'000
Cash flows from operating activities			
Cash receipts from customers		32,088	26,194
Cash paid to suppliers and employees		(17,792)	(18,604)
Cash generated from operations		14,296	7,590
Interest paid		(732)	(634)
Income taxes paid		(3,059)	(2,546)
Net cash from operating activities	**21**	**10,505**	**4,410**
Cash flows from investing activities			
Interest received		1,655	1,210
Proceeds from sale of property, plant and equipment		83	116
Acquisition of property, plant and equipment		(6,057)	(3,677)
Net cash used in investing activities		**(4,319)**	**(2,351)**
Cash flows from financing activities			
Repayment of borrowings		(1,603)	(540)
Dividends paid		(1,677)	(725)
Net cash used in financing activities		**(3,280)**	**(1,265)**
Net increase in cash and cash equivalents		**2,906**	**794**
Cash and cash equivalents at 1 July		25,702	24,908
Cash and cash equivalents at 30 June	**21**	**28,608**	**25,702**

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

Notes to the Financial Statements

for the year ended 30 June 2011

NOTE 1
Basis of preparation

(a) Statement of compliance

The financial report is a general-purpose financial statements which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the financial reporting provisions of the Port Authorities Act 1999, except as disclosed in note 1(b).

The financial statements were authorised for issue on 18 August 2011 by the Board of Directors of Bunbury Port Authority ("the Authority").

(b) Presentation of the statement of comprehensive income

Expenses have been classified by nature and this is considered to provide more relevant and reliable information than classification by function due to the nature of the Authority's operations.

According to AASB 101 *Presentation of Financial Statements*, expenses classified by nature are not reallocated among various functions within the entity. However, the Authority has allocated employee benefits expenses to various line items on the statement of comprehensive income including marine expenses, port operations expenses, general administration, environmental expenses, safety and security and asset maintenance. This allocation reflects the internal reporting structure of the Authority which allocates labour expenses to significant expense items in the income statement based on the nature of the expenses incurred. The Authority believes that the allocation is more relevant to the understanding of the financial performance of the Authority and does not result in a function of expense presentation.

The directors have concluded that the financial statements present fairly the Authority's financial position, financial performance and cash flows and that it has complied with applicable standards and interpretations, except that it has departed from AASB 101, paragraph 99, to achieve a fair presentation. Total employee benefits expenses are disclosed in note 7 to the financial statements.

(c) Basis of measurement

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

(d) Functional and presentation currency

These financial statement are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

(e) Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

Defined benefit plans
Various actuarial assumptions are required when determining the Authority's superannuation obligations. These assumptions and the related carrying amounts are discussed in note 19(d).

NOTE 2
Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in theses financial statements unless otherwise stated.

(a) Revenue recognition

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

(i) Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Interest

Interest revenue is recognised as it accrues using the effective interest method (see note 2(b)).

(iii) Rental income

Rental income is recognised in the income statement on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.

(b) Finance income and expenses

Finance income comprises interest income on funds invested and interest receivable under finance leases. Interest income is recognised as it accrues in profit or loss, using the effective interest method. The interest receivable component of finance lease receivables is also recognised in the income statement using the effective interest rate method.

Finance expenses comprise interest expense on borrowings and finance charges payable under finance leases. All borrowing costs are recognised in profit or loss using the effective interest rate method. The interest expense component of finance lease payments is also recognised in the income statement using the effective interest rate method.

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised as part of the cost of the asset. In determining the amount of borrowing costs to be capitalised during the financial year, investment revenue earned directly relating to the borrowings, is deducted from the borrowing costs incurred.

(c) Income tax

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*.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTE 2
Summary of significant accounting policies (cont.)

(c) Income tax (cont.)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Receivables

(i) Trade receivables

Trade debtors are recognised and carried at the original invoice amounts less an allowance for any uncollectible amounts. Debtors are generally settled within 30 days except for property rentals, which are governed by individual lease agreements.

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts.

(ii) Lease receivables

A lease receivable is recognised for leases of property, plant and equipment which effectively transfers to the lessee substantially all of the risks and benefits incidental to legal ownership of the leased asset. The lease receivable is initially recognised as the amount of the present value of the minimum lease payments receivable at the reporting date plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term.

Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease with interest revenue calculated using the interest rate implicit in the lease and recognised directly in the income statement.

(e) Inventories

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

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTE 2
Summary of significant accounting policies (cont.)

(f) Property, plant and equipment (cont.)

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis (except for motor vehicles which is on a diminishing basis) over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives of each class of depreciable asset are as follows:

Buildings and improvements	4-25 years
Breakwaters	22-40 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

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(g) Impairment

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each balance sheet 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 not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

All impairment losses are recognised in profit and loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(h) Leases

Leases in terms of which the Authority assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Authority's balance sheet.

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

NOTE 2
Summary of significant accounting policies (cont.)

(h) Leases (cont.)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(i) Financial instruments

In addition to cash, the Authority has three categories of financial instruments:

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

Refer to Note 22(ii) for further information on the classification of financial instruments.

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.

(j) Payables

Payables, including trade creditors, amounts payable and accrued expenses, are recognised for amounts to be paid in the future for goods and services received prior to the reporting date. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(k) Borrowings

All borrowings are initially recognised at cost, being the fair value of the consideration received less directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

Borrowing costs are expensed as incurred unless they relate to qualifying assets.

(l) Employee benefits

The liability for annual, long service and sick leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual, long service and sick leave expected to be settled more than 12 months after the balance sheet 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 balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

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

All annual leave and unconditional long service leave 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 the balance sheet date.

Associated payroll on-costs are included in the determination of other provisions.

NOTE 2
Summary of significant accounting policies (cont.)

(m) Employee superannuation

The Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefit pension scheme, are now closed to new members. The Authority is liable for superannuation benefits for past years' service of members of the Superannuation and Family Benefits Act Scheme who elected to transfer to the GSS Scheme. The Authority also accrues for superannuation benefits to the pension scheme for those members who elected not to transfer from that scheme.

The superannuation liability for existing employees with the pre-transfer service incurred under the Superannuation and Family Benefits Act Scheme who transferred to the GSS Scheme are provided for at reporting date. The Authority's total superannuation liability has been actuarially assessed as at 30 June 2011.

Employees who are not members of either the Pension or the GSS Schemes became non contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2007. From 16 April 2007, employees who are not members of the Pension, GSS or WSS Schemes become non-contributory members of the GESB Superannuation Scheme (GESB Super), a taxed accumulation fund. The Authority makes concurrent contributions to the Government Employee Superannuation Board (GESB) on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Super Schemes.

Defined benefit plan

The Authority's net obligation in respect of the defined benefit pension plan is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. These benefits are unfunded.

The discount rate used is the market yield rate at the balance sheet date on national government bonds that have maturity dates approximating to the terms of the Authority's obligations. The calculation is performed by a qualified actuary using the actuarial cost method.

The superannuation expense of the defined benefit plan is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plan are recognised immediately as income and expense in the Statement of Comprehensive Income.

The superannuation expense of the defined contribution plan is recognised as and when the contributions fall due.

(n) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(o) Provisions

A provision is recognised if, as a result of a past event, the Authority has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

NOTE 2
Summary of significant accounting policies (cont.)

(p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cash at bank, at call deposits and term deposits due within 30 days.

For the purpose of the statement of cash flows, cash equivalents consist of cash and cash equivalents as defined above.

(q) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of the acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(r) Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Authority has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Authority. Where applicable, the Authority plans to apply these Australian Accounting Standards from their application date.

AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].* The revised Standard introduces a number of changes to the accounting for financial assets.

AASB 2009-12 *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052].* This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.

AASB 124 (Revised) *Related Party Disclosures (December 2009).* The revised Standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition.

AASB 9 *Financial Instruments.* This Standard includes the requirement for the classification and measurement of financial assets resulting from the first part of phase 1 of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement*).

AASB 1053 *Application of Tiers of Australian Accounting Standards.* This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements.

AASB 1054 *Australian Additional Disclosures.* This Standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. It relocates all Australian specific disclosures from other standards to one place and revises disclosure.

AASB 2010-2 *Amendments to Australian Accounting Standards arising from reduced disclosure requirements.* This Standard makes amendments to many Australian Accounting Standards, reducing the disclosure requirements for Tier 2 entities, identified in accordance with AASB 1053.

NOTE 2
Summary of significant accounting policies (cont.)

(r) Future impact of Australian Accounting Standards not yet operative (cont.)

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 1, 7, 101, 134 and Interpretation 13]*. This Standard emphasis the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.

AASB 2010-5 *Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 101, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]*. This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.

AASB 2010-6 *Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]*. This Standard amends the disclosure requirements for transactions involving the transfers of financial assets.

AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19, 127]*. This Standard includes the requirement for classifying and measuring financial liabilities added to AASB 9.

NOTE 3
Expenses by nature

Operating expenses are presented on the face of the income statement using a classification based on the nature of expenses (see Note 1 (b)). Marine expenses include those expenses derived from water based activities, port operations expenses include those expenses related to land based on support activities, whilst general administration expenses includes expenditure of administration nature.

NOTE 4
Revenue

	2011 $'000	2010 $'000
Revenue consists of the following items:		
Rendering of services		
Charges on ships		
Navigational services	8,754	8,000
Berth hire	1,424	995
Waste disposal & water	119	109
Charges on cargo		
Port infrastructure & stevedoring	7,599	6,845
Shipping services		
Pilotage	2,259	1,656
Interest revenue		
Bankwest	446	848
National Australia Bank	660	118
Westpac	343	141
ANZ	144	-
Treasury	59	48
Rentals and leases	3,561	3,152
Total revenue	**25,368**	**21,912**

	2011 $'000	2010 $'000
NOTE 5		
Other income		
Other income consists of the following Items:		
Net gain/(loss) on sale of property, plant and equipment	(10)	3
Sale of electricity and water	3,566	2,951
Miscellaneous charges	1,590	1,170
	5,146	**4,124**
NOTE 6		
Depreciation and amortisation expense		
Depreciation		
Channels, dredging, breakwaters and navigation aids	2,835	3,707
Buildings and improvements	746	748
Plant and equipment	290	241
Berths, jetties and infrastructure	1,613	1,536
Total depreciation	**5,484**	**6,232**
Amortisation		
Prepaid expenditure	-	-
Total amortisation	-	-
Total depreciation and amortisation	**5,484**	**6,232**
NOTE 7		
Employee benefits expense		
Employee benefits		
Wages and salaries	2,833	2,368
Superannuation - defined contribution plans	251	205
Increase/(decrease) in:		
Accrued wages	26	8
Accumulated days off	5	3
Annual leave	73	(7)
Long service leave	42	45
Personal leave	(23)	(30)
Total employee benefits	**3,207**	**2,592**
NOTE 8		
Finance costs		
Finance Lease finance charges	-	-
Interest paid	689	634
Finance costs expensed	**689**	**634**
NOTE 9		
Other expenses		
Doubtful debts expense	-	33
Employee on-costs	35	4
	35	**37**

NOTE 10
Income tax expense

	2011 $'000	2010 $'000
Recognised in the income statement		
Current tax expense		
Current income tax charge	3,291	2,162
Adjustment for prior periods	20	(64)
	3,311	**2,098**
Deferred tax expense		
Origination and reversal of temporary differences	(845)	(948)
	(845)	(948)
Total income tax expense	**2,466**	**1,150**
Numerical reconciliation between tax expense and pre-tax net profit		
Profit for the period	5,789	2,580
Total income tax expense	2,466	1,150
Profit excluding income tax	8,255	3,730
Income tax using the statutory tax rate of 30% (2010: 30%)	2,476	1,119
Non-deductible expenses	(30)	105
Other	-	(10)
	2,446	1,214
Under (over) provision in prior years	20	(64)
Income tax expense	**2,466**	**1,150**

Deferred income tax	Statement of Financial Position		Statement of Comprehensive Income	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Deferred tax liabilities				
Accelerated depreciation for tax purposes	(3,400)	(3,954)	(554)	(864)
Others	(53)	(39)	14	39
Gross deferred tax liabilities	(3,453)	(3,993)		
Deferred tax assets				
Employee benefits	251	231	(20)	8
Accelerated depreciation for accounting purposes	6,422	6,130	(292)	(131)
Other	-	7	7	-
Gross deferred tax assets	6,673	6,368		
Set-off of deferred tax liabilities pursuant to set-off provisions				
Net deferred tax assets	3,220	2,375		
Deferred tax expense			(845)	(948)

Current tax liabilities

The current tax liability of $1.409 million (2010 $1.156) represents the amount of the income taxes payable in respect of current and prior financial periods.

NOTE 11
Dividends

	2011 $'000	2010 $'000
Dividends paid in the financial year	**1,677**	**725**

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% (2010: 50%) of after tax profits. However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2011 have not been provided as they are expected to be approved by Government and declared by the Board after balance date.

A dividend of $1.677 million (2010: $0.725 million) in respect of the financial results for the year ended 30 June 2010 was paid by 30 June 2011.

NOTE 12
Cash and cash equivalents

Bank balances	3,050	844
Cash deposits	25,558	23,608
Cash and cash equivalents in the statements of cash flows	**28,608**	**24,452**

The Authority's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 22(i).

NOTE 13
Trade and other receivables

Current		
Receivables	2,986	3,299
Less: allowance for impairment of receivables	(7)	(56)
	2,979	3,243
Other debtors		
Accrued revenue (accrued interest receivable)	184	187
Prepayments	95	61
	3,258	**3,492**
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	56	23
Doubtful debts expense recognised in the income statement	-	33
Amounts written off during the year	-	-
Amounts written back during the year	(49)	-
Balance at the end of year	**7**	**56**

NOTE 13
Trade and other receivables (cont.)

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

The authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

At 30 June, the ageing analylsis of trade debtors past due (gross and impaired) are as follows:

	Gross 2011	Impairment 2011	Gross 2010	Impairment 2010
Not more than 3 months	105	-	718	-
More than 3 months but less than 6 months	202	-	19	-
More than 6 months but less than 1 year	-	-	27	27
More than 1 year	10	7	29	29
	317	**7**	**793**	**56**

NOTE 14
Inventories

	2011 $'000	2010 $'000
Current		
Material stores, spares for maintenance - at cost	355	376
	355	**376**

NOTE 15
Other Financial Assets

Non-current		
Sinking funds	**-**	**1,250**

The sinking funds were redeemed on the 1st June 2011.

The sinking funds were held at the Department of Treasury and Finance to offset Inscribed Stock loans (which have now been paid out). The funds were invested at floating interest rates. Interest rates received ranged between 4.96% and 5.11% giving an average of 5.02% (2010 average 4.00%).

NOTE 16
Property, plant and equipment

	Channels, breakwaters, dredging and navigation aids		Land		Buildings and improvements		Plant and equipment		Berths, jetties and infrastructure		Work in Progress		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
At cost	54,967	54,967	18,412	18,412	16,925	16,831	2,615	2,213	50,398	44,341	970	2,023	144,287	138,787
Accumulated depreciation	(37,985)	(35,150)	-	-	(8,328)	(7,582)	(1,340)	(1,237)	(21,283)	(19,701)	-	-	(68,936)	(63,670)
	16,982	**19,817**	**18,412**	**18,412**	**8,597**	**9,249**	**1,275**	**976**	**29,115**	**24,640**	**970**	**2,023**	**75,351**	**75,117**

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below.

Carrying amount at 1 July	19,817	23,506	18,412	18,412	9,249	9,955	976	840	24,640	24,556	2,023	519	75,117	77,788
Additions	-	19	-	-	56	54	568	477	534	657	4,645	2,470	5,803	3,677
Write off	-	-	-	-	-	-	-	-	-	-	-	(3)	-	(3)
Transfers from	-	-	-	-	37	-	96	-	5,566	963	(5,699)	(963)	-	-
Depreciation for the year	(2,835)	(3,707)	-	-	(746)	(748)	(290)	(241)	(1,613)	(1,536)	-	-	(5,484)	(6,232)
Disposals	-	(1)	-	-	-	(12)	(74)	(100)	(11)	-	-	-	(85)	(113)
Carrying amount at 30 June	**16,982**	**19,817**	**18,412**	**18,412**	**8,597**	**9,249**	**1,275**	**976**	**29,116**	**24,640**	**969**	**2,023**	**75,351**	**75,117**

NOTE 16
Property, plant and equipment (cont.)

Valuation of land and buildings

These valuations are based on 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 2010. The valuation methodology used was based on market valuation using kerbside and desktop valuation techniques.

The values at that date were:

	$'000
Freehold land	27,055
Buildings on freehold land	860
Crown land	62,780
Buildings on Crown land	23,125

These values have not been recognised in the financial statements.

NOTE 17
Trade and other payables

	2011 $'000	2010 $'000
Trade payables	907	374
Other payables	205	22
GST payable	31	29
Accrued wages	48	22
Unexpired income	415	256
	1,606	**703**

The Authority's exposure to liquidity risk related to trade and other payables is disclosed in note 22(i)

NOTE 18
Interest bearing borrowings

This note provides information about the contractual terms of the Authority's interest bearing borrowings, which are measured at amortised cost. For more information about the Authority's exposure to interest rate risk, see note 22(i).

	2011 $'000	2010 $'000
Current liabilities		
Direct borrowings	566	553
	566	**553**
Non-current liabilities		
Direct borrowings	8,862	10,478
	8,862	**10,478**
Financing arrangements		
The Authority has access to the following lines of credit:		
Total facilities available:		
Direct borrowings	10,800	11,300
	10,800	**11,300**
Facilities utilised at reporting date:		
Direct borrowings	9,428	11,031
	9,428	**11,031**
Facilities not utilised at reporting date:		
Direct borrowings	1,372	269
	1,372	**269**

Significant terms and conditions

Borrowings of $8.1 million (2010: $10.0 million) from the WA Treasury Corporation's Portfolio Lending Arrangements (PLA) are repayable on fixed dates and bear interest at between 5.08% and 6.91% (30 June 2010: 3.15% and 7.3%). Repayments are based on quarterly instalments with the capital and interest being repaid according to a fixed repayment schedule.

Inscribed stock borrowings from WA Treasury Corporation of $0.500 million (2010: $0.500 million) and $0.550 million (2010: $0.550 million) from various other institutions were paid out in June 2011. The Authority incurred Interest and Penalties totalling $0.091 million in respect to the early terminiation of these loans. Before the Inscribed Stock Loans were paid out, they were repayable on fixed dates and bear interest at rates which varied between 5.875% and 10.5% (30 June 2010: 5.875% and 10.5%).

NOTE 18
Interest bearing borrowings (cont.)

Interest rate risk exposure

The Authority's exposure to interest rate risk on the interest bearing borrowings and the effective weighted average interest rate at year end by maturity periods is set out in the following table:

	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	Over 5 years $'000	Total $'000
2011							
Interest bearing borrowings:							
Fixed interest rate borrowings	-	-	-	-	-	-	-
Variable interest rate borrowings	566	1,879	587	593	600	5,203	9,428
	566	**1,879**	**587**	**593**	**600**	**5,203**	**9,428**
Weighted average interest rate:							
Fixed interest rate borrowings	-	-	-	-	-	-	-
Variable interest rate borrowings	5.90%	6.02%	6.06%	6.07%	6.01%	5.99%	6.01%
2010							
Interest bearing borrowings:							
Fixed interest rate borrowings	-	200	-	250	300	300	1,050
Variable interest rate borrowings	553	566	1,879	587	645	5,751	9,981
	553	**766**	**1,879**	**837**	**945**	**6,051**	**11,031**
Weighted average interest rate:							
Fixed interest rate borrowings	-	7.93%	-	7.93%	7.93%	7.93%	7.93%
Variable interest rate borrowings	5.90%	6.46%	5.38%	5.83%	6.15%	6.32%	5.78%

NOTE 19
Provisions

	2011 $'000	2010 $'000
Current		
Employee benefits provision		
Accumulated days off	16	14
Annual leave (a)	228	168
Long service leave (b)	90	71
Sick leave	24	50
Superannuation (d)	39	39
Time in lieu	11	5
Other provisions		
Accrued wages	-	-
Employment on-costs (c)	65	40
	473	**387**
Non-current		
Employee benefits provision		
Long service leave (b)	134	118
Superannuation (d)	205	244
Other provisions		
Employment on-costs (c)	22	20
	361	**382**

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date, Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance date	228	168
More than 12 months after balance sheet date	-	-
	228	**168**

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance date	90	71
More than 12 months after balance sheet date	134	118
	224	**189**

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at Note 9 "other expenses".

NOTE 19
Provisions (cont.)

(d) Defined benefit superannuation plans

The following is a summary of the most recent financial position of the Pension Scheme related to the Authority calculated in accordance with AASB 119 *Employee Benefits*.

	2011 $'000	2010 $'000
The amounts recognised in the Statement of Comprehensive Income		
Current service cost:	-	-
Interest cost	14	15
Actuarial loss	14	15
	28	**30**
Amounts recognised in the Statement of Financial Position are:		
Present value of unfunded obligations	245	283
Fair value of plan assets	-	-
	245	**283**
Reconciliation of movement in the present value of the unfunded obligations recognised in the Statement of Financial Position:		
Opening Balance	283	292
Current service cost:		
Interest cost	15	15
Actuarial losses	(14)	15
Benefits paid	(39)	(39)
	245	**283**
Reconciliation of the fair value of plan assets is as follows:		
Fair value of plan assets at start of year	-	-
Employer contributions	39	39
Benefits paid	(39)	(39)
Fair value of plan assets at end of year	**-**	**-**

	2011	2010
The principal actuarial assumptions used (expressed as weighted averages) were as follows:		
Discount rate	5.28%	5.48%
Expected future salary increases	4.50%	4.50%
Expected future pension increases	2.50%	2.50%
Anticipated return on plan assets	-	-

NOTE 19
Provisions (cont.)

Historic summary:	2011 $'000	2010 $'000	2009 $'000	2008 $'000
Pension scheme:				
Present value of unfunded obligation	245	283	292	284
Fair value of plan assets	-	-	-	-
(Surplus)/Deficit in plan	245	283	292	284
Experience adjustments (gain)/loss - plan assets	-	-	-	-
Experience adjustments (gain)/loss - plan liabilities	(17)	11	23	9

The experience adjustment for plan liabilities represents the actuarial loss (gain) due to a change in the liabilities arising from the plan's experience (eg. membership movements, unit entitlements) and excludes the effect of the changes in assumptions (eg. movement in the bond rate and changes in pensioner mortality assumptions).

Employer contributions are made to meet the cost of retirement benefit obligations as they fall due. For further details regarding the policy in respect of provision for retirement benefit obligations, refer to Note 2(m).

	2011 $'000	2010 $'000
Movement in provisions		
Reconciliation for the carrying amounts of each class of provision are set out below:		
Retirement benefit obligations		
Carrying amount at 1 July	283	292
Provisions made during the year	1	30
Amounts utilised in the year	(39)	(39)
Carrying amount at 30 June	**245**	**283**
Carrying amount at 1 July	60	56
Provisions made during the year	27	4
Amounts utilised in the year	-	-
Carrying amount at 30 June	**87**	**60**

NOTE 20
Equity

Reserves		
Asset revaluation reserve (a)		
Balance at the start of the year	14,815	14,815
Movements	-	-
Balance at the end of the year	**14,815**	**14,815**
Retained earnings		
Balance at the start of the year	78,588	76,733
Profit for the period	5,789	2,580
Dividends paid	(1,677)	(725)
Balance at the end of the year	**82,700**	**78,588**

(a) Nature and purpose of reserves

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.

NOTE 21
Notes to the Statement of Cash Flows

	2011 $'000	2010 $'000
Reconciliation of cash		
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:		
Cash and cash equivalents	28,608	24,452
Sinking fund deposits invested at Treasury	-	1,250
	28,608	**25,702**
Reconciliation of profit after income tax equivalent to net cash flows provided by/(used in) operating activities		
Profit after income tax equivalents	5,789	2,580
Depreciation and amortisation expense	5,484	6,232
Interest income	(1,652)	(1,155)
Interest expense	689	634
Net (gain)/loss on sale of property, plant & equipment	10	(3)
Income tax expense	2,466	1,150
Operating profit before changes in working capital	**12,786**	**9,438**
Changes in assets and liabilities		
(Increase)/decrease in assets:		
Trade and other receivables	234	(1,136)
Inventories	21	2
(Decrease)/increase in liabilities:		
Trade and other payables	1,188	(490)
Current provisions	86	(31)
Non-current provisions	(21)	26
GST liability	2	(219)
	14,296	7,590
Interest paid	(732)	(634)
Income tax received	-	-
Income taxes paid	(3,059)	(2,546)
Net cash from operating activities	**10,505**	**4,410**

NOTE 22
Financial Instruments

(i) Financial risk Management Objective and Policies

The Authority's principal financial instruments comprise cash and cash equivalents, receivables, payables, and interest bearing borrowings. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks.

The Authority's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations and cash holdings. 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.

Sensitivity analysis

The Authority's policy is to manage its finance costs using a mix of fixed and variable debt with the objective of achieving optimum returns whilst managing interest rate risk to avoid uncertainty and volatility in the market place. At 30 June 2011 and 30 June 2010, the Authority holds variable interest rate borrowings.

The Authority constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions and alternative financing structures.

At the balance sheet date, if interest rates have moved as illustrated in the table below, with all other variables held constant, the effect would be as follows:

Interest rate risk

		+0.5% Change	(0.25%) Change
	Carrying Amount $'000	Profit $'000	Profit $'000
2011			
Financial Assets			
Cash and cash equivalents	28,608	143	(72)
Financial liabilities			
Interest bearing borrowings	(9,428)	(47)	24
	19,180	**96**	**(48)**
2010			
Financial Assets			
Cash and cash equivalents	24,452	122	(61)
Sinking funds	1,250	6	(3)
Financial liabilities			
Interest bearing borrowings	(11,031)	(55)	28
	14,671	**73**	**(37)**

NOTE 22
Financial Instruments (cont.)

(i) Financial risk Management Objective and Policies (cont.)

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. With respect to credit risk arising from cash and cash equivalents, the Authority's exposure to credit risk arises from the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents.

The Authority operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to creditor risk at balance sheet date in relation to each class of recognised financial asset is the gross carrying amount of those asset inclusive of any provisions for impairment, as shown in the table at Note 22 (ii).

The Authority follows stringent credit control and management procedures in reviewing and monitoring debtor accounts and outstanding balances as evidenced by the historical aged debtors balances. In addition, management of receivable balances includes frequent monitoring thereby minimising the Authority's exposure to bad debts. For financial assets that are either past due or impaired, refer to Note 13 'Trade and other receivables'.

The Authority's credit risk management is further supported by rental agreements and sections 116 & 117 of the *Port Authorities Act 1999*. Section 116 refers to the liability to pay port charges in respect of vessels and Section 117 refers to the liability to pay port charges in respect of goods. Port charges are defined in Section 115.

Liquidity risk

The Authority's objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves and its borrowing facilities. The Authority manages its exposure to liquidity risk by ensuring appropriate procedures are in place to manage cash flows, including monitoring forecast cash flows to ensure sufficient funds are available to meet its commitments.

The table below reflects the contractual maturity of financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows. An adjustment has been made where material.

Financial liabilities	Carrying amount $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
2011						
Trade and other payables	1,606	1,467	139	-	-	-
Interest bearing borrowings	9,428	560	542	2,364	2,948	6,582
	11,034	**2,027**	**681**	**2,364**	**2,948**	**6,582**
2010						
Trade and other payables	681	665	16	-	-	-
Interest bearing borrowings	11,031	567	570	1,124	4,374	7,518
	11,712	**1,232**	**586**	**1,124**	**4,374**	**7,518**

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Trade payables, and other financial liabilities mainly originate from the financing of assets used in the ongoing operations such as property, plant and equipment and investments in working capital eg. inventories and trade receivables. These assets are considered in the Authority's overall liquidity risk.

Risk associated with the liability on borrowings is reduced by the Authority paying a guarantee charge. This charge guarantees payment to the WATC by the government for outstanding borrowings in case of default.

	2011 $'000	2010 $'000

NOTE 22
Financial Instruments (cont.)

(ii) Categories of financial instruments

Set out below are the categories and fair values of the Authority's financial instruments:

Financial assets		
Cash and cash Equivalents	28,608	24,452
Trade and other receivables	3,258	3,492
Sinking funds	-	1,250
	31,866	**29,194**
Financial liabilities		
Trade and other payables	(1,606)	(682)
Interest-bearing borrowings	(9,428)	(11,615)
	(11,034)	(12,297)
	20,832	**16,897**

The fair value of the interest bearing borrowings was provided by the WA Treasury Corporation using a lending curve, based on the various maturing dates for each loan, less a margin.

NOTE 23
Commitments

(i) Operating leases receivable

Future minimum rentals receivable for operating leases at reporting date:

Within 1 year	4,277	3,034
Later than 1 year but not later than 5 years	14,323	11,117
Later than 5 years	57,719	48,606
	76,319	**62,757**

NOTE 24
Remuneration of auditors

Remuneration received, or due and receivable, by the Auditor General for:		
Audit of the financial statements	**36**	**36**

NOTE 25
Related parties

The following persons held the position of Directors of the Bunbury Port Authority during the financial year and until the date of this report:

Chairperson
N B Premji

Deputy Chair
R Frisina

Directors
D J Brennan-Jesson
T Brennan
G N Wood

Related party transactions
There are no transactions in the year with the directors or other related parties.

NOTE 26
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 2010/11.

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 regards to contaminated sites, three sites have been identified at the date of this report on the DEC's contaminated sites database. The first being the former power station site which remains the responsibility of Verve Energy to monitor and remediate. The second is the caustic soda and alumina storage and out-loading area shared by Alcoa and Worsley who have responsibilities to take the necessary actions to manage the contamination. The third is the Bemax (Cable Sands) North Shore site along Koombana Drive who has the responsibility to take the necessary actions to manage any contanination that may have been identified.

As the DEC assessment is still ongoing, 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.

NOTE 27
Events occurring after the end of the reporting period

There has not arisen in the interval between the end of the financial year 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 Authority, the results of those operation, or the state of affairs of the Authority, in the future financial years.

Directors' Declaration

In the opinion of the Directors of the Bunbury Authority (the "Authority"):

(a) the financial statements and notes are in accordance with the financial reporting provisions of the Port Authorities Act 1999, including:

   (i) giving a true and fair view of the financial position of the Bunbury Port Authority as at 30 June 2011 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Port Authorities Act 1999; and

(b) there are reasonable grounds to believe that the Bunbury Port Authority will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the directors on 18 August 2011.

N B Premji
Chairperson

R Frisina
Deputy Chair

Bunbury, Western Australia
18 August 2011

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

BUNBURY PORT AUTHORITY

I have audited the financial report of the Bunbury Port Authority. The financial report comprises the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, Notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Directors' Responsibility for the Financial Report
The directors of the Bunbury Port Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Port Authorities Act 1999, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence
In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.

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 2011 and of its performance for the year ended on that date; and
(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

COLIN MURPHY
AUDITOR GENERAL
25 August 2011

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Bunbury Port Authority

A.B.N. 30 044 341 250

Corporate Directory

Directors

N B Premji, Chairperson
R Frisina, Deputy Chairman
D J Brennan-Jesson
T Brennan
G N Wood

Chief Executive Officer

Kevin Schellack

Chief Financial Officer

John Barratt

Address of Office

54 Casuarina Drive
Bunbury WA 6230
Telephone: 08 9729 7020

Auditors

Office of the Auditor General, Western Australia

Internal Auditors

AMD Chartered Accountants

Annual Report

To request an Annual Report:
- Telephone: 08 9729 7020
- Internet: www.byport.com.au/report
- Mail request to PO Box 4 Bunbury 6231

BUNBURY PORT AUTHORITY