



# 2005

*Annual Report*





# functions of the Esperance Port Authority

The Port Authorities Act 1999 prescribes that the Esperance Port Authority will –

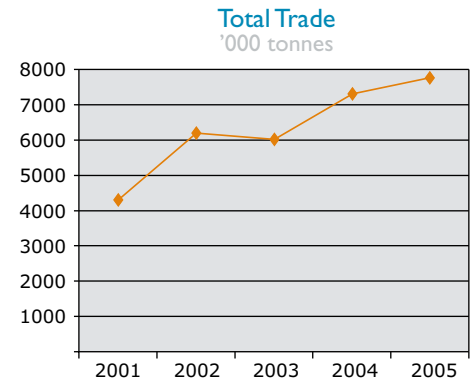
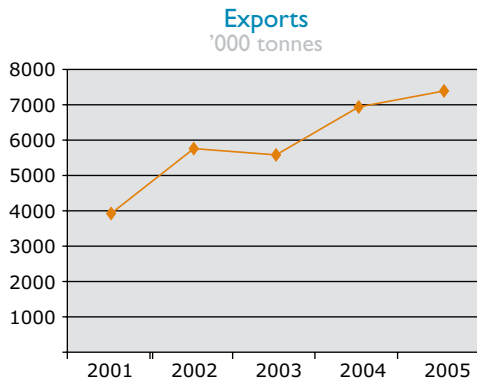
- Facilitate trade within and through the Port and plan for future growth and development
- Undertake or arrange for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the State through the use of the Port and related facilities
- Control business and other activities in the Port or in connection with the operation of the Port
- Be responsible for and promote the safe and efficient operation of the Port
- Be responsible for maintaining and preserving property vested in the Port and other property held by the Port
- Protect the Port environment and minimise the impact Port activities have on the environment

The Esperance Port Authority must also –

- Act in accordance with prudent commercial principles
- Endeavour to make a profit

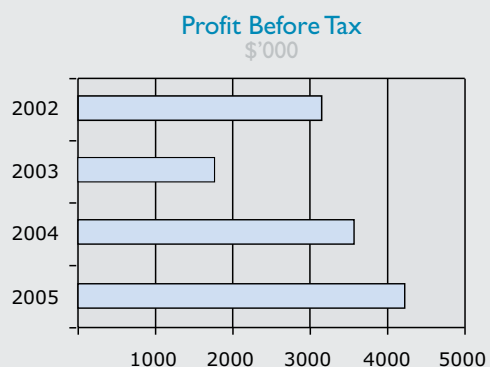
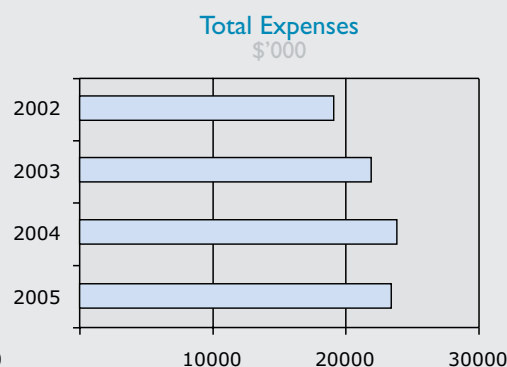
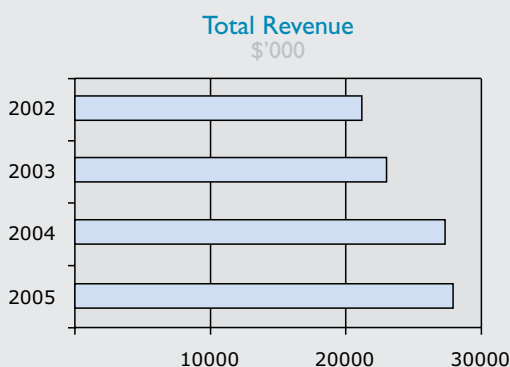
# highlights of 2004-05

- >> Total Port trade more than **7.77 million tonnes** – a record.
- >> Total Port Exports more than **7.39 million tonnes** – a record.
- >> Total iron ore exports more than **5.37 million tonnes** – a record.
- >> Total grain exports more than **1.79 million tonnes** – a record.
- >> Total gross tonnage of vessels visiting Esperance Port more than **5.79 million tonnes** – a record.
- >> **No significant accidents** or incidents recorded at the Port in 2004-05.
- >> **No lost time** at the Port through industrial relations matters.



## financial highlights

- >> Profit for year more than **\$4.38 million** – a record.
- >> Revenue for the year more than **\$27.71 million** – a record.
- >> Expenditure for the year more than **\$23.33 million**.
- >> More than **\$12 million** spent on wages and purchases in the Goldfields-Esperance Region.
- >> Capital expenditure for the year more than **\$2.63 million**.
- >> Employee benefits totalled more than **\$5.656 million**



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*The Esperance Port Authority is a profitable, cost effective and efficient organisation that facilitates trade and provides efficient logistics through the use of existing and new infrastructure.*

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PHOTO:  
WORK PROGRESSES ON PORTMAN'S NEW  
IRON ORE STORAGE FACILITY



# chairman's report

The resources boom currently being experienced throughout Western Australia, in particular, and Australia in general, has impacted on the Esperance Port. Currently, there is unprecedented interest in exporting products through the Port. While it is the Port's charter to foster new business, the boom has highlighted the strengths of the Port, in particular the harbour depth, which at 19 metres is the deepest south of the Pilbara.

The boom has also focused attention on some of the constraints to the efficient handling of trade through Esperance, and common to many other Ports is the issue of Port access, the availability of land and the infrastructure required to handle new products.

## PORT ACCESS

Esperance Port has a well-defined access corridor that moves all products entering and leaving the Port by road and rail. However, increased use of the corridor combined with encroaching residential development has the potential to constrain Port growth. The Esperance Shire Council has identified the importance of protecting and enhancing the corridor, and has encouraged the State Government to become involved. There is general agreement among all parties of the need to develop strategies to ensure the long-term operation of the corridor.

## LAND AVAILABILITY

The Esperance Port Authority and Esperance Shire Council have jointly acquired about 400 hectares of land located 13 kilometres from the Port. The land has been rezoned to allow for an industrial park to be developed, and all environmental approvals required to proceed with the development have been passed. The Port Authority will retain about one third of the land for its own purposes, while the Council and grain handler CBH will equally share the balance. Ultimately the plan is to link the industrial park, which is adjacent to the Kalgoorlie to Esperance railway line, to the Port by rail.

## INFRASTRUCTURE

The 2001-2002 upgrade has placed the Port in a good position to deal with the requirements of the resources industry. However, we are not resting on our laurels and a further \$41 million has been committed to bulk handling facilities associated with BHP Billiton's Ravensthorpe Nickel Project and to increase the Port's bulk minerals storage capacity. This infrastructure development along with Portman Ltd's new \$14 million iron ore storage facility at the Port will enable the Port to increase trade from a record 7.77 million tonnes this year to more than 11 million tonnes a year by 2007.

The increased activity at the Port has resulted in the need for extra staff and 10 tradesmen were recruited during the year. The Port Authority Board also endorsed an Employee Relations Manager being appointed to meet the challenges of managing the Port's growing workforce, which now totals 75.

## COMMUNITY RELATIONS

The Port Authority continues to maintain good relations with the community. About 18 months ago the Port created the Don MacKenzie Waterfront Gardens on the Esperance Foreshore. Don MacKenzie is the patriarch of the MacKenzie family who operates the Port's towage service, the eco-tourism vessel Sea Breeze and the Woody Island tourist resort. The gardens have greatly enhanced an area of foreshore managed by the Port, and recognise Don MacKenzie's contribution to the maritime industry in Esperance.

The Port was represented on the working party that developed a master plan that will guide the future management of the Esperance foreshore. The plan addresses the foreshore erosion problems currently being experienced.

While it gives me great pleasure to report that the Esperance Port has experienced another record year in terms of cargo handled and the profit returned, these achievements are the result of both the confidence our clients have in the Port and the hard work of our employees. I thank all those who have contributed to our continuing success, particularly our employees whose ongoing commitment is most appreciated.

R J NULSEN  
CHAIRMAN  
ESPERANCE PORT AUTHORITY



# CEO's report

Trade through the Port for the year 2004-05 was again at record levels with nearly 7.8 million tonnes of cargo handled, up by almost 500,000 tonnes on the previous year's record.

Trade records will continue into the future with a number of committed projects programmed to come on line in the next two to three years.

## **FUTURE TRADE DEVELOPMENTS** **Ravensthorpe Nickel Project**

Construction and development work started at BHP Billiton's Ravensthorpe Nickel Project during the year. Construction activity on the \$1.4 billion project will peak in the coming year with up to 1000 workers on site.

Production at the mine is expected to begin in the second half of 2006 with the first exports of nickel hydroxide scheduled for late 2006 or early 2007.

The Ravensthorpe project will have a major impact on the Goldfields-Esperance Region. BHP Billiton intends to operate with a residential workforce with the majority of employees residing in either Esperance or Hopetoun.

## **Portman Expansion**

Portman has started to increase its iron ore exports through Esperance from four million tonnes a year to eight million tonnes. A fourth iron ore shed with a capacity to store 300,000 tonnes is currently being built at the Port. Portman is also acquiring extra rail wagons and funding improvements to the Kalgoorlie to Esperance railway line to facilitate the transport of the extra tonnages.

## **Magellan Metals**

Magellan Metals is railing lead carbonate to the Port from its mine near Wiluna. The first carbonate shipment left the Port in early July for China. Ultimately Magellan plans to construct a lead smelter at its mine site and export lead ingots through the Port.

## **Lynas Corporation**

Lynas Corporation is currently in the final phase of a feasibility study to develop a rare earth mine south of Laverton in the Northern Goldfields. Subject to the study findings, exports could start through the Port in late 2006 or early 2007.

## **PORT INFRASTRUCTURE**

The Port Authority has been successful in obtaining State Government support to construct infrastructure required to support the increasing demands on the Port. The Government support will enable the Port Authority to raise the funds to construct a sulphur storage and handling facility, a dual purpose shore-based gantry crane, and to build a multi-user bulk minerals storage facility.

## **Sulphur Storage and Handling Facility**

A \$19 million tender was awarded at the end of June to construct a 120,000 tonne capacity sulphur storage and handling facility. The facility is being built to handle the 500,000 tonnes of sulphur to be imported annually for the Ravensthorpe Nickel Project.

## **Dual Purpose Shore-Based Gantry Crane**

Tenders are to be called early in the new financial year for the supply of a shore-based gantry crane. The crane will be able to discharge bulk sulphur as well as load 8500 containers of nickel hydroxide a year from the Ravensthorpe Nickel Project.

## **Multi User Bulk Minerals Storage Facility**

Mineral storage capacity at the Port will be increased with the construction of a new storage facility.

Strong growth at the Esperance Port continues. The investment in infrastructure in 2001-02 has ensured that the Port is well placed to handle the growth. Harbour depths of 14.5 metres alongside the grain and multi-user berths and 19 metres along side the iron ore berth have resulted in Panamax and Cape Class vessels being the most common types to use the Port.

The Port Authority continues to go from strength to strength. This success is achieved through the efforts of a dedicated team of employees. I thank them all.



COLIN STEWART  
CEO  
ESPERANCE PORT AUTHORITY



ESPERANCE PORT AUTHORITY DIRECTORS  
 (from left) Colin Stewart (CEO), Dick Thorp, Megan Anwyl,  
 Richard Nulsen, Toni Hawkins and Ian Mickel.

# directors & port executives

DIRECTORS	Richard Nulsen (Chairman) Dick Thorp (Deputy Chairman) Megan Anwyl Toni Hawkins Ian Mickel
CHIEF EXECUTIVE OFFICER	Colin Stewart
HARBOUR MASTER	Captain Ian Harrod
DEPUTY HARBOUR MASTER	Captain David Jones
FINANCE MANAGER	Kevin Fernance
CORPORATE SERVICES MANAGER	Bill Cutten
COMMUNITY RELATIONS MANAGER	Richard Grant
EMPLOYEE RELATIONS MANAGER	Narelle Matthews
PORT OPERATIONS MANAGER	Neil Livingstone
MAINTENANCE SUPERVISOR	Phil Humbles
BULK HANDLING SUPERVISOR	Greg Bailey
ELECTRICAL SUPERVISOR	Brant Grundy

#### POSTAL ADDRESS

P.O. Box 35  
 Esperance WA 6450

#### STREET ADDRESS

The Esplanade  
 Esperance WA 6450

#### TELEPHONE

(STD Area Code 08) 9071 2111

#### FACSIMILE

(08) 9071 1312

#### EMAIL

[espaa@esperanceport.com.au](mailto:espaa@esperanceport.com.au)

#### WEB PAGE

[www.esperanceport.com.au](http://www.esperanceport.com.au)

# corporate governance

## ROLE OF BOARD

The role of the Port Authority Board is to perform the functions, determine the policies and control the affairs of the Esperance Port Authority. These include developing strategic business plans for the Authority, monitoring management's performance in implementing plans, and reviewing the Port Authority's investment philosophies and strategies. The Board appoints the Chief Executive Officer and reviews performance and remuneration. It also ensures regulatory and ethical standards are met and risks are appropriately managed.

## BOARD COMPOSITION

The Esperance Port Authority consists of a Board of Directors comprising five people appointed by the Minister for Planning and Infrastructure. In appointing a person as Director, the Minister must have due regard to all relevant guidelines published, approved, endorsed or administered by the Minister for Public Sector Management. A member of staff is not eligible to be appointed as a Director. A Director may hold office for up to three years, and is eligible for re-appointment.

## DIRECTORS' RIGHTS

Directors have access to independent legal or financial advice as an approved Authority expense, and access to Esperance Port Authority records for a period of up to seven years upon retirement from the Board. In addition, they have Directors' and Officers' Liability insurance cover.

## CODES OF CONDUCT

The Esperance Port Authority's Codes of Conduct defines standards of ethical and professional conduct that apply to Directors and Employees. The Codes are designed to assist Directors and Employees of the Authority to fully understand their rights, responsibilities and obligations in their respective roles. The Code of Conduct relating to Employees also constitutes part of the Esperance Port Authority's Human Resources Manual, which is accessible to all staff.

## LEGISLATION

The activities of the Esperance Port Authority are governed by the Port Authorities Act 1999. The Act has modernised Port Authority legislation and provides a clear trade facilitation role for

Western Australian Port Authorities, with a commercial focus on operations. Under the Act, Port Authorities are established as commercialised entities and are governed by a Board of Directors appointed by the Minister.

The Esperance Port Authority operates under established principles to ensure that business is carried out in the best interests of all stakeholders.

## RISK MANAGEMENT

The Board has established a Risk Management Policy for the Authority, which is designed to identify specific sources of risk and alternative controls to mitigate those risks. A Risk Management Committee, comprising senior personnel from a range of operational areas, has been delegated with the authority to address respective issues raised and is responsible for regular progress reporting to the Board in attending to these issues.

The Port's insurer, RiskCover, has provided a Riskbase Database System to assist identify and rank risks according to likelihood and effect of occurrence. The Risk Management Committee has the task of compiling the information for the Riskbase System, and undertaking the ranking and review process.

## EXTERNAL AUDIT

The Office of the Auditor General (OAG) undertakes an annual external audit of the Port's functions. In accordance with the Port Authorities Act 1999, the Esperance Port Authority is required to submit an audited Annual Report on its most recently completed financial year to the Minister within ten days of the receipt of the first audit opinion from the OAG on the financial accounts of the Port.

## INTERNAL AUDIT

The Internal Audit of the Esperance Port Authority is conducted on an annual basis by KPMG Chartered Accountants. The Audit Plan has a specific focus on the review of accounting procedures and related internal controls.



# directors' report

PORT GENERAL HAND WARREN FREEBAIRN

The Directors present their report for the Esperance Port Authority for the year ended 30 June 2005.

## DIRECTORS

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

R.J. Nulsen  
R.J. Thorp  
M.I. Anwyl  
T. Hawkins  
I.S. Mickel

## PRINCIPAL ACTIVITIES

During the year the principal activities of the Port consisted of:

1. Planning for future development,
2. Promoting and facilitating trade,
3. Maintaining assets and constructing new facilities,
4. Providing services, power supply and labour as required for stevedoring, pilotage, mooring and maintenance activities.

The Authority did not record any significant changes in the nature of the activities carried out at the Port during the year.

## DIVIDEND

The Authority has recommended to the Minister for Planning and Infrastructure that a dividend of \$1,563,206 be paid for the year ended 30 June 2005.

## REVIEW OF OPERATIONS

A summary of revenues according to significant operating areas, are as follows:

	2005 \$'000	2004 \$'000
Revenue from vessels	6,674	6,305
Revenue from cargo	5,672	5,313
Revenue from Port services	8,797	8,278
Equipment hire, power and water revenue	1,179	1,528
Other revenues	5,390	5,937
<b>TOTAL REVENUE</b>	<b>27,712</b>	<b>27,361</b>
<b>LESS EXPENSES</b>		
Administration	1,525	1,418
Shipping Handling Costs	6,473	6,044
Power and Water	1,396	1,481
General Maintenance	3,921	3,250
Depreciation	4,596	4,809
Interest	3,415	3,567
Other Expenditure	2,001	3,263
<b>TOTAL EXPENDITURE</b>	<b>23,327</b>	<b>23,832</b>
Profit from ordinary activities before income tax	4,385	3,529
Income tax expense relating to ordinary activities	1,257	1,006
Profit from ordinary activities after income tax	3,128	2,523

Comments on the operations and the results of those operations are set out below:

### (a) Revenue from Vessels

Total Port trade was 7,774,123 tonnes. This was 476,992 tonnes greater than the previous year of 7,297,131 tonnes, a 6.5 percent increase for the year and a new trade record. The Authority did not vary its charges during the year. Total revenue from the berthage charge increased by \$11,968 on the previous year, an increase of 1.4 percent. While revenue from the vessel charge increased \$356,933 on the previous year, an increase of 6.5 percent.

### (b) Revenue from Cargo

Revenue from cargo increased by \$358,863 or 6.7 percent on the preceding year with total trade increasing by 6.5 percent. The revenue earned is dependent on the mix of cargoes. Exports of iron ore increased 267,087 tonnes or 5.2 percent on the previous year. Exports of grain increased by 15 percent or 236,323 tonnes on the preceding year. Nickel exports fell by 38,835 tonnes or 15 percent. Imports of petroleum decreased 5,659 tonnes, or 2 percent, while fertiliser imports increased 19,545 tonnes, or 21.2 percent on the previous year.

## (c) Revenue from Port Services

Included under Port Services were cargo handling revenue, labour hire recovery, pilotage revenue and pipeline service charge. Total revenue from Port Services increased by 6.3 percent on the previous year. Revenue from handling charges increased 7 percent, labour hire recovery 5 percent and pilotage 1.5 percent. Pipeline service charge decreased 2 percent.

## (d) Equipment Hire, Power and Water

Revenue from these sources decreased by 22.8 percent during the year. Sales of electricity to Cooperative Bulk Handling decreased 23.7 percent owing to reduced prices arising from purchasing power direct from the new power station, although increased grain handling helped to offset some of the loss.

## (e) Other Revenues

Other revenues decreased by \$547,000 from the previous year owing to less income being received from the sale of assets. Most other revenues were on a par with the previous year, although Interest Income increased substantially due to higher cash balances.

## (f) Administration

Administration expenses increased 7.6 percent during the year. Salaries increased slightly along with most other areas of expenditure and in line with the previous year. General administration expenditure was \$652,784, compared to \$558,446 the previous year.

## (g) Shipping Handling Costs

Shipping handling costs increased by 7 percent on the previous year owing to increased handling costs for iron ore and nickel which is in line with additional cargo throughput. Maintenance on the bulk handling facilities and recoverable labour costs are very close to those incurred the previous year.

## (h) Power and Water

Expenditure on power decreased by 5.7 percent on the previous year. This reflects the decision by the Authority to stop producing power and purchase power from Esperance Power Pty. Ltd., the supplier of power for Esperance.

## (i) General Maintenance

General maintenance expenditure increased by 20.6 percent on the previous year. Both maintenance wages and maintenance expenditure increased by 22.6 percent and 18.2 percent respectively, reflecting higher costs arising from the increased throughput.

## (j) Depreciation

Depreciation expense decreased 4.4 percent on the previous year.

## (k) Other Expenditure

Other expenditure decreased owing to decreases in insurance, pilotage expenditure, and a substantial reduction in losses recognised on the sale of assets.

## RATE OF RETURN

The Minister for Planning and Infrastructure set this Authority a target of 6 percent for the year ended 30 June 2005. The target achieved was 7 percent. The target rate of return is a return on assets, before tax and interest but after depreciation, with assets and depreciation valued on a deprival value basis.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Esperance Port Authority during the financial year were as follows:

- (a) The Authority spent \$2,629,754 on capital works during the year ended 30 June 2005.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There were no matters occurring subsequent to the end of the financial year.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Significant Capital Works will begin in the coming financial year with work to start on a \$19 million sulphur storage and handling facility and a multi user bulk storage facility (\$9.6 million). In addition, the purchase and commissioning of a container crane with bulk unloading capacity (\$12 million) will be well advanced during this period.

## ENVIRONMENTAL REGULATION

The Authority is subject to significant environmental regulation in respect of its cargo handling operations.

The mineral handling operations of the Authority are subject to Western Australia's Department of Environmental Protection, Conditions of Licence, Licence Number: 5099/8.

## INFORMATION ON DIRECTORS

Director	Experience	Responsibilities
R.J. Nulsen	Director since 1990 Chairman since 1996 Self employed business man	Chairman of Directors
R.J. Thorp	Director since 1998 Self employed business man	Deputy Chairman of Directors
M.I. Anwyl	Director appointed February 2003 Director Hawker Britton WA (Perth) Since 2001	Director
T. Hawkins	Director appointed February 2003 Self employed business woman	Director
I.S. Mickel	Director appointed February 2003 Farming Interests Director Telac Pty Ltd as trustee for the Rocky Plains Farm Trust since 1982 Esperance Shire Council President Director Local Government Insurance Services since 2003	Director



### MEETINGS OF DIRECTORS

The numbers of meetings of the Authority's Board of Directors and the numbers of meetings attended by each Director were:

DIRECTOR	MAXIMUM NO. OF MEETINGS	NUMBER ATTENDED
R.J. Nulsen	11	11
R.J. Thorp	11	10
M.I. Anwyl	11	11
T. Hawkins	11	11
I.S. Mickel	11	11

### NON-EXECUTIVE DIRECTORS OF THE ESPERANCE PORT AUTHORITY

NAME	DIRECTORS FEE \$	SUPERANNUATION \$	TOTAL \$
R.J. Nulsen, Chairman	23,800	2,142	25,942
R.J. Thorp, Deputy Chairman	11,000	990	11,990
M.I. Anwyl	11,000	990	11,990
T. Hawkins	11,000	990	11,990
I.S. Mickel	11,000	990	11,990

Details of the nature and amount of each element of the emoluments of each Director of Esperance Port Authority and of three officers of the Port receiving the highest emoluments are set out in the following tables.

### SENIOR EXECUTIVES OF THE ESPERANCE PORT AUTHORITY

NAME	BASE SALARY \$	MOTOR VEHICLE \$	BONUS \$	SUPER-ANNUATION \$	OTHER BENEFITS \$	TOTAL \$
C.A. Stewart Chief Executive Officer	180,388	3,350	2,051	28,155	988	214,932
I.R. Harrod Harbour Master	175,577	3,655	2,051	14,028	615	195,926
N.R. Livingstone, Port Operations Manager	104,934	-	2,051	11,931	-	118,916

### REAPPOINTMENT OF DIRECTORS

The Minister for Planning and Infrastructure appoints Directors for terms not exceeding three years. Mr. R.J. Nulsen was reappointed as Chairperson for a further six months from 1 January 2005. Mr. R.J. Thorp was reappointed Deputy Chairperson for a further six months from 1 January 2005. Ms. M.I. Anwyl was reappointed as a Director for a further six months from 1 January 2005.

### INSURANCE OF OFFICERS

During the financial year the Authority paid a premium of \$29,938 to insure the Directors and the Chief Executive Officer and the Divisional Managers of the Authority.

The liability insured are costs and expenses that may be incurred in defending civil and criminal proceedings that may be brought against the officers in their capacity as officers of the Authority.

### ROUNDING OF AMOUNTS

The Authority is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### AUDITOR

The Auditor General continues in office in accordance with Schedule 5 Section 37 (2) of the Port Authorities Act 1999.

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

R.J. NULSEN  
CHAIRMAN

M.I. ANWYL  
MEMBER

# esperance

## port staff



CHIEF EXECUTIVE OFFICER:  
**COLIN STEWART**

Colin has been the CEO of the Port for more than 20 years. He has seen Esperance grow from a minor regional Port to one that handled more than seven million tonnes of cargo this year.



HARBOUR MASTER:  
**CAPTAIN IAN HARROD**

Ian was appointed Esperance's Harbour Master in December 1989 by the then Department of Transport. He transferred to the Esperance Port Authority in August 1993.



FINANCE MANAGER:  
**KEVIN FERNANCE**

Kevin began working with the Port in August 1980 as Chief Clerk. As the Port has grown, so have the requirements of his position to meet the increasing regulatory and reporting requirements of government.



DEPUTY HARBOUR MASTER:  
**DAVID JONES**

David started work with the Port in January 2004 to assist Captain Harrod with the increasing number of shipping movements in Esperance.



CORPORATE SERVICES MANAGER:  
**BILL CUTTEN**

Bill has been working for the Port since April 1979. Bill oversees the implementation of risk management strategies and deals with legislative and statistical requirements.



PORT OPERATIONS MANAGER:  
**NEIL LIVINGSTONE**

Neil joined the Port in April 1972 from the Public Works Department. Neil has extensive experience in the Port's maintenance and operations requirements.



COMMUNITY RELATIONS MANAGER:  
**RICHARD GRANT**

Richard joined the Port in November 2004. He is responsible for dealing with the relationship between the local community and the Port, and managing the Port's community sponsorship scheme.



MAINTENANCE AND SHIFT COORDINATOR:  
**PHILLIP HUMBLER**

Phil started at the Port in February 1985. He provides suitable skilled labor to meet the Port's diverse day-to-day activities.



EMPLOYEE RELATIONS MANAGER:  
**NARELLE MATTHEWS**

Narelle started working with the Port in April 2005. At the Port she is in charge of Employee Relations, which includes performance reviews, policy and procedure reviews and OH&S.



BULK HANDLING SUPERVISOR:  
**GREG BAILEY**

Greg started at the Port in July 2001. Greg is responsible for maintaining the Port's two ship loaders, the rotary car dumper and 7.2 kilometres of conveyors.



HMAS RANKIN VISITED ESPERANCE PORT



**ELECTRICAL SUPERVISOR:**  
**BRANT GRUNDY**

Brant started with Port in July 1994. He is responsible for maintaining continuous power supplies to meet both the Port and Cooperative Bulk Handling's power requirements.



**MAINTENANCE PLANNER:**  
**TONY LEESON**

Tony started when iron ore exports began at the Port in 1994 to assist with the increase in electrical work. He moved to his current position this year and was previously a Team Leader.



**TRAINING AND SHIPPING  
SUPPORT OFFICER:**  
**DAVID JAMIESON**

Dave started at the Port in September 2001. Dave ensures that Port employees are trained to maintain the efficiency and effectiveness of the Port's operations.



**PURCHASING OFFICER:**  
**PETER RUSBRIDGE**

Peter has been with the Port since August 1994. He is responsible for purchasing specialist equipment and parts to maintain the Port's two ship loaders, rotary car dumper and conveyor systems.



**VENTILATION AND  
ENVIRONMENTAL SUPPORT OFFICER:**  
**GARRY LONGBOTTOM**

Garry commenced with the Port in December 1993. His role is to collect data and samples to enable the Port to meet its Environmental Management Plan requirements.



**TEAM A LEADER:**  
**PETER FLOOD**

Peter started at the Port in August 1994 when iron ore shipments began. Peter has proved himself to be a valuable employee in leading Team A.



**TEAM B LEADER:**  
**KARL WITT**

Karl started at the Port in February 1994 as an apprentice electrician. He achieved very high standards in all his studies and was promoted to lead Team B.



**TEAM C LEADER:**  
**STEVE HAWKINS**

Steve started at the Port in August 1994. Steve has proved to be an excellent Team Leader who meets the demanding Port operating requirements.



**TEAM D LEADER:**  
**SHANE GUY**

Shane started at the Port in February 2002 as a general hand where he proved to be a skilled plant operator before being promoted to Team D Leader.



**DAY SHIFT TEAM LEADER:**  
**IAN HANDLEY**

Ian started with the Port in February 2002. His ability as a tradesman and his personality has made him a valuable leader in overseeing and working with the day shift crew.

# regulatory requirements



## ELECTORAL ACT 1907

Section 175Ze of the Electoral Act 1907 requires the Authority to include a statement in its Annual Report detailing expenditure incurred by or on behalf of the Agency during the current reporting period over the classes of expenditure set out below.

CLASS OF EXPENDITURE	ORGANISATION/COMPANY	TOTAL EXPENDITURE 2004-05
Advertising agencies		Nil
Market research agencies		Nil
Polling organisations		Nil
Direct mailing agencies		Nil
Media, for advertising	Esperance Holdings Pty. Ltd.	\$6,321
	Hocking and Company Pty. Ltd.	\$2,214
	West Australian Newspapers	\$7,367
	Espire Magazine	\$273

## RECORD KEEPING

The Esperance Port Authority recognises the importance of proper and adequate record keeping practices.

The following are required to be reported upon under the State Records Act 2000.

1. The efficiency and effectiveness of the Esperance Port Authority's record keeping system has been evaluated to be within the requirements of the Act.
2. The Esperance Port Authority conducts record keeping training as required.
3. The efficiency and effectiveness of the Esperance Port Authority's record keeping training program is reviewed within the requirement of the Act.
4. New employees are inducted in their responsibility with regard to compliance with Esperance Port Authority's record keeping system and the Esperance Port Authority's responsibility in regard to the Act.

## DISABILITY SERVICES PLAN

This Authority has a Disability Services Plan in place and all aspects of the Plan are operational. Periodic reviews take place to ensure it complies with both Federal and State Government disability legislation.

PHOTO:  
STS LEEUWIN BERTHED AT ESPERANCE



THE LIGHTS WERE TURNED ON AT THE PORT DURING ESPERANCE'S FESTIVAL OF THE WIND

# finance

The Esperance Port Authority's profit for the year before income tax expense was \$4.385 million, up from the record \$3.529 million recorded last year. Income tax expense of \$1.257 million has been calculated giving an after tax profit of \$3.128 million. Income tax is paid to the Western Australian State Government under a National Tax Equivalent Regime (NTER) as agreed between the State and Federal Governments. Provision for a dividend of \$1.563 million was made.

## REVENUE

Total revenue increased from \$27.361 million for 2003-04 to \$27.712 million in 2004-05. Total trade increased 6.5 percent on the previous year and total revenue increased 1.3 percent. Revenue from wharfage increased 6.8 percent as a result of the change in the mix of cargoes passing through the Port. Vessel charges increased 5.9 percent in line with the increase in total trade. Handling Charge revenue

increased 7.0 percent in line with increased iron ore exports. Revenue from Pipeline Service Charge decreased in line with the decrease in petroleum imports. Revenue from labour recoup increased on the previous year as a result of increased fertiliser imports and increased grain exports. There were increases in quarantine waste disposal revenue, pilotage and interest revenue. Sale of assets revenue for 2005 decreased significantly on the previous year when the Authority sold its power station to Esperance Power Pty. Ltd. All other revenue areas were on a par with the previous year.

## EXPENDITURE

Total expenditure for the year was \$23.327 million. This is \$0.869 million less than the preceding year and \$0.880 million greater budget. Increases in expenditure occurred in handling charges, administration expenditure, payroll tax, general maintenance and rates and taxes. Insurance, depreciation, electricity purchases, pilotage expenses and interest charges decreased. Provision for staff entitlements totalling \$0.516 million were made along with a dividend provision of \$1.563 million.

## CAPITAL

The Authority did not borrow any additional funds during the year from the Western Australian Treasury Corporation. Capital repayments of \$2.115 million were made to reduce the debt owed to the Western Australian Treasury Corporation.

Capital expenditure during the year was \$2.63 million on land for an industrial park, extending storage facilities and minor works and vehicle replacements.



PHOTO LEFT:  
PORT BOILERMAKERS JARROD BAILEY AND GLENN BALE

# trade



Trade for the year was 7,774,123 tonnes, an increase of 476,992 tonnes over the previous year's record of 7,297,131. This is an excellent result with grain and iron ore setting new records.

Exports of iron ore continued to increase with 5,374,973 tonnes being shipped through the Port in 2004-05, an increase of 267,087 tonnes over the previous year's record. Grain exports increased by 236,323 tonnes during this past year up from 1,560,923 to 1,797,246 tonnes, an increase of 15.1 percent. The Esperance region is anticipating a harvest of up to two and a half million tonnes for the 2005 season.

Imports of fertilisers increased 21.2 percent on 2004-05, up from 92,065 tonnes to 111,610 tonnes.

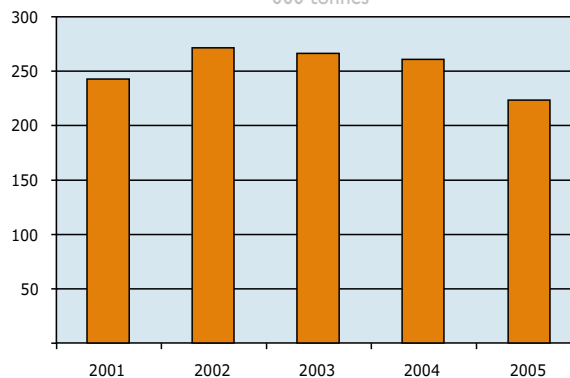
Nickel exports were down 38,835 tonnes on the previous year to 221,936 tonnes, a decrease of 14.9 percent. Petroleum products fell by 5,659 tonnes to 268,358 tonnes for the year, a decrease of 2.1 percent.

Total exports were 7,394,155 tonnes, an increase of 464,575 tonnes on the previous year and total imports increased by 12,417 tonnes from 367,551 to 379,968 tonnes.

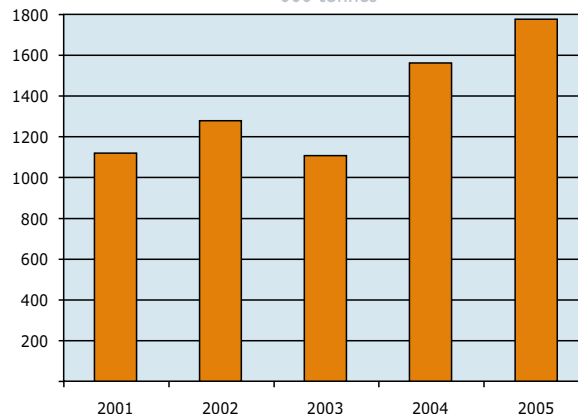
## COMPARATIVE RESULTS OF PRINCIPAL CARGOES

PRODUCT	2004 TONNES	2005 TONNES	PERCENT CHANGE
Petroleum	274,017	268,358	-2.1%
Phosphate/Sulphur/Fertiliser	92,065	111,610	+21.2%
Grain	1,560,923	1,797,246	+15.1%
Nickel	260,771	221,936	-14.9%
Iron Ore	5,107,886	5,374,973	+5.2%

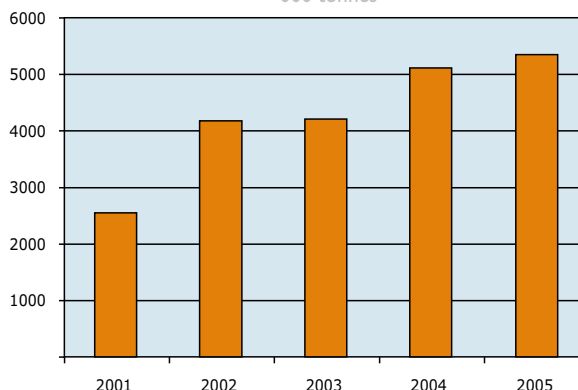
Nickel  
'000 tonnes



Grains  
'000 tonnes



Iron Ore  
'000 tonnes





UNLOADING FERTILISER INTO A HOPPER AT BERTH TWO

### IMPORTS-EXPORTS YEAR ENDED JUNE 30 2005

CARGO (Tonnes)	2005	2004	2003	2002	2001
<b>IMPORTS</b>					
Petroleum	268,358	274,017	301,777	287,564	273,086
Phosphate	-	4,504	18,210	36,022	8,260
Di Ammonium Phosphate	6,867	8,526	16,311	12,299	17,385
Urea	40,541	38,517	23,763	40,542	30,886
Super, Copper, Zinc	1,213	8,220	11,563	11,146	4,744
Mono Ammonium Phosphate	11,372	14,832	14,225	13,860	16,079
Other Manufactured Fertiliser	-	17,466	45,398	21,799	19,292
Sulphur	-	-	-	-	2,456
Ammonium Nitrate	-	-	-	800	2,998
Sundry	-	1,469	-	-	878
<b>TOTAL IMPORTS</b>	<b>379,968</b>	<b>367,551</b>	<b>431,247</b>	<b>424,032</b>	<b>376,064</b>
<b>EXPORTS</b>					
Iron Ore	5,374,973	5,107,886	4,205,182	4,177,294	2,546,692
Nickel	221,936	260,771	266,247	271,456	242,782
Barley	793,919	574,179	388,761	399,931	401,891
Wheat	812,030	802,562	616,260	706,453	602,836
Oats	7,157	-	808	9,719	3,658
Lupins	34,649	12,306	26,587	24,196	23,614
Peas	34,167	21,476	351	31,750	4,000
Canola	115,324	150,400	74,092	106,713	83,475
Granite	-	-	-	5,410	1,271
Sundry	-	-	-	27,258	4,738
<b>TOTAL EXPORTS</b>	<b>7,394,155</b>	<b>6,929,580</b>	<b>5,578,288</b>	<b>5,760,180</b>	<b>3,914,957</b>
<b>TOTAL TRADE</b>	<b>7,774,123</b>	<b>7,297,131</b>	<b>6,009,535</b>	<b>6,184,212</b>	<b>4,291,021</b>
GROSS TONNAGE	5,790,356	5,399,980	4,928,200	5,191,737	3,835,958
NO. OF TRADE VESSELS	151	152	144	164	145

# performance indicators 2005

## OUTCOME

Provide efficient and reliable services that meet the needs of Port users.

### EFFECTIVENESS

Time at berth

TARGET	2005	2004	2003	2002
40.0 hours	43.5	42.2	38.2	42.0

This is the average period of time from the first line ashore to the last line off when departing from the Port. The lower this figure the faster vessels are loaded and the more effective is the use of wharf space. This increase in time at the berth is due to an increase in the average size of cargo handled per vessel visit from 48,007 to 51,484 tonnes.

Total Time

TARGET	2005	2004	2003	2002
60.0 hours	58.4	63.1	59.7	63.2

This is the average time elapsed from the arrival of a ship at the Port boundary to departure from the Port. This indicator has decreased and reflects improvements in waiting times for berth access. This is partly offset by increased alongside time due to increases in average cargo size.

### EFFICIENCY

Cargo handled per time in port

TARGET	2005	2004	2003	2002
700.0 tonne	881.6	760.2	706.2	602.2

This is the average cargo handled for total time from Port arrival to departure. The higher this figure the more productive are cargo handling operations. Iron ore, grain and fertiliser have increased this number.

Cargo handled per hour at berth

TARGET	2005	2004	2003	2002
1,100 tonne	1,183.1	1,138.6	1,103.4	906.8

This is the average cargo handled per ship hour at berth. The higher this figure the more productive are cargo handling operations. This figure again increased because of faster loading times for iron ore and grain.

Cargo handled per shift hour

TARGET	2005	2004	2003	2002
1,600 tonne	1,905.4	1,698.6	1,661.7	1,307.1

This is the average tonnes of cargo, excluding fuel, handled per shift hour worked. Continuous loading and improved cargo handling capabilities of minerals and faster loading rates for grain contributed to this increase.

## OUTCOME

Provide and maintain Port facilities such as wharves and associated infrastructure that will meet user needs.

### EFFECTIVENESS

Berth occupancy

TARGET	2005	2004	2003	2002
35.0 hours	25.0	24.4	20.9	33.4

Average berth occupancy measures the time ships are actually along side the berth as a percentage of the total time available. Time alongside increased on the previous year because record tonnes handled with over 5.3 million tonnes of iron ore and total trade being almost 7.8 million tonnes.

Time awaiting berth

TARGET	2005	2004	2003	2002
25.0 hours	14.9	20.9	21.5	21.2

Is that time from arrival at the Port boundary to the first line ashore. This indicator can reflect berth congestion, however during the year vessels remained at anchor waiting for cargo, waiting for letters of credit for cargo, ships not choosing to work and the berth being occupied. Waiting time decreased while the number of vessels remained unchanged.

Average ship along side time

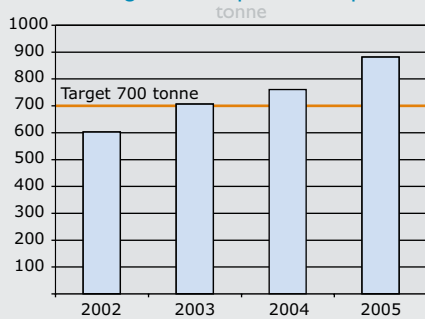
TARGET	2005	2004	2003	2002
Petroleum 30 hours	24.1	32.4	29.1	28.6
Fertiliser 45 hours	45.1	36.0	46.2	41.7
Grain 40 hours	53.0	49.0	35.6	35.3
Nickel 30 hours	26.0	31.0	31.4	27.9
Iron Ore 59 hours	43.7	41.6	42.8	49.3
Other 00 hours	00.0	00.0	00.00	45.1

The period of time alongside for each of the cargoes is dependent on the nature of the cargo, cargo size, vessel size and equipment to load or discharge the cargo and in some instances whether the vessel needs to be fumigated or cleaned out to load grain. The lower these figures the more effective are cargo handling operations.

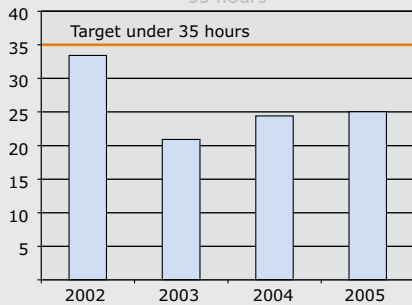


PORT VENTILATION OFFICER GARRY LONGBOTTOM

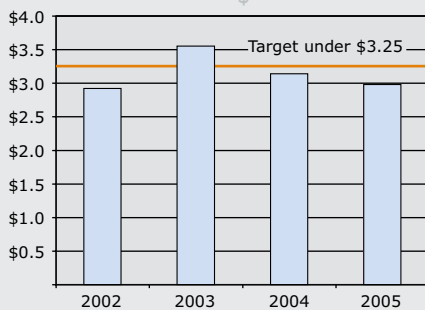
### Cargo handled per time in port



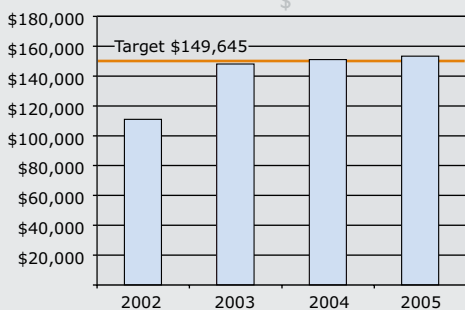
### Berth Occupancy



### Total expenditure per tonne of cargo



### Total costs per ship



### EFFICIENCY

Total expenditure per tonne of cargo

This is all expenditure items divided by the total trade.

TARGET	2005	2004	2003	2002
\$3.25	\$2.98	\$3.14	\$3.55	\$2.92

A reduction in this number equates to less expenditure per tonne of cargo.

Total costs per ship visit

This is the total expenditure divided by the number of ship calls.

TARGET	2005	2004	2003	2002
\$149,645	\$153,278	\$150,884	\$148,015	\$110,890

A reduction in this figure indicates either reduced expenditure or increased vessel visits.

### OUTCOME

Promote the development of trade through the Port.

### EFFECTIVENESS

Total trade comparison

Year	percent change on previous year	Volume-Tonnes
2005	+6.5 percent	7,774,123
2004	+21.4 percent	7,297,131
2003	-2.8 percent	6,009,535
2002	+44.1 percent	6,184,212
2001	+24.4 percent	4,291,021
2000	+10.7 percent	3,449,883
1999	+1.2 percent	3,116,911
1998	-00.08 percent	3,079,911

The Port has had another successful trading year with trade increasing by 6.5 percent on the previous year and setting a new trade record, indicating that the Authority has been very effective in promoting trade.

### SAFETY INDICATOR

TARGET	2005	2004	2003	2002
Number of significant incidents	nil	nil	nil	nil

Again there were no significant incidents recorded. Significant Incidents are defined as those causing damage in excess of \$20,000 to the Port's assets or personal injury requiring hospitalisation or fatal accidents.

# port developments



## **IRON ORE EXPORTS**

The decision by Portman Ltd to increase its iron ore shipments through Esperance from a little over five million tonnes a year to eight million tonnes a year by 2007 necessitated an increase in the undercover storage at the Port. Kerman Contracting was awarded a \$14 million contract to build a fourth iron ore facility for Portman, which will bring to nearly one million tonnes of iron ore that can be stored under cover at the Port. Work on the storage facility is expected to be completed in October 2005.

Exports of iron ore will incrementally increase until the required tonnage is achieved.

## **MAGELLAN METALS**

The first parcel of 5000 tonnes of lead carbonate from Magellan Metals mine at Wiluna arrived at the Port in April. The storage and handling of lead required the Port to provide a safe working environment for its employees and contractors.

Lead has the potential to be harmful to humans if ingested or inhaled over long periods, which can result from poor personal hygiene habits when handling the product. To address all the issues the Port conducted an extensive training and education program and before the first kibbles of lead carbonate arrived at the Port all employees and contractors were tested to determine their blood-lead levels. This provided a benchmark from which further follow up blood testing can determine any change in blood-lead levels.

The first shipment of 5000 tonnes of lead carbonate was loaded onto the MV Albany Sound for China early in the new financial year.

## **BLACK SWAN NICKEL SHED**

The Black Swan Nickel shed at the Port was extended by 30 metres during the year. The extension increases the shed's storage capacity by 8000 tonnes to 30,000 tonnes.

PHOTO LEFT:  
A CONTRACTOR WORKS ON THE ROOF OF PORTMAN'S NEW SHED

PHOTO RIGHT:  
LOADING A CAPE CLASS SHIP AT BERTH THREE



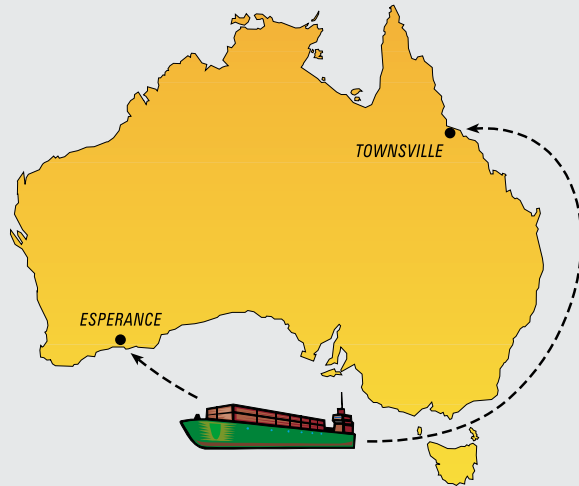
KIBBLES CONTAINING BLACK SWAN NICKEL ARE UNLOADED AT THE PORT



### RAVENSTHORPE NICKEL

Esperance Port is preparing for the shipments of products associated with BHP Billiton's Ravensthorpe Nickel Project. 500,000 tonnes of bulk sulphur and 40,000 tonnes of magnesia will be imported for the processing of the laterite nickel and 220,000 tonnes of nickel-cobalt hydroxide will be shipped in containers to the Yabulu refinery in Queensland for further refining. The first imports are expected late in 2006.

The Port has called tenders for the construction of a \$19 million sulphur storage shed and associated handling equipment, and is preparing tender documents for the supply and delivery of a shore-based gantry crane to handle about 1000 containers a month.



### LYNAS CORPORATION

Lynas Corporation identified Esperance Port as the preferred Port from which to ship Rare Earth ores from its Mt Weld open pit mine near Wiluna to China. The Mt Weld resource is the largest and highest-grade deposit of its type, and the only viable deposit of Rare Earths outside China.

Currently the company is finalising a feasibility study and gaining approvals to mine the product and ship it to China for downstream processing. When all the approvals are in place, the company plans to transport up to 200,000 tonnes of Rare Earth ores to the Port where it will be stockpiled in purpose built sheds and shipped in parcels of between 10,000 and 50,000 tonnes.

# shipping



NEW PORT  
SUPPORT VESSEL

## SHIPPING MILESTONES

### Longest vessel

MV FEROSA, 298.13 metres length overall. FEROSA loaded 165,000 tonnes of iron ore for Qingdao in China and sailed from Esperance on 14 January 2003. Built in Romania in 1992, FEROSA flew the Caribbean island of St. Vincent flag.

### Widest vessel

MV MEYNELL, 48.00 metres beam. MEYNELL loaded 165,000 tonnes of iron ore for Rizhou in China and sailed from Esperance on 21 March 2005. This was also the largest cargo carrying capacity vessel ever to visit the Port with a deadweight tonnage of 185,767 tonnes. Built in Korea in 1997, she was registered in Hamilton, Bermuda, and carried the British flag.

### Deepest draft

MV ATAGOSAN MARU, 18.0 metres. ATAGOSAN MARU loaded a record cargo of 176,015 tonnes of iron ore for Shanghai in China and sailed from Esperance on 2 December 2002 with an under keel clearance of 1.40 metres. Built in Japan in 1989, ATAGOSAN MARU flew the Japanese flag.

### Largest Iron Ore cargo

MV ATAGOSAN MARU (See Deepest Draft entry)

### Largest Wheat cargo

MV NEMEA. NEMEA loaded 66,333 tonnes of wheat in Esperance for Jakarta in Indonesia, sailing on 18 March 2004. NEMEA was built in Japan and carried the Greek flag.

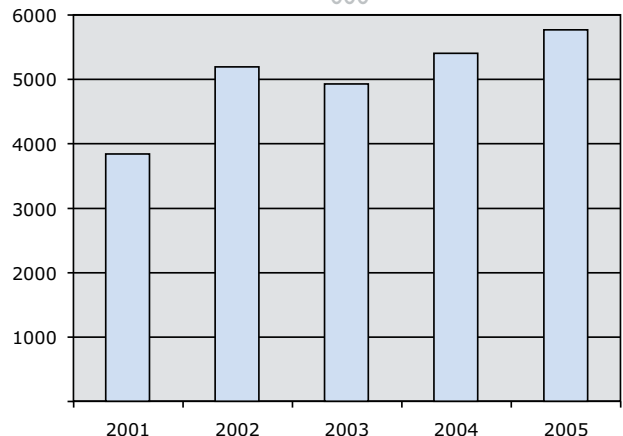
### Largest Barley cargo

MV TIAN HUA FENG. TIAN HUA FENG loaded 63,031 tonnes of barley for Jeddah in Saudi Arabia and sailed from Esperance on 24 March 2005. This vessel was built in Japan in 2001 and flew the Hong Kong flag. This cargo indicated a recent trend towards fully loading Panamax vessels at Esperance to make use of the deep draft available. During the year, eight of the 20 barley vessels loaded over 50,000 tonnes each. In the previous year, only three of the 17 barley vessels loaded over 50,000 tonnes.

### Largest Nickel cargo

MV JI MAY. JI MAY loaded a record cargo of 25,145 tonnes of nickel concentrates for Quebec, Canada, sailing from Esperance on 15 June 2003. Built in Japan in 2001, JI MAY was Liberian flagged.

Gross Tonnage  
'000





MV MEYNELL, THE LARGEST SHIP TO ENTER ESPERANCE PORT

### PILOTAGE

During the year, 310 pilotage movements were undertaken at the Port without incident. The Harbour Master, Captain Ian Harrod, achieved a personal milestone during the period, having surpassed 2500 career pilotage movements.

Esperance Port is committed to ongoing professional development for its pilots in order to reduce the risk profile in this area of operations. During the year the Harbour Master and Deputy Harbour Master attended a seminar, organised by the Australian Marine Pilots Association and sponsored by the WA Port Authorities Association, that examined risk management in pilotage operations and the development of pilotage Safety Management Systems. The Deputy Harbour Master also attended a five-day Bridge Resource Management course.

### VESSEL AUTOMATIC IDENTIFICATION SYSTEM

The Port has installed an Automatic Identification System (AIS) in the Harbour Master's office, and is one of only four WA ports to have installed the system. It is essentially a vessel tracking system allowing external parties to monitor the position, course and speed of any trading vessel over 500 gross tonnes. The Esperance AIS system is used to manage a

vessel's arrival time and scheduling and since its installation has resulted in greater efficiencies in this area. The system has also proved to be an excellent training tool as it allows pilots to analyse each arrival and departure manoeuvre thereby improving safety and efficiency.

### NEW PORT SUPPORT VESSEL

The Port has taken delivery of a new aluminium jet powered Port support vessel. The vessel was built by Alucraft Boats at Henderson south of Fremantle and is used primarily as a lines boat. The general-purpose nature of the vessel means it is also available for other duties such as maintaining navigation aids, responding to oil spills and assisting in other general duties around the harbour.

The unique handling characteristics of the twin jet propulsion system on the vessel has required all the Port's workboat Masters to undertake additional training to ensure safe and efficient operations.

The new Port support vessel replaced the 38-year-old timber pilot boat 'Esperance', which has been retired and donated to the Esperance Museum for permanent display.

### TOWAGE

Esperance Port continued its excellent working relationship with the McKenzie's Tug Services during the financial year. McKenzie's services the Port with three tugs, the conventional 30 tonne bollard pull Cape Le Grande II and Cape Arid, and the ASD 65 tonne bollard pull Cape Pasley.

Earlier in the year, it was agreed that with the projected increase in tonnage and shipping – particularly with the projected increase in the number of Cape class ships berthing at Esperance – a larger tug would be required to replace the older conventional tugs. McKenzie's have ordered a Damen (2411) 68 tonne bollard pull ASD tug, which is being built in China and should be delivered in the second half of 2006. The new tug will greatly enhance the ship handling capabilities at the Port.



PHOTO:  
CAPTAIN DAVID JONES CHECKS  
SHIP MOVEMENTS ON THE AIS

# shipping



## SHIP MASTER'S HANDBOOK

The Port has developed a Port Information Guide for Ship's Masters. The guide provides ship's masters with important information regarding Port regulations, Port operations, security arrangements as well as important navigational and marine safety information. The guide is handed to masters by the pilot on initial boarding and includes an arrival and departure passage plan which is an essential element of the master/pilot information exchange as required by Bridge Resource Management principles.

## HMAS RANKIN PORT VISIT

In February, the Royal Australian Navy's conventional submarine HMAS Rankin made a successful inaugural visit to the Port. The Port provided assistance and services as required during the visit, including modifying the fender system on berth two to accommodate the submarine. Although access for the general public was limited because of security concerns, many Port employees and their families were given the opportunity to undertake guided tours of the submarine. No delays to commercial shipping resulted from the visit.

## PORT SECURITY

In response to the Australian Government's Maritime Transport Security Act (2003), the Port was required to upgrade security in line with international standards as of July 1 2004.

The security upgrade program has included:

- Fencing designated 'restricted areas' around each of the three berths.
- Installing swipe card activated turnstiles and automatic vehicle access gates to the berths.
- Improving fencing around the Port perimeter.
- Installing site-wide security cameras.
- Issuing of photographic identification to all Port users.
- Establishing a security and induction office inside the main gate.

An important aspect of the Port's response to the required security upgrade has been the creation of a new position of Inductions and Security Services Manager. This position was created to manage the day-to-day security operations at the Port and reports directly to the Harbour Master, who is the designated Port Facility Security Officer under the Act. With this new position, the Port has been able to successfully integrate security requirements with the important safety induction process for all personnel entering the site.

After some initial teething problems, employees and contractors have generally accepted the new security regime at the Port. Going forward, the Port Authority is committed to providing a secure Port while at the same time reducing the impact on operations.



A CAPE CLASS SHIP IS TURNED BEFORE BERTHING

### OIL POLLUTION RESPONSE

During the year, ownership of all Australian Maritime Safety Authority Tier 1 (spills under 10 tonnes) oil pollution response equipment was transferred to the respective State transport departments. In Western Australia, the Department of Planning and Infrastructure (DPI) passed custody to the respective Port Authorities. Although the Port now stores and maintains this equipment, DPI has agreed to cover all maintenance costs.

The Harbour Master continues to serve as the southern port representative on the State Oil Pollution Executive Response Group. He attended two meetings during the year. The Deputy Harbour Master attended a five-day Oil Pollution Response Management Course during December.

### HYDROGRAPHIC SURVEYS

A full hydrographic survey of the Esperance harbour and approaches is undertaken bi-annually with the next survey due in December 2005. During the current year, a check survey carried out in the main channel confirmed that here had been no significant sediment build-up since the last major survey.

PHOTO LEFT:  
HMAS RANKIN

### TRADE BY COUNTRY OF LOADING / DISCHARGE VESSELS ARRIVING BETWEEN 1 JULY 2004 AND 30 JUNE 2005

	Commodity Type	Country	Tonnes	
IMPORTS	MANUFACTURED FERTILISER	Total >	111,610	
		BELGIUM	3,563	
		CHINA	10,721	
		ISRAEL	13,288	
		QATAR	9,884	
		SAUDI ARABIA	6,946	
		U.S.A.	67,208	
	PETROLEUM PRODUCTS	Total >	268,358	
		AUSTRALIA	206,862	
		JAPAN	38,604	
		SINGAPORE	22,892	
	Summary for IMPORTS			379,968
	EXPORTS	GRAIN	Total >	1,797,246
			AUSTRALIA	15,649
BANGLADESH			45,000	
CHILE			27,007	
CHINA			54,364	
EGYPT			188,200	
HOLLAND			25,000	
INDIA			22,667	
INDONESIA			130,000	
IRAN			111,911	
IRAQ			158,880	
JAPAN			347,609	
KOREA			64,700	
MALAYSIA			5,500	
MEXICO			7,157	
PAKISTAN			100,510	
PHILIPPINES			43,712	
SAUDI ARABIA			374,197	
SRI LANKA			12,183	
YEMEN ARAB REPUBLIC		63,000		
IRON ORE		Total >	5,374,973	
		CHINA	4,195,236	
		JAPAN	1,179,737	
	NICKEL CONCENTRATES	Total >	221,936	
CANADA		128,153		
FINLAND		85,779		
HOLLAND		8,004		
Summary for EXPORTS			7,394,155	
Total Trade			7,774,123	

# environmental management



## ENVIRONMENTAL MANAGEMENT

Esperance Port has in place an overall environmental management system. An Environmental Management Plan guides environmental management at the Port, and environmental management has been integrated into all Port activities.

Annually, an environmental management program is developed covering the areas of dust, noise, and odour, as well as the marine environment in which the Port operates.

The Port is also required to regularly report to the Environmental Protection Authority on progress with implementing various Ministerial conditions and commitments related to the Port upgrade in 2000-2002.

## ENVIRONMENTAL MONITORING

The Esperance Port undertakes regular environmental monitoring for dust, noise and spillage into the marine environment. The Port started handling lead carbonate in April 2005, with the first lead shipment in early July 2005. Environmental monitoring now includes monitoring for lead.

Dust monitoring is conducted quarterly, with results reported to the Department of Environment on an annual basis. This monitoring is for iron ore, nickel, lead and sulphur. Sulphur is also being monitored in advance of the sulphur handling that will begin in 2006 as part of the Ravensthorpe Nickel Project.

After low levels of nickel were detected in some rainwater tanks located in close proximity to the Port in late 2003, a program to monitor nickel levels in these tanks was started. Monitoring now also includes for lead. The Port has also undertaken a community education program to highlight the importance of maintaining rainwater tanks.

Ongoing checks are undertaken of environmental noise levels to ensure the Port complies with its Regulation 17 noise approval.

Marine sediment monitoring is conducted both inside and outside of the Port on a six-monthly basis and now includes monitoring for lead in addition to the monitoring for nickel.

PHOTO LEFT:  
PORT MECHANICAL FITTER ANDREAS MAIER



BERTHING TO LOAD IRON ORE

### ENVIRONMENTAL APPROVALS

During the year the Port gained approval to construct a fourth iron ore storage shed, identical to and located adjacent to the existing 300,000 tonne iron ore storage shed. The shed was under construction as at June 30 2005, and when completed will enable the Port to store nearly one million tonnes of iron ore under cover.

The Port has been liaising with the Department of Environment for a number of years to gain approval to increase iron ore exports to eight million tonnes per annum. In February 2005 the Port submitted a formal referral document applying for the increase. The Port has been issued with a revised Ministerial Statement that requires a working group to be formed to investigate improvements to the Port's access corridor and to report what improvements need to be

undertaken to the Department of Planning and Infrastructure (DPI). The DPI will then prepare an implementation schedule for these improvements.

The Port is currently seeking environmental approvals to locate the new shore-based crane required for the Ravensthorpe Nickel Project on berth two, and for the re-building of the Western Mining Nickel shed to increase the storage capacity of bulk metals.

### SEAGRASS STUDY

In November 2004, consultants Oceanica were engaged to monitor and determine changes to seagrass cover adjacent to the Port's new reclaimed land. The seagrass cover is expected to eventually stabilise, however, natural variation in cover can occur depending on factors such as ocean swell, wave energy and littoral sand drift. Results were reported to the Environmental Protection Authority.



### PUBLIC REPORTS

Any public complaints received in relation to environmental issues are logged in the Port's complaints database, investigated and followed up with the complainants.



PHOTO TOP:  
TESTING A DUST SUPPRESSANT ON THE IRON ORE CONVEYOR SYSTEM

PHOTO LEFT:  
PORT MECHANICAL FITTER GRAEME JACKSON (LEFT) AND GENERAL HAND MICHAEL BRIGGS COLLECTING SAMPLES FROM THE CONVEYOR

# employee relations



## RECRUITMENT

A major recruitment drive was undertaken in the past year to ensure that the Port is appropriately manned and that its personnel are trained in time for the anticipated increase in current products and arrival of new products. The Port was able to attract ten very experienced and qualified trades people to its workforce, with each of the five operational teams having its capabilities increased by an additional two trades people.

With a workforce of nearly 80, the Port considered it necessary to recruit an employee relations professional early in 2005. A dedicated training professional will also be recruited to assist with increasing skill demands in terms of new employees and new equipment.

Internal promotional opportunities became available with the departure of the previous Mechanical Services Manager, enabling several Port employees to step into more senior supervisory positions.

## TRAINING

During the year both internal and external training programs have been delivered to Port employees. It is estimated that during the 2004-2005 financial year Port employees received more than 1600 hours of external training and more than 600 hours of internal training.

Training programs delivered over the past year included train unloading procedures, introduction to cranes, hoists and slings, hatchman training, tag out and isolation procedures, ships mooring procedures, job hazard analysis, nickel sampling, two-way radio communications, stress management, dogging certificate, forklift operation, senior first aid, skid steer loader operation, and respiratory protection.

Currently an in-house computer training program is underway to improve employees' knowledge of common software packages.

## APPRENTICES

During the year, two apprentices successfully gained their trade tickets, allowing the Port to offer two mature age apprenticeships to its current workforce. This also maintains the Port's apprentice numbers at five.

Mature age apprentices can be fast tracked through their training because their prior learning is recognised. They offer the Port the opportunity to broaden the skills base of its workforce, plus recognise that older employees are still interested in improving their qualifications.

PHOTO LEFT:  
TAKING A LINE DURING BERTHING MANOEUVRE



SHIP-MOORING TRAINING FOR NEW PORT EMPLOYEES

### OCCUPATIONAL HEALTH AND SAFETY

Once again this year considerable time and resources have been committed to ensure the ongoing health and safety of Port employees. The Port has five health and safety representatives, one for each of the five work teams, who assist with matters affecting the welfare of Port employees.

The handling of lead carbonate for the first time at the Port was a major issue and required the purchase of dedicated personal protection equipment for use when working with heavy metals (a definition that covers both nickel and lead). A mandatory blood lead testing regime was introduced to determine if Port employees and relevant contractors had been exposed to unsafe lead levels. To date no complications have arisen as a result of handling lead carbonate, and the Port is anticipating a trouble-free completion of its contract with Magellan Metals, the company exporting the product through the Port.

During the year the Port introduced a Sun Protection Policy that is in line with Cancer Council recommendations. This Policy requires Port employees to protect themselves as far as reasonably practicable from potentially dangerous sun

exposure and to assist this the Port will now only issue long sleeved, collared shirts and trousers as part of Port employees' normal clothing issue. Broad brimmed safety hat attachments and sunscreen are also available for use by Port employees.

The Port received several improvement notices from WorkSafe and the Department of Industry and Resources late in the year. These notices were swiftly dealt with. The Port is committed to complying with all relevant health and safety legislation and regulations.

During the year no major accidents or incidents occurred although two minor workers compensation claims involving lost time were made. Several Port employees remain in ongoing rehabilitation programs.

### INDUSTRIAL RELATIONS

No significant industrial relations issues arose during the past year. The Agreement covering the bulk of the Port's workforce will expire in mid 2006. Consequently negotiations for a new Agreement are expected to begin in late 2005 or early 2006.



PHOTO LEFT:  
AN INJURED SEAMAN IS LIFTED FROM A SHIP'S HOLD

# community relations



## COMMUNICATIONS STRATEGY

The Esperance Port Authority Board adopted a Communications Strategy that aims to keep key stakeholders, customers and the community informed about major activities at the Port. The key aims of the Strategy are to create awareness among industry, government and the community of the Port's activities and current operations; inform key stakeholders and the community about the Port's future directions and how it will deal with increased activity and new products; and educate key stakeholders and the public about existing and new products and how they will be handled at the Port.

## PORT DEVELOPMENT CONSULTATIVE COMMITTEE

The Esperance Port Authority established Port Development Consultative Committee (PDCC) in 2000 to keep special interest groups, the Chamber of Commerce and Industry, the tourism industry and community representatives informed about a major capital works program that would enable Portman Ltd to increase shipments of iron ore through Esperance.

During the 2004-05 financial year, the PDCC met to discuss issues relating to plans to further increase iron ore exports, Magellan Metals plan to ship lead carbonate through the Port, infrastructure requirements for the Ravensthorpe Nickel Project and issues relating to the transport corridor.

The Committee comprises representatives from a broad cross section of community interest groups as well as community representatives. It provides for communication between the Port Authority and the groups. Regular meetings are held between the Committee and the Port to keep the Committee briefed on activities at the Port and to pass on community concerns to the Authority.

## PORT INFORMATION DAY

A Public Information Day was held in December 2004 to let the local community know how the Port would deal with Portman Ltd's plan to increase iron ore shipments through Esperance.

The public was also given the opportunity to discuss Magellan Metals plan to export lead carbonate through the Port, and what plans were being prepared to deal with Ravensthorpe nickel shipments that are due to start in 2007.

Portman announced a \$55 million upgrade of its Koolyanobbing operation in October 2005, and will incrementally increase shipments of iron ore through Esperance to eight million tonnes a year by 2007. To meet the increased tonnages, a new 300,000 tonne storage facility is being built at the Port, which will bring to nearly one million tonnes of iron ore that can be stored under cover.

PHOTO LEFT:  
RECREATIONAL SAILING IN THE PROTECTED PORT WATERS



An information sheet was distributed through the Esperance Express and through a letterbox drop explaining that there would be no change in the train schedules bringing iron ore into the Port to meet the company's requirements. However, trains entering the Port would be longer and a slightly longer delay could be experienced at rail crossings.

Lead carbonate from Magellan Metals mine at Wiluna started arriving at the Port in April 2005, with the first shipment planned for early in the new financial year.

The Port is gearing up to handle sulphur and magnesia imports for the Ravensthorpe Nickel Project and to ship nickel hydroxide in containers to the Yabulu Refinery in Queensland.

**COMMUNITY SPONSORSHIP**

The Port Authority contributed almost \$40,000 to local community organisations during the financial year. The main recipients were the Esperance Chamber of Commerce and Industry (\$11,900) the Fisheries Research and Development Corporation (\$10,000) and the Festival of the Wind (\$5000). Under the terms of the Sponsorship Policy, the Port supports organisations and activities that benefit the wider community.

**ESPERANCE REPORT**

The Esperance Report is published three times a year and distributed through the Esperance Express to keep local people informed about activities at the Port. Key issues addressed during the past 12 months include the new security arrangements at the Port, the capital works program associated with the



Ravensthorpe Nickel Project, Portman Ltd's increase in iron ore exports, and the handling of Magellan Metals lead carbonate at the Port.

**NICKEL CONFERENCE**

The Port continued its long association with the Australian Nickel Conference that is held in Perth in October each year. The conference promotes the nickel industry in Western Australia, and is attended by international companies and stockbrokers. The Port is a sponsoring delegate.

Esperance Port has a long association with Western Australian's nickel producers and its major customers include Cosmos, Emily Anne, Mt Keith and Black Swan. Ravensthorpe Nickel will be shipping its product through the Port starting in 2007.



PHOTO LEFT:  
PORT ENVIRONMENTAL MANAGER  
SHELLEY GRASTY AT A PORT  
INFORMATION DAY

# financial statements

Esperance Port Authority

## statement of financial performance

for the year ended 30 June 2005

	NOTES	2005 \$'000	2004 \$'000
<b>Revenue from ordinary activities</b>	2	27,712	27,361
Depreciation and amortisation	3	(4,595)	(4,809)
Employee benefits		(5,656)	(5,020)
General administration		(837)	(747)
General maintenance		(1,749)	(1,479)
Power and water		(1,396)	(1,481)
Bulk handling facilities maintenance		(1,086)	(969)
Insurance		(290)	(371)
Government charges		(613)	(553)
Carrying amount of assets disposed of		(216)	(1,456)
Other expenses from ordinary activities		(3,474)	(3,380)
Borrowing costs expense	3	(3,415)	(3,567)
<b>Profit from ordinary activities before related income tax expense</b>	3	4,385	3,529
Income tax expense	4	(1,257)	(1,006)
<b>Net Profit</b>		3,128	2,523

The above Statement of financial performance should be read in conjunction with the accompanying notes.



Esperance Port Authority

# statement of financial position

as at 30 June 2005

	NOTES	2005 \$'000	2004 \$'000
<b>Current assets</b>			
Cash assets	5,18	10,206	5,878
Receivables	6,18	2,997	5,018
Inventories	7	1,270	996
Total current assets		14,473	11,892
<b>Non-current assets</b>			
Property, plant and equipment	8	74,004	76,184
Deferred tax assets	9	691	783
Total non-current assets		74,695	76,967
<b>Total assets</b>		89,168	88,859
<b>Current liabilities</b>			
Payables	10,18	1,884	2,590
Interest bearing liabilities	11,18	2,221	2,105
Provision for income tax	29	335	-
Provisions	12	2,360	2,023
Total current liabilities		6,800	6,718
<b>Non-current liabilities</b>			
Interest bearing liabilities	13,18	49,789	52,020
Deferred tax liabilities	14	3,859	3,030
Provisions	15	938	874
Total non-current liabilities		54,586	55,924
<b>Total liabilities</b>		61,386	62,642
<b>Net assets</b>		27,782	26,217
<b>Equity</b>			
Contributed equity	16	2,209	2,209
Reserves	17(a)	4,143	4,143
Retained profits	17(b)	21,430	19,865
<b>Total equity</b>		27,782	26,217

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

# statement of cash flows

for the year ended 30 June 2005

	NOTES	2005 \$'000	2004 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		22,946	19,864
GST received on sales		2,713	2,754
Interest received		445	117
Income tax refund		-	143
Other receipts		6,021	6,113
GST paid on purchases		(1,117)	(971)
Payments to suppliers		(11,603)	(10,541)
Payments to employees		(3,584)	(3,300)
Borrowing costs		(3,441)	(3,581)
GST paid to taxation authority		(1,597)	(1,783)
<b>Net cash from operating activities</b>	23	10,783	8,815
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,630)	(1,481)
Proceeds from sale of fixed assets		190	927
<b>Net cash used in investing activities</b>		(2,440)	(554)
<b>Cash flows from financing activities</b>			
Dividend payments		(1,900)	(1,248)
Repayment of borrowings from West Australian Treasury Corporation		(2,115)	(2,004)
<b>Net cash used in financing activities</b>		(4,015)	(3,252)
<b>Net increase (decrease) in cash held</b>		4,328	5,009
Cash at the beginning of the financial year		5,878	869
<b>Cash at the end of the financial year</b>	5	10,206	5,878

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



WATER SPRAYS USED TO CONTROL DUST

Esperance Port Authority

# notes to the financial statements

for the year ended 30 June 2005

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# notes to the financial statements

for the year ended 30 June 2005 (continued)



## NOTE 1.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the financial reporting provisions of the Port Authorities Act 1999 which generally reflect the relevant provisions of the Corporations Act 2001.

It is prepared on the accruals basis and in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

#### (a) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

From 1st July 2001 the Authority became subject to a National Tax Equivalent Regime (NTER) that was negotiated between the various State Governments and the Commonwealth Government. The NTER agreement does not override previously entered into arrangements that were in accordance with the Western Australian Governments Income Tax and Wholesale Sales Tax Equivalent Regime (TER). In preparing the financial statements for NTER purposes, the Authority has complied with the requirements of the previous TER where applicable, the Income Tax Assessment Act 1936 (as amended) except where they may be expressly modified by the Treasurer's Directions which have been specifically prepared to apply to the State Government Trading Enterprises (GTE's).

#### (b) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up at the date of acquisition plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the

PHOTO LEFT:

BERTH TWO BULK MINERAL LOADER



FAMILY ENJOYS PORT BEACH

ESPERANCE PORT AUTHORITY Notes to the financial statements for the year ended 30 June 2005 (continued)

acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

**(c) Revenue recognition**

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

- (i) *Revenue from Vessels*  
This revenue is recognised as from the time of arrival of the Vessel.
- (ii) *Revenue from Cargo*  
This revenue is recognised as from the time of arrival of the Vessel.
- (iii) *Revenue from Port Services*  
This revenue is recognised as from the time of arrival of the Vessel.
- (iv) *Equipment Hire, Power and Water Revenue*  
This revenue is recognised upon the delivery of service to the customer.
- (v) *Rentals*  
Revenue from rentals is recognised as the period of occupancy.
- (vi) *Infrastructure charge*  
Revenue from infrastructure charge is recognised when invoiced quarterly.
- (vii) *Other Revenues*  
Revenue from all other sources is recognised on delivery of goods and services to the customer.

**(d) Receivables**

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 60 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

**(e) Inventories**

Inventories are valued at lower of cost or net realisable value. When issued, stores are costed at the actual cost based on first in first out.

**(f) Recoverable amount of non-current assets**

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values. A discount rate of 8% has been applied (2004: 8%).

**(g) Revaluations of non-current assets**

Non-Current Assets are measured at cost. AASB 1041 Revaluation of Non Current Assets was adopted with effect from 1 July 2000, with the carrying value of the classes of assets at the date of adoption being deemed their cost. The previous policy was to revalue land and buildings at three yearly intervals.

**(h) Depreciation of property, plant and equipment**

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the Authority. The exceptions to this is land, minor assets that are pooled and motor vehicles purchased since July 2002. These assets are depreciated using the diminishing value method of 37.5 and 22.5 percent per annum respectively. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

# notes to the financial statements

for the year ended 30 June 2005 (continued)



NOTE 1. Summary of significant accounting policies (continued)

The expected useful lives are as follows:

Channels	20-80 years
Breakwater	50 years
Buildings and ancillaries	5-50 years
Berths	20-25 years
Oil Pipeline	20 years
Electrical Services	5-40 years
Office Equipment	2-14.28 years
Motor Vehicles	4.44-6.67 years
Plant and Equipment	2-20 years
Bulk Loading Facilities	3-40 years
Berth Stabilisation & Fenders	10-25 years

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

(i) Trade and other creditors

These amounts represent liabilities for goods and services provided to the Authority prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Interest bearing liabilities

Borrowings are recognised and carried at the amount of net proceeds received. Interest is recognised as it accrues.

(k) Maintenance and repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(h).

(l) Web site costs

Costs in relation to the Authority's web site are charged as an expense in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over the period of expected benefit.



IRON ORE VESSEL BEING LOADED

ESPERANCE PORT AUTHORITY Notes to the financial statements for the year ended 30 June 2005 (continued)

(m) Employee benefits

(i) Wages and Salaries, annual leave and sick leave

Liabilities for wages and salaries, annual and sick leave benefits are recognised in respect of employees' services up to the reporting date and are measured at amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. Long service leave to be settled beyond 12 months is calculated on a pro-rata basis from the commencement of service at the current rate of remuneration. The probability used for employees remaining in the employment until the expiry of the term is 1. The future cash outflows have not been discounted as the remuneration levels used are current rather than expected future. The requirements of AASB 1028 with regard to long service leave have been investigated and found not to be materially different to the method used.

(iii) Superannuation

Staff may contribute to the Superannuation and Family Benefits Act Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and a lump

sum scheme now closed to new members. Employer contributions are also made to the Stevedoring Employees Retirement Fund (SERF) to satisfy existing workforce requirements for waterside employees who transferred to the Authority. New staff can nominate a superannuation scheme of their own, or join as non-contributory members of the West State Superannuation Scheme.

The liability for superannuation under the Superannuation and Family Benefits Act pension scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date.

This liability relates to employees covered under the original pension scheme.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by fortnightly payment of employer contributions to the Government Employees Superannuation Board. Payments extinguishing liability to the Stevedoring Employees Retirement Fund (SERF) are made on a monthly basis to the Fund.

The note disclosure as required by paragraph 6.10 of AASB 1028 (being the employers share of the difference between employees' accrued

superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

*Employee benefit on-costs*

Employee benefit on-costs, including payroll tax, superannuation and workers compensation, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(n) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

(o) Cash

For purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

# notes to the financial statements

for the year ended 30 June 2005 (continued)

NOTE 1. Summary of significant accounting policies (continued)

(p) Rounding of amounts

Amounts in the financial report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(q) Comparatives

Where the classification of an item in the financial statements has been changed in relation to the corresponding item in the financial statements for the immediate preceding financial year; the item for that immediate preceding financial year is similarly reclassified for the purpose of showing comparative figures.



## NOTE 2. REVENUE

	2005 \$'000	2004 \$'000
<b>Revenue from operating activities</b>		
Revenue from Vessels	6,674	6,305
Revenue from Cargo	5,672	5,313
Revenue from Port Services	8,797	8,278
Equipment Hire, Power and Water Revenue	1,179	1,528
Infrastructure Charge	4,092	4,092
Other Operating Revenues	107	105
	26,521	25,621
<b>Revenue from outside the operating activities</b>		
Interest	445	132
Rentals	556	681
Proceeds on Disposal of Assets	190	927
	1,191	1,740
Total Revenue	27,712	27,361



WORK ON NEW IRON ORE STORAGE FACILITY

ESPERANCE PORT AUTHORITY Notes to the financial statements for the year ended 30 June 2005 (continued)

**NOTE 3. PROFIT FROM ORDINARY ACTIVITIES**

	2005 \$'000	2004 \$'000
<b>(a) Net gains and expenses</b>		
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:		
Gain on disposal of property, plant and equipment	6	29
	6	29
<b>Expenses</b>		
Depreciation		
Channels	218	219
Breakwater	210	210
Buildings and Ancillaries	174	148
Berths 1 and 2	273	274
Berth 3 and Ship Loader	686	683
Oil Pipeline	18	18
Bulk loading Facilities	2,299	2,246
Electrical Services	35	388
Office Equipment	84	66
Plant and Equipment	380	339
Berth Stabilisation and Fenders	218	218
	4,595	4,809
Borrowing costs	3,415	3,567
	3,415	3,567
Net loss on disposal of property, plant and equipment	32	558
	32	558
<b>Provision for Employee Benefits</b>		
Annual Leave	4	4
Long Service Leave	14	8
Superannuation	2	28
Sick Leave	55	27
Accumulated days off	29	24
	104	91

# notes to the financial statements

for the year ended 30 June 2005 (continued)

**NOTE 4. INCOME TAX**

	2005 \$'000	2004 \$'000
The difference between income tax expense provided in the financial statements and the prima facie income tax expense on the profit from ordinary activities is reconciled as follows:		
Profit from ordinary activities before income tax expense	4,385	3,529
Income tax calculated at 30% (2004:30%)	1,315	1,059
Tax effect of permanent differences:		
Sundry items	(63)	(75)
Accounting depreciation on non-depreciable items	5	22
	1,257	1,006
Income tax expense adjusted for permanent differences	1,257	1,006
<b>Income tax attributable to profit</b>	1,257	1,006
Income tax attributable to profit comprises:		
Deferred income tax provision	829	780
Future income tax benefit	91	226
Income tax payable	337	-
	1,257	1,006

**NOTE 5. CURRENT ASSETS - CASH ASSETS**

	2005 \$'000	2004 \$'000
Cash at bank and on hand	2,767	1,878
Cash management account	2,190	1,000
Term deposits	5,249	3,000
	10,206	5,878

## Note 5. Current assets - Cash assets (continued)

	2005 \$'000	2004 \$'000
<b>Cash at Bank</b>		
Interest was earned at a weighted average rate of 5.11% during the year (2004:5.06%)		
<b>Cash Management Account</b>		
Interest was earned at a weighted average rate of 5.25% during the year (2004:5.25%)		
<b>Term Deposits</b>		
Term deposits 1 month earned fixed interest rates of between 5.57 and 5.60%		
Term deposit 2 months earned a fixed interest rate of 5.62%		
Term deposits of 3 months earned fixed interest rates of between 5.30 and 5.84% (2004:5.35%)		
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	10,206	5,878
Balances as per statement of cash flows	10,206	5,878

## NOTE 6. CURRENT ASSETS - RECEIVABLES

	2005 \$'000	2004 \$'000
Trade debtors	2,980	5,001
Income tax in advance	-	2
Interest receivable	17	15
	2,997	5,016

There were no debts considered to be doubtful

**(i) Significant Terms and Conditions**

Trade debtors are generally settled within 30 days

**(ii) Net Fair Values**

The Authority considers the carrying amounts of trade debtors approximate their net fair values.

**(iii) Credit Risk**

Trade Debtors

The Authority operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to this industry risk is the carrying value of the trade debtors.

## NOTE 7. CURRENT ASSETS - INVENTORIES

	2005 \$'000	2004 \$'000
Stores on Hand	1,270	996
Plant and Equipment - at cost	1,270	996

# notes to the financial statements

for the year ended 30 June 2005 (continued)

**NOTE 8. NON-CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT**

Land and buildings	2005 \$'000	2004 \$'000
Land at cost	1,627	715
	1,627	715
Buildings and Ancillaries at cost	4,897	4,804
Less: Accumulated depreciation	1,402	1,228
	3,495	3,576
Breakwater at cost	10,482	10,482
Less: Accumulated depreciation	1,415	1,205
	9,067	9,277
Berths 1 and 2 at cost	6,140	6,140
Less: Accumulated depreciation	2,426	2,153
	3,714	3,987
Channels at cost	16,119	16,118
Less: Accumulated depreciation	1,897	1,678
	14,222	14,440
Berth 3 and shiploader at cost	17,570	17,544
Less: Accumulated depreciation	2,330	1,644
	15,240	15,900
Bulk Loading Facilities at cost	34,450	33,809
Less: Accumulated depreciation	12,631	10,333
	21,819	23,476
Electrical Services at cost	447	425
Less: Accumulated depreciation	188	153
	259	272
Oil Pipeline at cost	360	360
Less: Accumulated depreciation	162	144
	198	216
Plant and Equipment at cost	3,163	2,742
Less: Accumulated depreciation	1,763	1,536
	1,400	1,206
Berth Stabilisation and Fenders at cost	3,911	3,911
Less: Accumulated depreciation	1,110	892
	2,801	3,019
Office Equipment at cost	496	395
Less: Accumulated depreciation	334	295
	162	100
	74,004	76,184



ESPERANCE PORT AUTHORITY Notes to the financial statements for the year ended 30 June 2005 (continued)

**NOTE 8. Non-current assets - Property, plant & equipment (continued)**

**Valuations of land and buildings**

Buildings and Ancillaries were valued by the Directors of the Authority at \$3.626m being their estimated replacement cost as at 30 June 2004.

Freehold land was independently valued by Thorp Realty at \$0.565m, this was based on market value as at 30 June 2002. Shark Lake industrial land owned by the Esperance Port Authority was valued by Esperance Land Valuers & Property

Consultants at \$1.2m as at 30 June 2005. Crown reserve land was valued by the Valuer General at Unimproved Market Value of \$5.0m as at 30 June 2004.

**Reconciliations**

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

	CARRYING AMOUNT			CARRYING AMOUNT	
	1 JULY 2004	ADDITIONS	DISPOSALS	DEPRECIATION	30 JUNE 2005
Freehold land	715	912	-	-	1,627
Buildings and Ancillaries	3,576	93	-	(174)	3,495
Breakwater	9,277	-	-	(210)	9,067
Berths 1 and 2	3,987	-	-	(273)	3,714
Channels	14,440	-	-	(218)	14,222
Berth 3 and Ship Loader	15,900	26	-	(686)	15,240
Bulk Loading Facilities	23,476	642	-	(2,299)	21,819
Electrical Services	272	22	-	(35)	259
Oil Pipeline	216	-	-	(18)	198
Plant and Equipment	1,206	785	(211)	(380)	1,400
Berth Stabilisation	3,019	-	-	(218)	2,801
Office Equipment	100	150	(4)	(84)	162
	76,184	2,630	(215)	(4,595)	74,004

**NOTE 9. NON-CURRENT ASSETS - DEFERRED TAX ASSETS**

	2005 \$'000	2004 \$'000
Future income tax benefits	691	783
	691	783
<b>Reconciliations</b>		
Reconciliation of the carrying amounts of future income tax benefits at the beginning and end of the current financial year is set out below:		
Carrying amount at 1 July 2004	783	1,008
Change in future income tax benefit	(92)	(225)
Carrying amount at 30 June 2005	691	783

# notes to the financial statements

for the year ended 30 June 2005 (continued)

**NOTE 10. CURRENT LIABILITIES - PAYABLES**

	2005 \$'000	2004 \$'000
Trade creditors	833	917
Dividends Payable	-	639
Accruals	679	645
Income in advance	372	389
	<u>1,884</u>	<u>2,590</u>

**(i) Significant Terms and Conditions**

Trade creditors payable are settled within 30 days.

**(ii) Net Fair Values**

The Authority considers the carrying amounts of trade creditors approximate their net fair values.

**NOTE 11. CURRENT LIABILITIES - INTEREST BEARING LIABILITIES**

	2005 \$'000	2004 \$'000
Borrowing - Western Australian Treasury Corporation	2,221	2,105
	<u>2,221</u>	<u>2,105</u>

**NOTE 12. CURRENT LIABILITIES - PROVISIONS**

	2005 \$'000	2004 \$'000
Dividends	1,563	1,262
<b>Employee Benefits</b>		
Annual Leave	338	324
Long Service Leave	268	304
Sick Leave	87	58
Superannuation	3	3
Accumulated Days Off	101	72
	<u>2,360</u>	<u>2,023</u>
<b>Movements in provisions</b>		
Movements in each class of provision during the financial year, other than employee benefits, are set out below.		
<b>Dividend Provision</b>		
Carrying amount at start of year	1,262	790
Additional provisions recognised	1,563	1,262
Payments	(1,262)	(151)
Current liabilities - Payables	-	(639)
Carrying amount at end of year	<u>1,563</u>	<u>1,262</u>

**NOTE 13. NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES**

	2005 \$'000	2004 \$'000
Borrowings Western Australian Treasury Corporation	49,789	52,020
Total non-current interest bearing liabilities	49,789	52,020

**(i) Significant Terms and Conditions**

All borrowings are unsecured.

**(ii) Interest Risk**

Interest on the 20 year fixed interest loans ranged from 5.97 to 7.0% and the weighted average interest rate on other borrowings was 6.5% per annum (2004: 6.81%).

**(iii) Net Fair Values**

The Authority considers the carrying amounts of borrowings approximate their net fair values.

**(iv) Maturing Loans**

Borrowings to the value of \$3,481,307 are due to mature within 12 months. The majority of this amount will automatically be rolled over into new borrowings. Only the amount of borrowings due to be repaid is shown as current.

**NOTE 14. NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES**

	2005 \$'000	2004 \$'000
Provision for deferred income tax	3,859	3,030

**NOTE 15. NON-CURRENT LIABILITIES - PROVISIONS**

	2005 \$'000	2004 \$'000
<b>Employee benefits</b>		
Long service leave	222	175
Annual leave	118	128
Superannuation	294	292
Sick leave	304	279
	938	874

**NOTE 16. CONTRIBUTED EQUITY**

	2005 \$'000	2004 \$'000
Contributions by Government	2,209	2,209
	2,209	2,209

# notes to the financial statements

for the year ended 30 June 2005 (continued)

**NOTE 17. RESERVES AND RETAINED PROFITS**

	2005 \$'000	2004 \$'000
<b>(a) Asset revaluation Reserve</b>		
Asset revaluation reserve	4,143	4,143
	<u>4,143</u>	<u>4,143</u>
<p>(i) The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets prior to the adoption of AAB 1041 "Revaluation of Non Current Assets" in 2001 when the Authority adopted the cost method of valuing property, plant and equipment.</p>		
<b>(b) Retained profits</b>		
Retained profits at the beginning of the financial year	19,865	18,604
Net profit for year	3,128	2,523
Dividends provided for or paid	(1,563)	(1,262)
Retained profits at the end of the financial year	<u>21,430</u>	<u>19,865</u>

**NOTE 18. INTEREST RATE RISK EXPOSURE**

Fixed interest maturing in:

2005	NOTES	WEIGHTED AVERAGE INTEREST RATE %	FLOATING INTEREST RATE \$'000	1 YEAR OR LESS \$'000	OVER 1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	NON INTEREST BEARING \$'000	TOTAL \$'000
<b>Financial assets</b>								
Cash assets	5	5.25	2,767	7,439	-	-	-	10,206
Receivables	6	-	-	-	-	-	2,997	2,997
			<u>2,767</u>	<u>7,439</u>	<u>-</u>	<u>-</u>	<u>2,997</u>	<u>13,203</u>
<b>Financial liabilities</b>								
Trade and other creditors	10	-	-	-	-	-	1,884	1,884
Borrowings from								
WATC	11,13	6.5	-	3,481	4,008	1,376	-	8,865
WATC	11,13	6.5	-	1,793	10,886	30,466	-	43,145
			<u>-</u>	<u>5,274</u>	<u>14,894</u>	<u>31,842</u>	<u>1,884</u>	<u>53,894</u>
Net financial assets (liabilities)			<u>2,767</u>	<u>2,165</u>	<u>(14,894)</u>	<u>(31,842)</u>	<u>1,113</u>	<u>(40,691)</u>



PORT MECHANIC DAVE SHEPERDSON

ESPERANCE PORT AUTHORITY Notes to the financial statements for the year ended 30 June 2005 (continued)

**Note 18. Interest rate risk exposure (continued)**

**Fixed interest maturing in:**

2004	NOTES	WEIGHTED AVERAGE INTEREST RATE %	FLOATING INTEREST RATE \$'000	1 YEAR OR LESS \$'000	OVER 1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	NON INTEREST BEARING \$'000	TOTAL \$'000
<b>Financial assets</b>								
Cash Assets	5	5.25	1,878	4,000	-	-	-	5,878
Receivables	6	-	-	-	-	-	5,015	5,015
			1,878	4,000	-	-	5,015	10,893
<b>Financial liabilities</b>								
Trade and other creditors	10		-	-	-	-	1,951	1,951
Borrowings from WATC	11,13	6.81	-	3,640	4,086	1,669	-	9,395
WATC	11,13	6.5	-	1,682	10,216	32,832	-	44,730
Employee benefits			-	-	-	-	1,563	1,563
			-	5,322	14,302	34,501	3,514	57,639
Net financial assets (liabilities)			1,878	(1,322)	(14,302)	(34,501)	1,501	(46,746)

**NOTE 19. REMUNERATION OF AUDITORS**

	2005 \$'000	2004 \$'000
Remuneration for audit of the financial report	25	21
	25	21

**NOTE 20. CONTINGENT LIABILITIES**

There were no contingent liabilities at 30 June 2005.

**NOTE 21. AGGREGATED EMPLOYEE BENEFITS**

	2005 \$'000	2004 \$'000
<b>Employee benefit and related on-costs liabilities</b>		
Provision for employee benefits - current (note 12)	797	761
Provision for employee benefits - non-current (note 15)	938	874
Aggregate employee benefit and related on-costs liabilities	1,735	1,635

# notes to the financial statements

for the year ended 30 June 2005 (continued)

## NOTE 22. RELATED PARTIES

The following persons held the position of Director during the financial year:

Mr. Richard Nulsen  
 Ms. Megan Anwyl  
 Ms. Toni Hawkins  
 Mr. Ian Mickel  
 Mr. Richard Thorp

Information on remuneration received or receivable by directors is disclosed in Note 30.

A Director, Mr. Richard Nulsen, is a Director of South East Petroleum. The transactions with South East Petroleum for the supply of petroleum products to the Authority amounted to \$3052 (2004: \$8530) on 30 days credit terms, and were based on normal commercial terms and conditions.

## NOTE 23. RECONCILIATION OF NET PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005 \$'000	2004 \$'000
Net profit	3,126	2,524
Depreciation and amortisation	4,595	4,809
Net (profit) loss on sale of non-current assets	26	529
Provision for superannuation liability	2	28
Provision for annual leave and long service leave	16	11
Provision for sick leave	55	27
Provision for Accumulated Days Off	29	24
Income tax expense	1,257	1,006
Income tax refund	-	143
Changes in assets and liabilities		
Decrease (increase) in receivables	2,019	(447)
Decrease (increase) in inventories	(274)	(172)
Increase (decrease) in payables	97	229
Increase (decrease) in income in advance	(17)	(1)
Increase (decrease) in net GST payable	(148)	105
Net cash inflow from operating activities	10,783	8,815



ESPERANCE PORT AUTHORITY Notes to the financial statements for the year ended 30 June 2005 (continued)

#### NOTE 24. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. These Australian equivalents to IFRS are referred to hereafter as AIFRS. The adoption of AIFRS will be first reflected in the Esperance Port Authority's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Authority has established a process to manage the transition to AIFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The process is overseen by the Finance Manager, who reports progress to the Chief Executive Officer and the Board regularly. A timetable for managing the transition has been prepared and is currently on schedule.

The Finance Manager has analysed all of the AIFRS and has identified the accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. These choices have been analysed to determine the most appropriate accounting policy for the Esperance Port Authority. Management have applied the exemption provided in AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. AASB 1 exempts an entity from the requirement to restate comparative information as if the requirements of AASB 132 *Financial Instruments: Presentation and Disclosure* and AASB 139 *Financial Instruments: Recognition and Measurement* had always applied. These standards will be applied from 1 July 2005, however an impact assessment has not been completed.

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out below. The expected financial effects of adopting AIFRS are shown for each line item in the statements of financial performance and statements of financial position, with descriptions of the differences. No material impacts are expected in relation to the statements of cash flows.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until the Authority prepares its first full AIFRS financial statements, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

# notes to the financial statements

for the year ended 30 June 2005 (continued)

## Note 24. Impacts of adopting Australian equivalents to IFRS (continued)

Impact on the statements of financial position	Notes	Existing GAAP \$'000	Effect of change \$'000	AIFRS \$'000
<b>Current assets</b>				
Cash assets		10,206	-	10,206
Receivables		2,997	-	2,997
Inventories		1,270	-	1,270
Total current assets		14,473	-	14,473
<b>Non-current assets</b>				
Property, plant and equipment		74,004	(51)	73,953
Deferred tax assets		691	-	691
Intangible assets		-	51	51
Total non-current assets		74,695	-	74,695
<b>Total assets</b>		89,168	-	89,168
<b>Current liabilities</b>				
Payables		1,884	-	1,884
Interest bearing liabilities		2,221	-	2,221
Current tax liabilities		335	-	335
Provisions	(b)	2,360	(1,738)	622
Other provisions		-	57	57
Total current liabilities		6,800	(1,681)	5,119
<b>Non-current liabilities</b>				
Interest bearing liabilities		49,789	-	49,789
Deferred tax liabilities	(a)	3,859	649	4,508
Provisions		938	81	1,019
Other provisions		-	37	37
Total non-current liabilities		54,586	767	55,353
<b>Total liabilities</b>		61,386	(914)	60,472
<b>Net assets</b>		27,782	914	28,696
<b>Equity</b>				
Contributed equity		2,209	-	2,209
Reserves	(a)	4,143	(649)	3,494
Retained profits	(b)	21,430	1,563	22,993
<b>Total equity</b>		27,782	914	28,696

**(a) Income tax**

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

If the policy required by AASB 112 had been applied during the year ended 30 June 2005 the following material change would have resulted:

An increase in total deferred tax liabilities of \$649,194 at 30 June 2005 would have been recognised, due to the recognition of deferred tax values on revalued assets recognised in the asset revaluation reserve.

**(b) Provisions**

The Authority currently makes a provision for dividend for the year just completed. Under International Financial Reporting Standards this dividend of \$1,563,206 would not have been provided until the following financial year.



**NOTE 25. REMUNERATION OF EXECUTIVES**

	2005 \$'000	2004 \$'000
Remuneration to senior executives whose remuneration was at least \$100,000 is as follows:		
\$100,000 - \$109,999	2	2
\$110,000 - \$119,999	4	1
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	-
\$210,000 - \$219,999	1	-
Total	1,067	694

**NOTE 26. DIVIDENDS**

	2005 \$'000	2004 \$'000
Dividend to Government	1,563	1,262
Total	1,563	1,262

The Directors intend to make a recommendation to the Minister, that dividends amounting to \$1,563,206 (2004: \$1,262,967) be declared in respect of the year ended 30 June 2005. The provision for dividends comprised an amount of \$1,563,206 (2004: \$1,262,967) being 50 percent of after tax profits for the year. The proposed dividend is in accordance with the dividend policy included in the Authority's statement of corporate intent for 2004-05.

**NOTE 27. WRITE-OFFS**

	2005 \$'000	2004 \$'000
The Authority wrote off minor assets during the year	-	57

**NOTE 28. SEGMENT REPORTING**

The Authority operates predominantly in the one business segment being the port services industry and in one geographical location being Esperance Western Australia.

**NOTE 29. CURRENT LIABILITIES - CURRENT TAX LIABILITIES**

	2005 \$'000	2004 \$'000
Provision for taxation	335	-

# notes to the financial statements

for the year ended 30 June 2005 (continued)

**NOTE 30. REMUNERATION OF DIRECTORS**

2005 NAME	PRIMARY DIRECTORS FEE \$	POST-EMPLOYMENT SUPERANNUATION \$	TOTAL \$
R.J. Nulsen, Chairman	23,800	2,142	25,942
R.J. Thorp, Deputy Chairman	11,000	990	11,990
M.I. Anwyl	11,000	990	11,990
T. Hawkins	11,000	990	11,990
I.S. Mickel	11,000	990	11,990
Total	67,800	6,102	73,902

2004 NAME	PRIMARY DIRECTORS FEE \$	POST-EMPLOYMENT SUPERANNUATION \$	TOTAL \$
R.J. Nulsen, Chairman	18,000	1,620	19,620
R.J. Thorp, Deputy Chairman	8,100	729	8,829
M.I. Anwyl	8,100	729	8,829
T. Hawkins	8,100	729	8,829
I.S. Mickel	8,100	729	8,829
Total	50,400	4,536	54,936

**DIRECTORS' DECLARATION**

The Directors declare that the financial statements and notes:

- comply with Accounting Standards, Port Authorities Act 1999 and other mandatory professional reporting requirements; and
- give a true and fair view of the Authority's financial position as at 30 June 2005 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

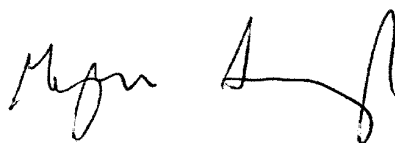
In the Directors' opinion:

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

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



R.J. NULSEN  
CHAIRMAN



M.I. ANWYL  
MEMBER

24 AUGUST 2005



## AUDITOR GENERAL

### INDEPENDENT AUDIT REPORT ON ESPERANCE PORT AUTHORITY

#### To the Parliament of Western Australia

#### **Audit Opinion**

In my opinion, the financial report of the Esperance Port Authority is in accordance with:

- (a) schedule 5 of the Port Authorities Act 1999, including:
  - (i) giving a true and fair view of the Authority's financial position at 30 June 2005 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards in Australia; and
- (b) other mandatory professional reporting requirements in Australia.

#### **Scope**

##### *The Board's Role*

The Board of Directors is responsible for the financial report.

The financial report consists of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying Notes and Directors' Declaration.

##### *Summary of my Role*

As required by the Port Authorities Act 1999, I have independently audited the financial report to express an opinion on it. This was done by looking at a sample of the evidence.

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

D D R PEARSON  
AUDITOR GENERAL  
9 September 2005



**Esperance Port Authority**

P.O. Box 35 Esperance Western Australia 6450

**TELEPHONE** (08) 9071 2111

**FACSIMILE** (08) 9071 1312

**EMAIL** [esppa@esperanceport.com.au](mailto:esppa@esperanceport.com.au)

**WEB PAGE** [www.esperanceport.com.au](http://www.esperanceport.com.au)