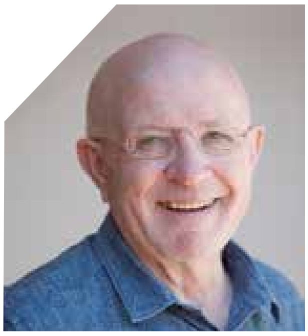
KIMBERLEY PORTS AUTHORITY

Annual Report 2014 – 2015

Contents

Chairman's Report



In my fifth year as Chairman of the Board of Directors I am pleased to report that the newly designated Kimberley Ports Authority (KPA) has experienced an active and favourable year in terms of strategic and operational outcomes. The accompanying financial accounts illustrate a growth in gross revenue for the period and a modest increase, in profit before tax, over 2014.

The revenue enabled management to perform a wide range of crucial port project works, and to undertake essential studies related to the WA Port Reform processes. Further, KPA is again able to return a dividend to the state government shareholder.

On the 1st July, 2014 the Broome Port Authority changed its name to the Kimberley Ports Authority with responsibility for managing the Port of Broome and the waters and land at James Price Point.

In relation to the Ports Authority amalgamation process the Port Authority has, in consultation with the Department of Transport and the Operators in Derby, Wyndham, Koolan and Cockatoo Islands, continued a due diligence process involving comprehensive marine, safety, environmental, operational and engineering surveys and audits in line with Port Authority functions as prescribed in the *Port Authorities Act 1999*. This work is being done towards the goal of bringing these ports under the umbrella of the Kimberley Ports Authority that is anticipated to occur on 1 July 2016.

Critical success factors for the formation of KPA were identified as:

- Meeting the defined scope of the ports governance transition;
- Ensuring that a legal and statutory framework exists to accommodate the desired governance model;
- Adequate funding and resources are provided;
- Alignment of objectives and outcomes is achieved between the parties;
- Clear terms of reference are provided to all involved parties;
- Political direction and support are provided;
- Change management is implemented effectively and efficiently; and
- Stakeholder buy-in/commitment is achieved.

The strategic objectives and management priorities set by the Board for the financial year were met, including:

- Promotion of Port of Broome maritime commerce and industries – inclusive of logistics support, general cargo, livestock exports, fuel imports, cruise shipping, regional projects, fishing and aquaculture industries, vessel maintenance and repair, charter and recreational boating, and other harbour services;
- Increase the volume of general cargo shipping;
- Efficiently manage, maintain and improve all Port Authority property;
- Improve customer service to Port tenants, customers and the public;
- Achieve integrated, well-planned and financially viable land development consistent with KPA's strategic directions;
- Cultivate and maintain a high level of public understanding and confidence in the Port;
- Maintain sound and appropriate environmental management practices for all Port property; and
- Manage revenue flow as necessary to remain self-supporting and to fund improvements, asset holdings, maintenance, and prudent cash reserves.

The environment, safety and risk management controls continue to be key areas of focus for KPA.

The KPA workforce and port stakeholders collaborated in safety and security initiatives during the year, including safety audits and improvements, training drills, and equipment trials. KPA's operational staff underwent oil spill training conducted by Department of Transport. The Harbourmaster and key operational staff participated in the Biennial State Marine Oil Spill Exercise 2014 held at Fremantle Ports. The Port Authority Safety Committee members actively contributed in shaping our safety culture and meeting the high safety expectations of port users.

Stakeholder and community communications are important aspects of Port Authority functions. During 2014-15 KPA met with State and Federal government departmental managers, members of the local and regional community, logistics partners, regional and indigenous groups. The Port Logistics Consultative Working Group, in particular, is a well-attended forum comprising a cross section of port customers and stakeholders who meet quarterly in Broome, to discuss the port's logistics performance. Important change outcomes have been achieved in areas of port safety, logistics methodology, and port performance.

In accordance with the *Port Authorities Act 1999* KPA established the Port of Broome Community Consultation Committee (**Committee**) and an inaugural meeting was held in June 2015. The purpose of the Committee is to provide feedback to KPA on management plans, mechanisms for enhanced community communication and consultation, and identifying any potential social, economic and environmental impacts on the community. Committee membership consists of invited representatives from Interest groups and nominees sought from the community.

Community service obligation tasks have been met by maintaining the boat ramps at Entrance Point and upgrading the boat storage and maintenance area at KPA's slipway. Financial assistance has been received towards scoping improvements for the Entrance Point facilities. KPA has also provided for the maintenance of public toilets, gardens and public access areas within the port, and the public walkway adjacent to the wharf neck. KPA maintains the pedestrian beach access and provides peppercorn leases to Government agencies and community service groups.

KPA has successfully managed its business operations and finances during the year. Profit growth during the past several years has enabled the Port Authority to pay annual dividends to the State government.

The West Australian Government provided funding for up to $24.15M for the refurbishment of the existing 48 year old Broome wharf structure which will be undertaken over the next 18 months. Preliminary works and surveys in relation to the Wharf Extension of Life Project are completed, and the Minister for Transport, Dean Nalder MLA, on the 18th June 2015 provided his approval for KPA to enter into a design and construct contract with York Civil Pty Ltd. Significantly the works, when completed, will increase the lifespan of the wharf for an estimated 30 plus years. The completion of this project will also provide increased logistics security for the port users and other stakeholders who rely on effective port performance.

I thank our port team and employees who have all worked extremely hard during the past twelve months to achieve these excellent results. I am most appreciative of their level of commitment and professionalism, and grateful for the contributions and enthusiasm of all employees who made 2014-15 another successful business year.

Several changes to the Port Authority management structure occurred with the objective of increasing port performance and services capabilities, and responding to a growing workload associated with the WA Port Reform process. I welcome the appointment of Directors Elisa Fear, Anna Dartnell and Douglas Aberle and wish to thank all Directors, both past and present, who have given exceptional and professional service; time and knowledge in furthering operational and strategic capabilities of KPA.

> I thank our port team and employees who have all worked extremely hard during the past twelve months to achieve these excellent results.

I also wish to welcome Kevin Schellack our new CEO to KPA and acknowledge the seven years of professional service of Capt Vic Justice the retiring CEO.

Vic, during his term with the Port of Broome contributed significantly to the financial turnaround of the port and implemented many changes that have placed the port in a good position moving forward. We all wish him well in his well-earned retirement.

KPA's Board and personnel wish to acknowledge the support and close working relationship we have with our Minister's office and the Department of Transport. We look forward to working closely with WA government departments, the people of Kimberley communities, and our regional customers in successfully managing the new challenges and opportunities that will arise in the coming year.

Laurie Shervington
Chairman

AGENCY OVERVIEW

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2.1 Agency Performance

The following information provides a measurement of agency performance against the Port Authority's 2014-15 Statement of Corporate Intent.

Financial Targets

Financial Targets 2014-15	Target $000's / %	Actual $000's / %	Variation $000's / %
Gross revenue	26,627	22,151	(4,476)
Total services costs	21,729	18,868	(2,861)
Net Tax Equivalent paid to Treasury	1,469	992	(477)
Profit/Loss after tax	3,429	2,291	(1,138)
Expected Dividend to be paid to Treasury	2,229	1,489	(740)
Net increase/(decrease) in cash			
(from Statement of Cash Flows)	(4,335)	8,541	12,876
Rate of Return	10.3%	5.2%	(5.1)
Capital Expenditure	17,781	3,798	13,983
Total Assets	56,045	55,857	188
Full time equivalent (FTE) staff numbers (last year/this year)	61	70	9

Table 1 – Financial Targets

Variations in financial outcomes from those targeted prior to FY2014-15 were in the main due to delays in oil and gas shipping activities in the Browse Basin. Variations in FTEs primarily resulted from the transfer of casual classification stevedore employees to permanent, and three new roles being filled.

Customer Satisfaction

KPA uses a range of methods to monitor customer satisfaction including regular face to face meetings and KPA's logistics forum.

In 2015 KPA will commence the Wharf Extension of Life Project (WEOL) and has prepared a specific communications plan to engage with stakeholders and manage customer feedback on the impact the works may have on port users.

2.2 Ministerial Directions

No Ministerial directions were received during the period.

2.3 Governance

2.3.1 Equal Opportunity

KPA has an Equal Employment Opportunity Policy, which was recently reviewed for legislative changes, and employees were provided training in aspects of this policy and bullying and harassment.

2.3.2 Human Resources

Stevedoring employment numbers increased in 2014-15, with two casual employees moving across to the permanent workforce. KPA created a storeman / MEX software administrator position and more casual stevedores are being seconded to maintenance duties.

A gap within the corporate structure was filled this year with the appointment of a Deputy Harbourmaster to assist the Harbourmaster in his dual role of Harbourmaster and Operations manager. The Administration team was also bolstered with another employee to assist in reception duties and the Operations department.

One employee is currently enrolled in completing an MBA, while two other manager's finalised a Masters in Environmental Management, and a Bachelor of Business adding to the knowledge and quality of the Port Authority's management team. During 2014-15, 11 stevedores enrolled in Certificate III level training in Transport and Logistics (Stevedoring).

2.3.3 The State Records Act 2000

KPA has a registered Recordkeeping Plan – RKP 2014035, revised and updated in late 2014, subsequent to the introduction of the new electronic document recording management system ELO Digital. Within the recordkeeping framework at KPA each department's procedures are documented within the Recordkeeping Policy and Procedures. Record Keeping Awareness training was delivered to four new office personnel, with two employees undertaking training in Keyword classification, document management and records disposal.

2.3.4 Freedom of Information

The Information Statement was updated in November 2013 to reflect current legislation and communication requirements. The Information Statement explains how to lodge a Freedom of Information request, lists associated charges, and explains how a copy of the relevant document is available either from the Port Authority offices or via the website – www.kimberleyports.wa.gov.au

There have been no FoI applications made under the *Freedom of Information Act 1992* during the financial year 2014-15.

2.3.5 The Electoral Act 1907 – section 175ZE

Marketing Activity	Detail	Amount (ex GST)
Media advertising agencies	Broome Advertiser	$2,731.91
	Key2creative Design	$7,120.00
	Go Go Onhold	$752.72
	Purple Communications	$5,091.28
	West Australian Newspapers	$7,538.49
Advertising agencies	Lloyds List DCN	$5,000.00
Market research agencies		Nil
Polling organisations		Nil
Direct mailing agencies		Nil

Table 2 – Advertising Expenses 2014-15

2.3.6 Risk Management

Risk management plays an important role within Port decision making functions, from wharf operations through to contractual arrangements and Board decisions. Areas of focus over the last 12 months include:

- Due diligence studies on the ports of Wyndham and Derby as part of the ports amalgamation process. In this regard, the Board Chairman heads a port amalgamation risk committee;
- Reviewing KPA risks in keeping with KPA's updated Risk Reference Tables; and
- Monitoring and ensuring the controls and Treatment Action Plans identified to manage risks associated with the wharf extension of life project are in place and well documented.

The KPA Board has established the following sub-Committees: Risk; Governance; and Audit, Human Resources and Remuneration to assess and monitor KPA's risk profile.

Compliance with Legislation

KPA uses professional legal advisers to ensure that KPA documentation and agreements meet best practice and complies with all relevant legislation. Professional staff attend regular training to keep their qualifications up-to-date. KPA also receives newsletters and circulars to stay informed of significant changes to key legislation.

Insurance of Directors and Officers

KPA's Directors and Officers are insured against liabilities for costs and expenses incurred by them in defending any civil or criminal proceedings arising out of the lawful performance of their Port Authority duties. Coverage excludes conduct involving a number of matters including a wilful breach of duty in relation to their employment or appointment to the KPA Board.

The Public Sector Management Act 1994 – Section 31 (1) Framework

Compliance issues:	Significant action is taken to monitor and ensure compliance. In order to achieve best practice, KPA is internally and externally audited and has a range of policies in place to satisfy auditors' requirements.
Public Sector Standards (PSS) Breach claims:	Nil returns
WA Code of Ethics Reports of non-compliance with WA Code of Ethics:	Nil returns
Agency Code of Conduct:	There was one formal investigation into inappropriate behaviour which culminated in a first warning letter.

Table 3 – Public Sector Management Act 1994 Activities

Corruption Prevention

KPA has a comprehensive system of codes and policies that form the basis of its corruption prevention system. These are approved by the Board of Directors and each staff member is required to read and acknowledge receipt of the relevant document and agree to abide by its terms.

In accordance with Section 23 of the *Port Authorities Act 1999*, KPA has reported to the Minister of Transport and Public Sector Commission on its compliance with the Code of Conduct. KPA's Code of Conduct addresses:

- Customer Service;
- Conflicts of Interest;
- Offer and Acceptance of Gifts and other Incentives;
- Personal Behaviour with customers and work colleagues,
- Professional Integrity,
- Corruption,
- Release and use of Port Authority Information, and
- Use of Port Authority Resources.

KPA's Code of Conduct was reviewed in 2015 and our staff trained in the impact of this policy.

The Purchasing Policy sets clear guidelines regarding the procedure to be followed when services and products are procured. Staff members authorised to purchase goods and services on behalf of the Port Authority are assigned limits on the value of goods and services that they can purchase.

KPA policies also address approved expenditure on entertainment, plus expenditure limits for credit cards to ensure correct expenditure protocols are followed.

The *Public Interest Disclosure Act 2003* enables persons to make disclosures about wrongdoing within the WA public sector, local government and public universities without fear of reprisal. KPA's Public Interest Disclosure Officer is obligated to investigate, assess and where appropriate, refer misconduct allegations to the relevant authorities. KPA's website sets out the process to be followed if an individual wishes to make a Public Interest Disclosure, and KPA received no Public Interest Disclosure applications during 2014-15.

2.4 Environmental Management

KPA recognises the importance of environmental protection and is committed to acting in an environmentally responsible and sustainable manner. KPA has an environmental management system (EMS) in accordance with AS/NZS ISO 14001:2004. The EMS assists KPA to integrate environmental management requirements into our business objectives, continually improve our environmental performance and minimise environmental impacts across our operations, both land and marine side.

In July 2014 KPA commenced an Early Warning System program (EWS) with the Department of Fisheries (DoF) to monitor for the presence of invasive marine pests. The EWS program involves the deployment of arrays on the wharf to monitor for growth, crab traps and shoreline searches to identify potential invasive species.

KPA continued to work with its tenants to ensure environmental compliance via involvement in development approval processes, quarterly tenant inspections and through the ongoing implementation of KPA's tenant environmental management requirements.

Representatives from KPA attended the Biennial State Marine Oil Spill Exercise in Fremantle in November 2014 as part of ongoing training and familiarisation in emergency management and response.

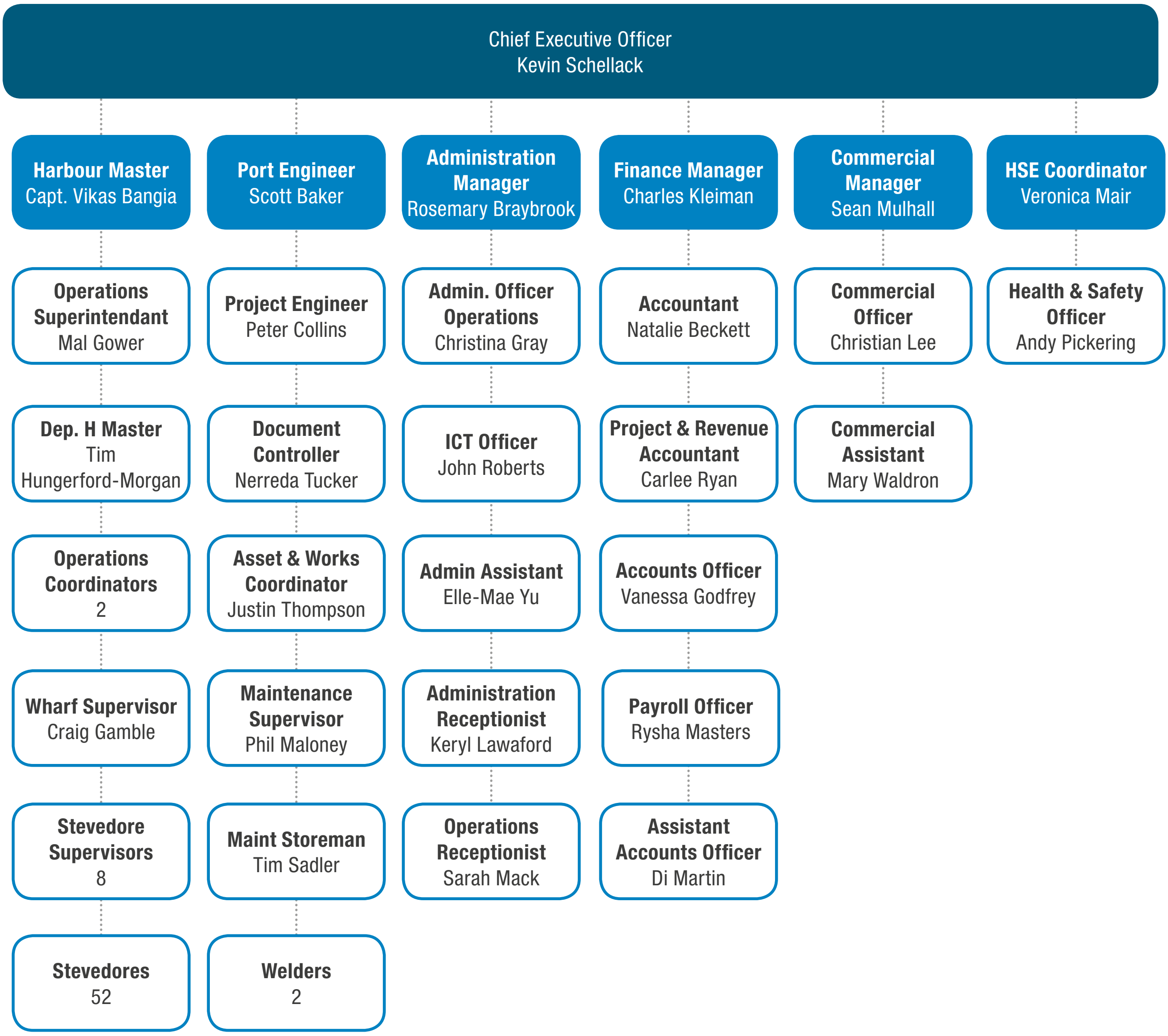
KPA continued to contribute to ongoing monitoring studies of sea grass and blue green algae (Lyngbya) within Roebuck Bay. KPA also continued its involvement in the Roebuck Bay Working Group Committee.

Photo 1 – Arrays (before and after deployment) from Early Warning System, January 2015

2.5 Organisational Structure

MINISTER	Hon Dean Nalder, MLA Minister for Transport; Finance
BOARD MEMBERS	Laurie Shervington (Chairman) David Mofflin (Deputy Chair) Martin Peirson-Jones Anna Dartnell Elisa Fear Douglas Aberle
CHIEF EXECUTIVE OFFICER	Kevin Schellack
HARBOUR MASTER	Captain Vikas Bangia
FINANCE MANAGER	Charles Kleiman BBus (Accounting) CPA
COMMERCIAL MANAGER AND GENERAL COUNSEL	Sean Mulhall BA LLB
ENGINEER	Scott Baker BE (Hons) MIEAust
HSE COORDINATOR	Veronica Mair BEc (Hons) MScTech (OHS) MEnvMgt
ADMINISTRATION MANAGER AND EXECUTIVE OFFICER	Rosemary Braybrook BBus
POSTAL ADDRESS	PO Box 46 Broome, Western Australia 6725
OFFICE ADDRESS	280 Port Drive Broome, Western Australia 6725
TELEPHONE	08 9194 3100
FACSIMILE	Administration 08 9192 1778 Operations 08 9194 3188
EMAIL	info@kimberleyports.wa.gov.au
WEBSITE	www.kimberleyports.wa.gov.au

2.5.1 KPA Organisational Chart



OPERATIONAL OVERVIEW

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3.1 Operational Performance

3.1.1 Vessel Visits

The Port of Broome experienced an overall 7% decrease in vessel visits during 2014-15 compared to 2013-14. Contributing factors for this decline are as follows:

- Reduction in Navy and Customs vessels calling at Port of Broome, and
- Ability to berth large livestock vessels due to availability of a second tug.

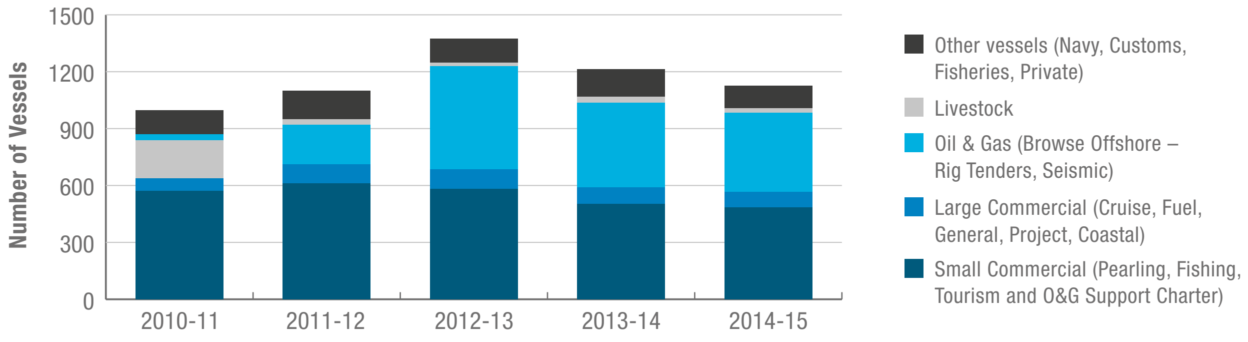

Figure 1 – Vessel visits from 2010-11 to 2014-15

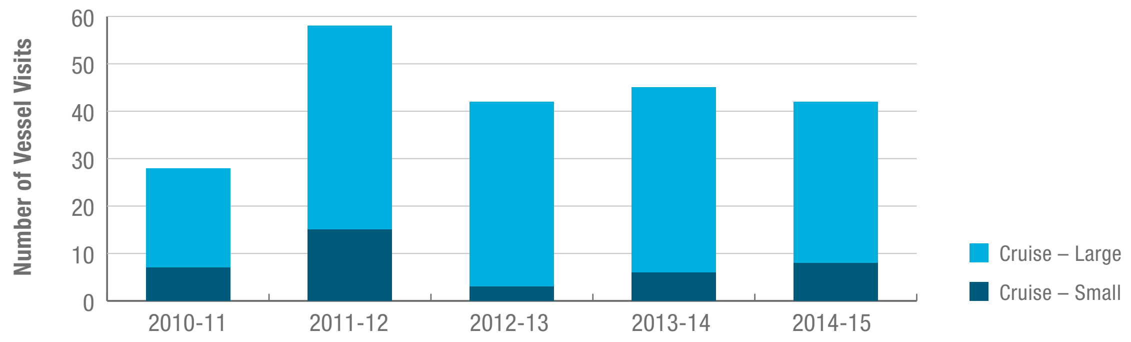

Figure 2 – Cruise vessel visits from 2010-11 to 2014-15

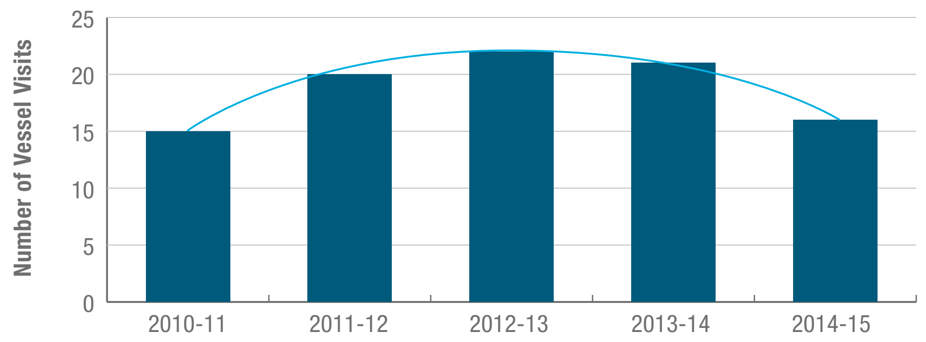

Figure 3 – Petroleum vessel visits 2010-11 to 2014-15

3.1.2 Berth Occupancy

Figure 4 shows the monthly average berth occupancy (berths 4-10) for the period July 2014 – June 2015. Berth occupancy averaged 32% compared to 33% during 2013-14. The highest monthly average was 41% during September 2014 while the lowest was recorded in December 2014 being 22%.

Berth occupancy is an important infrastructure planning tool. Berth occupancy indicates that the wharf presently has unused capacity, whereas future berth occupancy that constantly exceeds 70% will indicate a need to plan towards wharf extension.

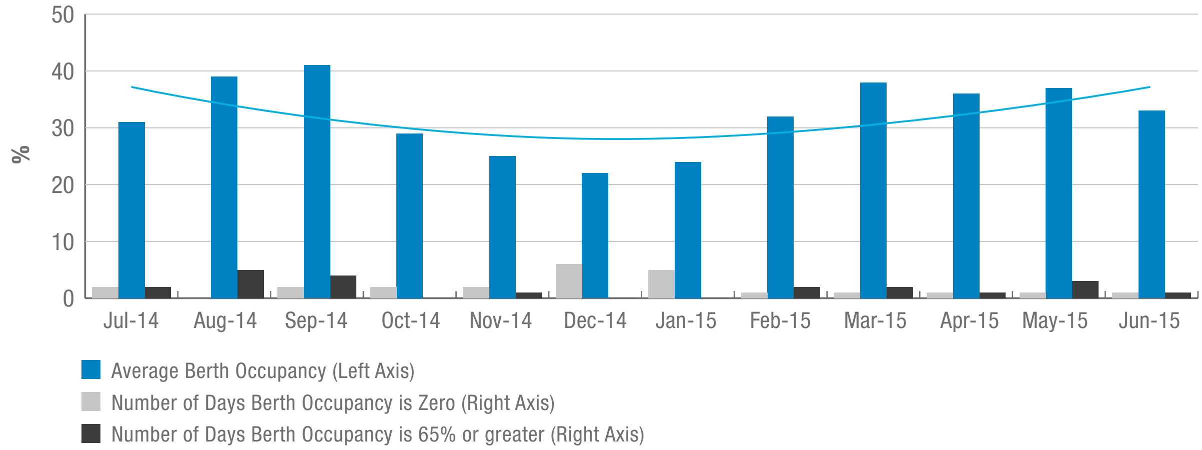

Figure 4 – Berth occupancy 2014-15

3.1.3 Vessel Turnaround Times

Figure 5 shows that monthly average vessel turnaround times for oil and gas supply vessels was 16.5 hours. Other types of vessel, for example oil tankers remain alongside for up to twice this time while awaiting cargo discharge and sufficient tide height to sail.

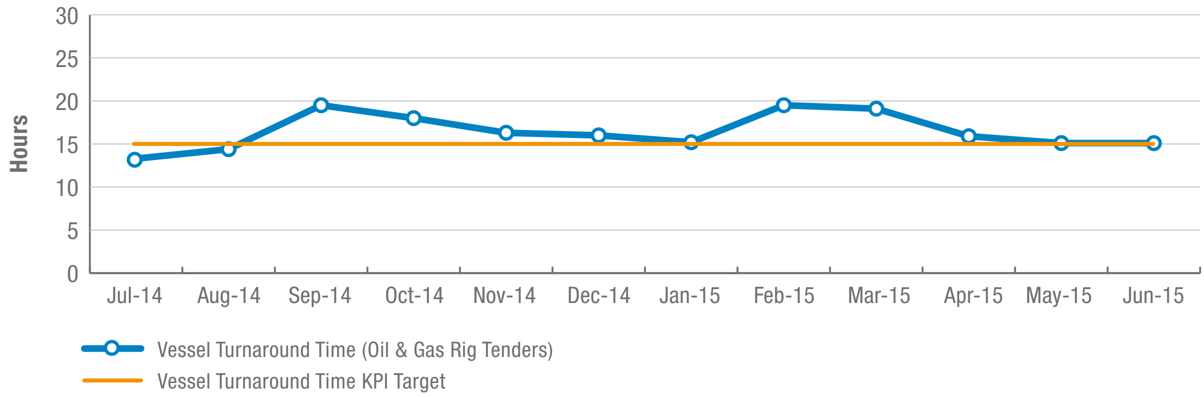

Figure 5 – 2 Vessel turnaround times 2014-15

3.1.4 Crane Rates

Figure 6 shows that the monthly average crane lifting rates for oil and gas supply vessels was 11.5 lifts per hour, which is above the KPI of 11.0. Reliability in crane rates assists with meeting offshore oil and gas industry vessel turnaround expectations. Variability in crane lifting rates depends upon weather conditions, availability of trucks, whether trainees are operating the cranes, and the types of cargo being worked.

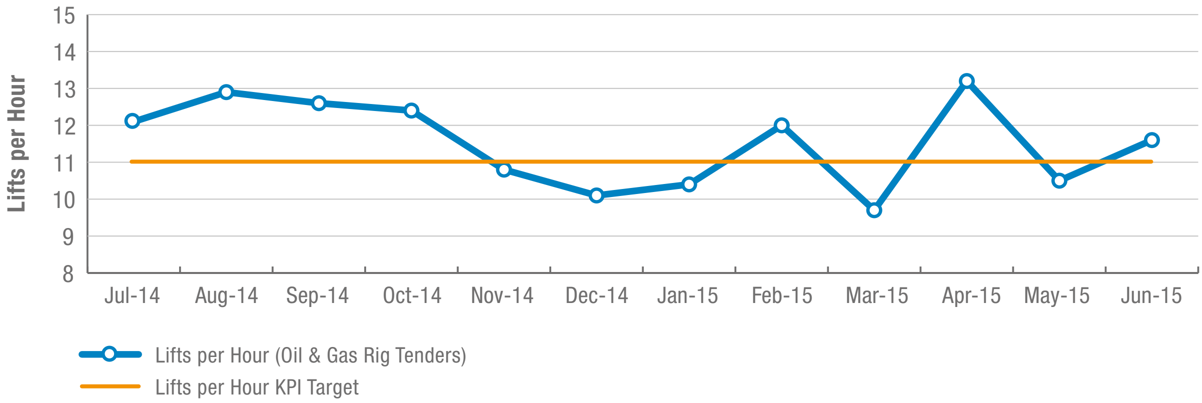

Figure 6 – Lifts per hour for oil and gas rig tenders 2014-15

3.2 Trade Statistics

3.2.1 Total Trade

Figure 7 shows that total trade throughput in tonnes decreased by 2% compared to the previous year.

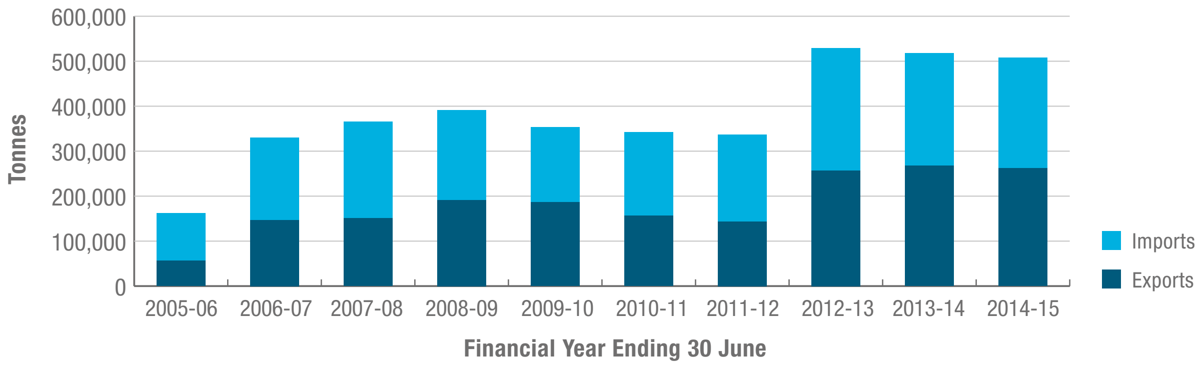

Figure 7 – Trade throughput 2005-06 to 2014-15

3.2.2 Import Trade

Figure 8 provides a breakdown of import trade which decreased 2% from the previous year. The primary decrease was in relation to building material.

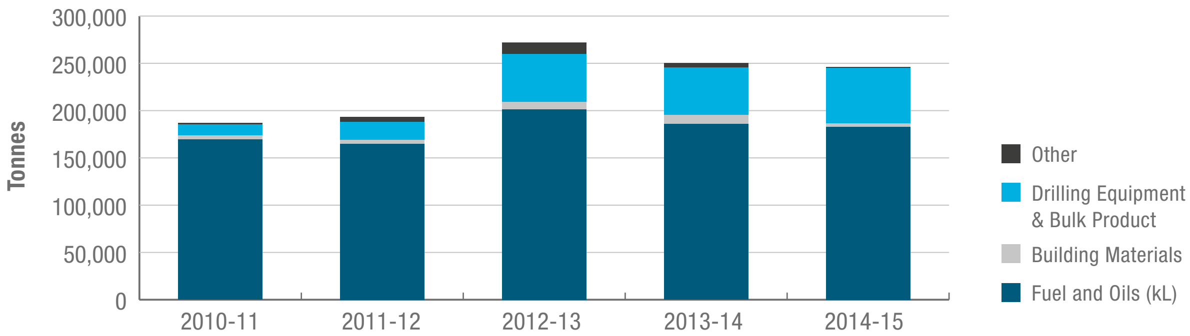

Figure 8 – Import throughput 2010-11 to 2014-15

3.2.3 Export Trade

Figure 9 provides a breakdown of export trade (mainstay oil and gas support and livestock industries) which collectively decreased by 2% from the previous year. Livestock exports were 11% below the previous year figures.

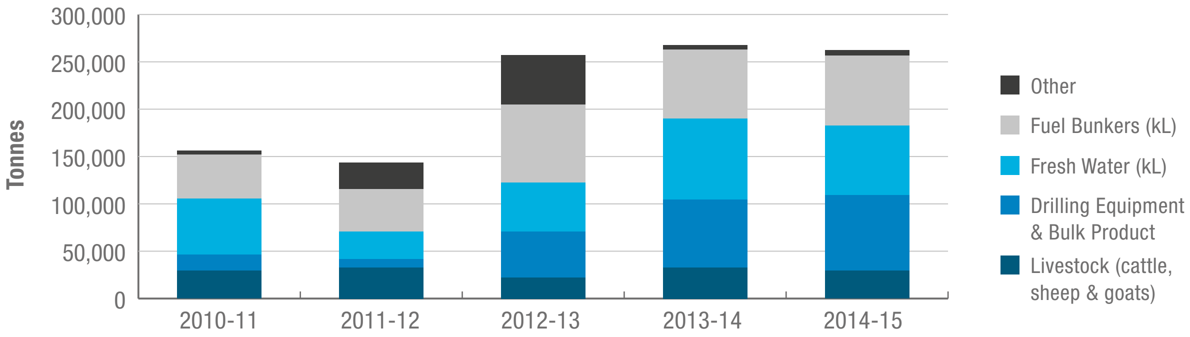

Figure 9 – Export throughput 2010-11 to 2014-15

3.2.4 Container Trade

Figure 10 shows there has been very negligible container trade in last two years, however the port retains a container handling capability towards future intermodal opportunities. The reason for high container trade in 2012-13 was due to project sand barging to Barrow Island.

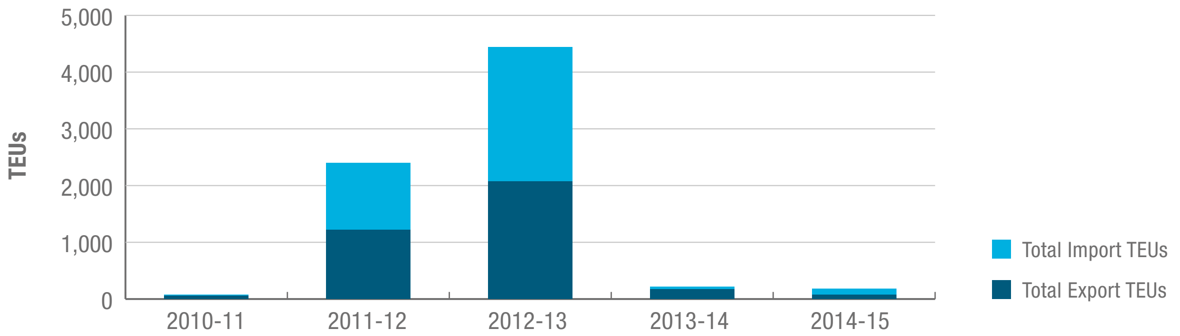

Figure 10 Container throughput 2010-11 to 2014-15

3.2.5 Infrastructure Improvement and Maintenance

Works completed over the last year include:

- A new multi-stage landing was installed at berth 3 to allow small vessel crew members access on and off the wharf;
- High voltage cables, transformers and switchboards were replaced on Port lands that provide power supply to port tenants;
- Pavement repairs and re-surfacing was completed at the port slipway;
- A dedicated laydown area was constructed to support the Wharf Extension of Life Project;
- Long lead items were procured in preparation of a wharf electrical upgrade that will be completed in 2015-16; and
- The berth 2 multi-stage landing had a complete refurbishment with a number of components replaced or modified to assist with future maintenance.

3.2.6 Wharf Extension of Life Project

KPA's Wharf Extension of Life (WEOL) Project was granted $24.15M from the State Government. The aim of the WEOL Project is to deliver a restored and refurbished wharf that will maintain and facilitate economic growth and commercial opportunities within the Kimberley maritime logistics sector by supporting Port of Broome's current and future customer's operational requirements for the foreseeable future.

A Request for Proposals was issued to pre-qualified contractors in late 2014 following an Expression of Interest phase. Based on a rigorous assessment of proposals and contract negotiations, KPA nominated York Civil Pty Ltd as the preferred design and construct contractor. This recommendation was endorsed by the KPA Board of Directors, the Minister for Transport and the Treasurer. A Contract was executed with York Civil in June 2015.

Design and project planning commenced immediately with site works scheduled to commence in late October / early November at the completion of the cattle export season. Works are scheduled to be completed in December 2016.

To support the WEOL Project a number of ancillary works have also commenced including wharf light pole modifications, replacement of security fencing and replacement of underdeck trolley rails.

3.3 Occupational Health and Safety

KPA is committed to preventing injury and disease in the workplace and to ensuring that occupational health and safety (**OSH**) considerations are integrated into all areas of its operation. KPA has an Occupational Health and Safety management system (**OSHMS**) based on AS/NZS 4801:2001 which identifies, assesses and reduces health and safety hazards and risks.

Training, coaching, competencies and inductions continued to be undertaken for KPA employees, supervisors and managers during the reporting period. Formal OSH training was conducted for KPA employees, supervisors and managers. In addition, a 'Last minute risk assessment and stepback 5x5' training package was developed and presented to KPA employees. As part of this program a stepback 5x5 card was developed and issued to the workforce.

As part of KPA's health and wellbeing program annual flu vaccinations were made available to employees in April 2015. KPA commenced running health and wellbeing information sessions for employees. The sessions focused on healthy lifestyles, work-life balance and stress management. KPA also enhanced its Employee Assistance Program by making it more readily accessible to its employees and their immediate family members.

KPA purchased a crane cage for the purpose of safe recovery of injured parties from vessels and as an alternate means of safe access and egress onto vessels. The purchase of this equipment was in response to a hazard raised by the workforce and from previous emergency drills which highlighted the need for improved emergency response equipment.

To assist with pedestrian and vehicle interface on the wharf, KPA implemented a PPE free waiting area/pick up point at the top of the dingy davit landing at berth 1. The improved facilities include a new section of walkway, handrails and clear signage marking the PPE free zone. This improvement ensures passengers waiting in this zone are effectively separated from work zones and operations on the wharf.

As part of KPA's Asbestos Management Plan, KPA undertook extensive asbestos removal work on port lands during 2014-15. A key aim of KPA's management plan is to remove all asbestos on-site where it is safe and possible to do so.

The HSE department continued to work closely with other KPA departments to ensure safe practices were applied across all areas of the business. Ongoing HSE support was provided for project and maintenance works to ensure these were carried out safely and in compliance with relevant legislation. Continued assistance was also given to KPA Operations to support, improve and maintain safety standards and practices on the wharf.

3.3.1 Commitment to Occupational Safety and Health

KPA is committed to providing a safe and healthy work environment for all employees, contractors, port users and visitors. KPA's Board and management provide a strong leadership role in ensuring that achieving a safe workplace remains a top priority. KPA aims for zero harm in the workplace and encourages all employees and contractors to identify and report hazards, incidents and near misses.

3.3.2 Formal Mechanism for Consultation with Employees on OSH Matters

KPA recognises that consultation and communication with the workforce is fundamental to an effective OSHMS. KPA has an HSE Committee with seven employee safety representatives and six management representatives. The committee plays an integral role in the workplace consultation process. In this forum hazards, risks, changes in the workplace and other HSE matters are raised, discussed and reviewed. All employee safety representatives undertake formal safety and health representative training. In 2014-15 ten HSE Committee meetings were conducted.

OSH information is communicated to employees through team meetings, toolbox talks, after action review meetings and in-house training sessions. Safety notices, updates, posters and monthly hazard reviews are also placed on the workplace safety notice boards. The Port Induction provides employees and port users with important safety and environment information.

3.3.3 Injury Management and Workers Compensation

KPA is committed to assisting employees who have become injured or ill due to work to return to their pre-existing duties as soon as medically appropriate in accordance with the *Workers Compensation and Injury Management Act 1981*.

KPA's Workplace Injury Management Procedure is distributed to all employees and information on injury management is included in new employee inductions. KPA supports the injury management process and understands that success relies on the active participation and cooperation of all parties including the injured worker, treating medical practitioners, insurance provider and KPA. As part of the injury management process KPA develops return to work plans with the injured worker, their supervisor and the return to work coordinator.

3.3.4 Occupational Safety and Health Management Systems

KPA has an effective OSHMS that is internally reviewed on an annual basis. During the reporting period KPA received an IFAP Safety Achievement Award (Gold) and as part of this award evaluation IFAP undertook a desktop review of the KPA OSHMS. IFAP also undertook a site audit and desktop review of KPA in June 2015 as part of the 2015 IFAP award process.

3.3.5 Occupational Safety and Health Performance Indicators

Measure	Actual Results		Target	Comment on Result
	2012-13	2014-15		
Number of fatalities	0	0	0	Target met
Lost time injury and/or disease incident rate*	11.76%	1.41%	0 or 10% reduction over the previous three years	10% reduction target met
Lost time injury and/or disease severity rate	0	0	0	Target met
Percentage of injured workers returned to work within: i) 13 weeks ii) 26 weeks	i) 33% ii) 80%	i)100%	≥80% return to work within 26 weeks	Target met
Percentage of managers and supervisors trained in OSH and injury management responsibilities	65%	90%	≥80%	Target met

Table 4 – Annual Safety Performance for KPA employees

Note: Results from current reporting year are compared to results from three years prior (i.e. current year is 2014-15 and comparison year is 2012-13).

** The LTI/D incidence rate was calculated using the Public Sector Commission formula.*

DIRECTORS REPORT

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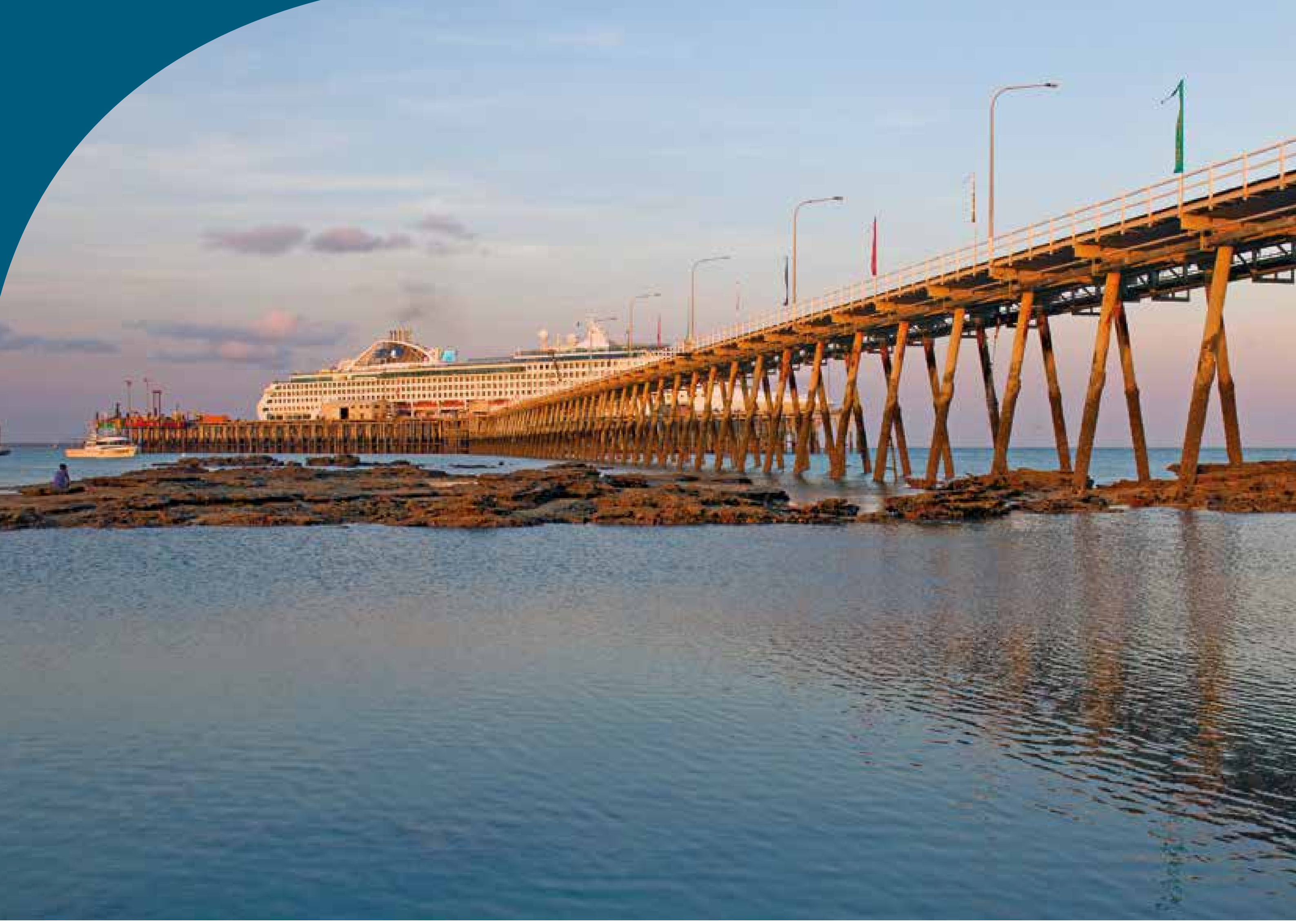


4.1 Role of the Board

In accordance with the *Port Authorities Act 1999* (WA) the Board of Kimberley Ports Authority is its governing body, and the Board, in the name of the Port Authority, is to perform the functions, determine the policies and control the affairs of the Port Authority.

4.2 Directors' Rights

If required, Directors are provided with access to independent legal or financial advice paid for as an approved KPA expense and are entitled to access KPA records for a period of seven years following retirement from the Board.

4.3 Directors' Details

The names and details of the Directors of the Kimberley Ports Authority during the financial year and until 30 June 2015 are:

4.3.1 Mr Laurie Shervington LLB – Chairman

Mr Shervington was appointed on 24 March 2011. He has been a practicing lawyer for 47 years and has listed public company and private company experience as a director. His current term expires 30 June 2016.

4.3.2 Dr David Mofflin – Deputy Chair

PhD(Cantab), BE Hons, FIEAust

David has broad experience in the engineering sector, including overall business management, strategic planning, business acquisition, project advisory, project due diligence, technology commercialisation, and project management. In recent times he has been engaged in developing bankable feasibilities and delivery strategies for multi-billion dollar mining projects.

David is a civil engineer, and holds a PhD from the University of Cambridge. He is currently a non-executive director of Engineering Education Australia, and a past Chair of the WA Centre for Engineering Leadership and Management. For over 20 years he held various roles at WorleyParsons, including Executive Director, Director, and General Manager.

David was appointed to the Board on 21 October 2013 and his current term expires on 31 December 2016.

4.3.3 Mr Martin Peirson-Jones

Mr Peirson-Jones is a resident of Broome who first came to the Kimberley some 40 years ago to work on cattle stations. He now heads the family owned Kimberley Accommodation group of companies which operate a number of hospitality businesses in both the East and West Kimberley.

He was a founding member of the original Port of Broome advisory board and sits on the Executive of the W.A. Branch of the Australian Hotels Association. Director Peirson-Jones was appointed to the Board on 21 October 2013 and his current term expires on 30 June 2016.

4.3.4 Ms Elisa Fear

Elisa has held a wide variety of positions within the financial sector, both in Australia and the United Kingdom. This includes three years with Macquarie Bank's Project and Structured Finance Division, providing advice in relation to infrastructure assets in Western Australia and over 10 years' experience in small business at director level. Elisa served as a non-Executive Director on the Board of the Port Hedland Port Authority for three years and is currently a non-Executive Director on the Board of the Good Samaritan Industries.

Elisa joined the inaugural KPA Board on 1 July 2014, with her term expiring on 30 June 2016.

4.3.5 Ms Anna Dartnell

Anna is an operational leader with significant experience developed within global resources, manufacturing and consulting companies. Anna is a Founding Director of Continuo, a management consultancy who advise clients in the areas of business improvement, supply chain optimisation and workforce engagement.

Anna is the current Chair of the Board of Spare Parts Puppet Theatre and the WA Chair of NAWO (the National Association of Women in Operations).

Anna was appointed to the inaugural KPA Board from 1 July 2014, with her term expiring on 31 December 2015.

4.3.6 Mr Douglas Aberle MEngSc, BE(Hons), FIEAust, CPEng, FAICD, AARC(Master Clinician), CGANZ, PACFA Reg.20483

Doug is Director of business consultancy Marple Bridge Pty Ltd. He provides support to CEOs and executive teams to improve their capacity to engage and thus lift business performance. He also assists in the development of strategic plans and consults to electricity businesses, having spent almost 40 years in that industry.

Along with his directorship at KPA, Doug is Chairman of CIGRE Australia and the Centre for Engineering Leadership and Management in WA and a board member of Edge Employment Solutions.

Doug was appointed to the inaugural KPA Board from 1 July 2014, with his term expiring on 31 December 2015.

4.3.7 Retirements, Appointments and Continuation in Office of Directors

Directors Elisa Fear, Anna Dartnell and Douglas Aberle were appointed to the inaugural KPA board on 1 July 2014. The Chair Laurie Shervington's term was extended to 30 June 2016 during the reporting period.

4.4 Directors Meetings

During the financial year 2014-2015 the Directors held nine Board meetings.

Members Name	Laurie Shervington (Chairman)	David Mofflin (Deputy Chairman)	Martin Peirson-Jones	Elisa Fear	Anna Dartnell	Doug Aberle
Board Meetings held in 2014-15	9	9	9	9	9	9
Number of Board meetings attended	9	9	8	9	9	9

Table 5 – Meetings Attended by Directors

During the reporting period three sub-Committees where established being:

- Audit, Human Resources and Remuneration;
- Risk; and
- Governance.

The following table outlines the membership and number of meetings held and attended.

Members Name	Audit, Human Resources & Remuneration	Governance	Risk
Laurie Shervington	na	2	2
David Mofflin	na	1	1
Martin Peirson-Jones	3	na	na
Elisa Fear	3	2	2
Anna Dartnell	3	2	2
Doug Aberle	3	na	na

Table 6 – Board sub-Committee meetings attendance

4.5 Planned Achievements

Outcomes arising from the 2014-15 objectives within the Statement of Corporate Intent are configured in the tabulation below.

Strategic objectives	Management outcomes
Achieve and maintain a zero rate of personnel injury and harm to the environment.	During the reporting period regrettably KPA had an over-clearing incident under its native vegetation clearing permit. This incident occurred despite KPA's efforts to ensure clearing stayed within the allotted boundaries. Since the incident KPA has been working with a local organisation to monitor the regrowth of the impacted area. The 24 month program includes monitoring of the site, weed control where necessary and ongoing regeneration evaluation. KPA reported the incident to the relevant state and federal departments.
Maintain a high level of corporate governance and ethical business management.	The Code of Conduct was updated and training provided to KPA employees along with bullying and harassment detection scenarios. The Public Interest Disclosure Policy was updated and released. KPA undertakes annual internal and external audits to review reporting procedures. The KPA Board has also formed a Governance sub-Committee to ensure appropriate ethical standards and corporate governance policies and practices are in place.
Achieve positive revenue growth and a positive return on assets.	KPA achieved a before tax profit of \$3.3M, and a rate of return on assets of 5.2%; below the Minister's prescribed rate of return of 11.2%. This was mostly due to the reduction in oil and gas industry shipping and the cancellation of ammonium nitrate imports.
Optimise revenue sources towards meeting government efficiency dividend targets.	KPA met the efficiency dividend targets and will be paying a dividend of \$1.4M.
Grow internal management capacity and capabilities towards ensuring multiple-port oversight and governance.	A Deputy Harbourmaster was employed to assist the Harbourmaster in operational tasks. A storeman was employed on a permanent basis to assist the Port Engineer and maintenance team fulfil their asset management obligations.

Strategic objectives	Management outcomes
Encourage and facilitate the provision of infrastructure funding towards the maintenance and construction of KPA-owned regional port infrastructure and assets.	Funding of $24.15 million was granted to KPA by the State Government to complete the refurbishment of the Port of Broome wharf structure. Private investment was obtained through BP Australia to assist with the replacement of aged high voltage electrical infrastructure on KPA lands.
Lease all available Port Authority land to port-related entities at commercial rates of rent wherever the land is not already leased under state leases or agreements.	KPA is engaged in lease agreement discussions with a potential major tenant and continues to advertise and seek tenants for available land.
Achieve positive Human Resource indicators such as reduction in lost time injury, and an increase in employee satisfaction.	KPA continued its health and wellbeing program for employees during the reporting period. Activities included making flu vaccinations available, running health and wellbeing information sessions and enhancing its Employee Assistance Program to make it more readily available for employees and their immediate family members. KPA achieved a reduction in lost time injury rates.

4.6 Operating Results

KPA's economic objectives were to employ sound financial management and to enhance trade. In achieving these goals, KPA aimed to achieve its set rate of return on assets, while providing the most cost-effective service to port users. The final result was a pre-tax profit of $3.3M, against a budgeted profit of $4.9M. The difference is attributed to a reduction in oil and gas revenue for the period and costs associated with the ports amalgamation process.

KPA's rate of return for the period was 5.2%. This rate of return is calculated on profit before borrowing and taxation costs, divided by the written down deprival cost of total assets less gifted assets.

KPA met its efficiency dividend requirements as set by government.

4.6.1 Shipping Revenue

Shipping activity and revenue was lower than anticipated for the year due to reduced oil and gas vessel visits as shown in figure 11. Figure 12 shows that the oil and gas sector remained the Port's major revenue generator. The percentage of revenue realised from each shipping industry is also shown at figure 12.

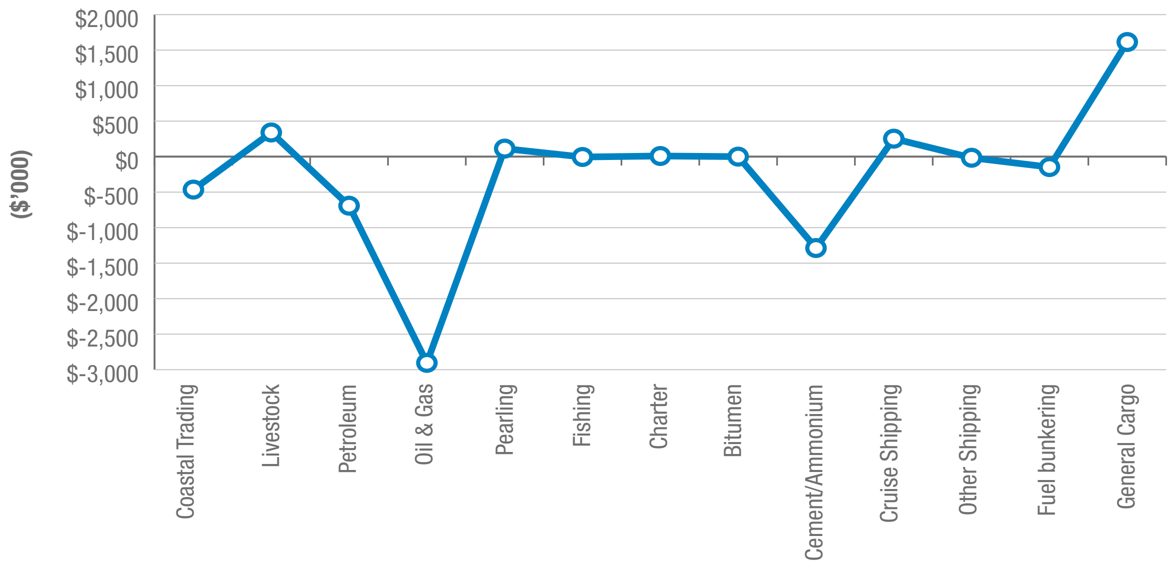
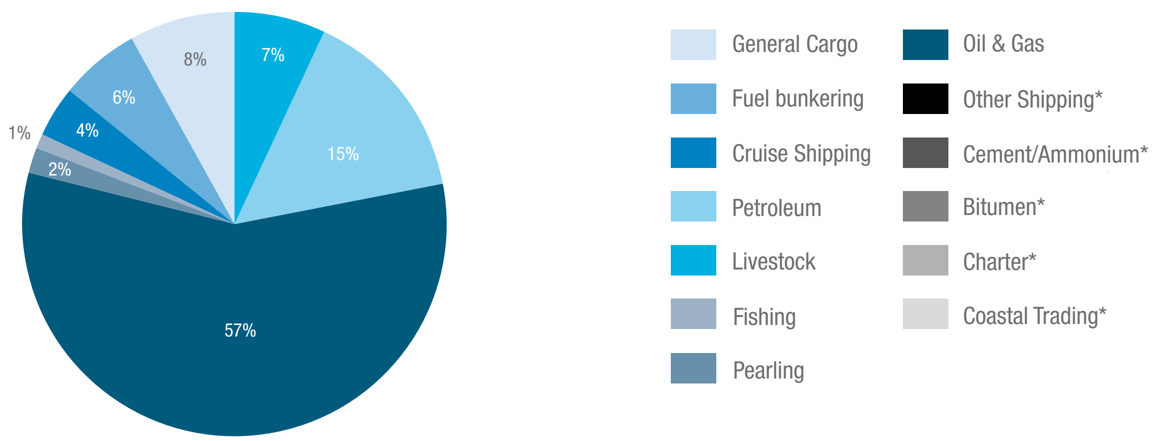


Figure 11 – Shipping Activity by Industry Variance from Budget



**These activities have a 0% industry variance from budget; Other Shipping, Cement/Ammonium, Bitumen, Charter and Coastal Trading.*

Figure 12 – Shipping Revenue by Industry as a Percentage of Total Revenue

4.6.2 Non-shipping Revenue

The total non-shipping revenue was under budget forecast for the period. The budgeted increase in lease revenue was not achieved due to the downturn in the oil and gas industry supply chain logistics demand.

4.6.3 Expenditure

Total expenditure was $2.9 million below the 2014-15 budget. This is due to fewer oil and gas vessel visits which reduced the port's direct labour costs.

4.6.4 Appointment of Auditors

The Auditor General's Office has been appointed as KPA's auditor in accordance with schedule 5 section 37(2) of the *Port Authorities Act 1999*. The total fee payable for the financial year ending 30 June 2015 is $41,000.

4.7 Dividends

An interim dividend of $1.0M for the 2014-15 financial year was paid in June 2015. A final dividend of $0.4M is due and payable for the 2014-15 financial year.

4.8 Significant Changes in the State of Affairs

There was no significant change in the nature of the Kimberley Ports Authority activities during the year.

4.9 Events Subsequent to Reporting

Transactions and events that occurred between end of June and the date of approval of the financial statements were 'non-adjusting' events.

4.10 Likely Developments

It is anticipated that during 2015-16 the Kimberley Ports Authority is expected to take a pivotal and high profile role in regional maritime freight development. We also expect a decrease in oil and gas revenue in the fourth quarter of the year.

4.11 Remuneration Report

The following tabulations are provided in accordance with Section 13(c)(i) of Schedule 5 of the *Port Authorities Act 1999*. The nature and amount of each major element of remuneration for each Director, plus three key management personnel of the Authority who received the highest remuneration are included in the tables below:

2015	Short term employee benefits	Post-employment benefits	Total remuneration
Director's name	Cash salary & fees	Superannuation benefits	
L Shervington	60,000	5,700	65,700
D Mofflin	31,442	2,987	34,429
A Fear	29,792	2,830	32,622
M Peirson-Jones	28,875	2,743	31,618
A Dartnell	27,500	2,613	30,113
D Aberle	27,500	2,612	30,112
K Male (retired)	2,083	198	2,281
Total	**207,192**	**19,683**	**226,874**

Table 7 – Director's Remuneration 2015

2014	Short term employee benefits	Post-employment benefits	Total remuneration
Director's name	Cash salary & fees	Superannuation benefits	
L Shervington	55,558	5,130	60,688
K Male	25,000	2,307	27,307
G Morris	16,500	1,523	18,023
M Gamble (retired)	5,500	505	6,005
D Mofflin	10,122	936	11,059
M Peirson-Jones	10,122	936	11,059
Total	**122,803**	**11,338**	**134,141**

Table 8 – Director's Remuneration 2014

2015	Short term employee benefits		Post-employment benefits	Total remuneration
Executive's name	Cash salary & fees	Other benefits	Superannuation benefits	
V Justice*	162,945	169,184	16,349	349,478
V Bangia	273,659	15,600	24,920	314,180
S Mulhall	259,874	24,198	24,388	308,460
Total	**697,478**	**208,982**	**65,657**	**972,117**

Table 9 – Executive Remuneration 2015

** Other includes cash out of leave balances on termination 18 December 2014, totalling $143,221.*

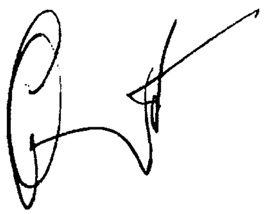
2014	Short term employee benefits		Post-employment benefits	Total remuneration
Executive's name	Cash salary & fees	Other benefits	Superannuation benefits	
V Justice*	320,505	21,971	29,433	371,909
S Mulhall	228,582	18,019	20,987	267,589
V Bangia	201,708	46,800	18,640	267,149
Total	**750,796**	**86,790**	**69,061**	**906,647**

Table 10 – Executive Remuneration 2014

**V. Justice Salary includes $23,086.23 of prior and current year adjustments as per his contract.*

4.12 Rounding Off

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



Laurie Shervington
Chair

David Mofflin
Deputy Chair

FINANCIALS

5

Statement of Comprehensive Income

For the year ended 30 June 2015

	Notes	2015	2014
		$'000	$'000
Revenue	*4*	22,151	20,814
Expenditure			
Port operation expenses	*5*	(6,722)	(6,077)
Depreciation and amortisation expense	*6*	(1,524)	(1,418)
General administration expenses	*7*	(5,320)	(5,412)
Asset maintenance		(2,127)	(1,782)
Environmental expenses		(81)	(152)
Port utilities		(660)	(567)
Safety and security		(695)	(665)
Finance costs	*8*	(894)	(892)
Other expenses	*9*	(845)	(754)
Profit before income tax		**3,283**	**3,095**
Income tax expense	*10*	(992)	(913)
Profit for the year		**2,291**	**2,182**
Other comprehensive income		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,291**	**2,182**

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2015

	Notes	2015	2014
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	*12*	20,482	11,942
Trade and other receivables	*13*	2,986	2,837
Total current assets		**23,468**	**14,779**
Non-current assets			
Deferred tax assets	*10*	1,122	1,054
Property, plant and equipment	*14*	31,182	28,909
Intangible assets	*15*	153	154
Total non-current assets		**32,457**	**30,117**
TOTAL ASSETS		**55,925**	**44,896**
LIABILITIES			
Current liabilities			
Trade and other payables	*16*	1,733	1,957
Interest bearing borrowings	*17*	886	707
Current tax liability	*10*	423	458
Provisions	*18*	1,406	1,171
Other current liabilities	*19*	514	507
Total current liabilities		**4,962**	**4,800**
Non-current liabilities			
Interest bearing borrowings	*17*	15,191	14,748
Provisions	*18*	152	136
Total non-current liabilities		**15,343**	**14,884**
TOTAL LIABILITIES		**20,305**	**19,684**
NET ASSETS		**35,620**	**25,212**
EQUITY			
Contributed equity	*20*	30,711	20,136
Retained earnings	*20*	4,909	5,076
TOTAL EQUITY		**35,620**	**25,212**

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2015

	Notes	2015	2014
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		21,662	20,234
Interest received		313	370
Cash paid to suppliers and employees		(16,460)	(14,544)
Interest paid		(820)	(816)
Income taxes paid		(1,095)	(968)
Net cash provided by / (used in) operating activities	*21*	**3,600**	**4,276**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	2
Acquisition of property, plant and equipment		(3,798)	(3,475)
Net cash provided by / (used in) investing activities		**(3,798)**	**(3,473)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,328	1,000
Repayment of borrowings		(707)	(559)
Dividends paid		(2,458)	(2,596)
Receipts from state government equity contributions		10,575	3,000
Net cash provided by / (used in) financing activities		**8,738**	**845**
Net increase / (decrease) in cash and cash equivalents		**8,540**	**1,648**
Cash and cash equivalents at the beginning of the period		11,942	10,294
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	*12*	**20,482**	**11,942**

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2015

	Notes	Contributed equity	Retained earnings	Total equity
		$'000	$'000	$'000
Balance at 1 July 2013	*20*	17,136	5,490	22,626
Total comprehensive income for the year		-	2,182	2,182
Transactions with owners in their capacity as owners:				
Contributed equity		3,000	-	3,000
Dividends paid	*11*		(2,596)	(2,596)
Balance at 30 June 2014		**20,136**	**5,076**	**25,212**
Balance at 1 July 2014	*20*	20,136	5,076	25,212
Total comprehensive income for the year		-	2,291	2,291
Transactions with owners in their capacity as owners:				
Contributed equity		10,575	-	10,575
Dividends paid	*11*	-	(2,458)	(2,458)
Balance at 30 June 2015		**30,711**	**4,909**	**35,620**

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Contents

Note 1 – Basis of Preparation

a. Statement of compliance

Kimberley Ports Authority ("the Authority") is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the financial reporting provisions of the *Port Authorities Act 1999*.

The financial statements were authorised for issue on 4th September 2015 by the Board of Directors of the Authority.

b. Presentation of the Statement of Comprehensive Income

Statement of Comprehensive Income classification of expenses by nature is considered to provide more relevant and reliable information than classification by function due to the nature of the Authority's operations.

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

c. Basis of measurement

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

d. Functional and presentation currency

These financial statements are presented in Australian dollars which is the Authority's functional currency. All financial information presented in Australian dollars has been rounded to the nearest thousand dollars ($'000) unless otherwise stated.

e. Use of estimates and judgements

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

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

Information about significant areas of estimation and uncertainty and critical judgments' in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

i. discount rates used in estimating provisions;

ii. estimating useful life and residual values of key assets;

iii. long service leave – retention rates and discount rates.

Note 2 – Summary of Significant Accounting Policies

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

Certain comparative amounts have been reclassified to conform with the current year's presentation [see note 1(b)].

a. Revenue recognition

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

i. Rendering of services

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

ii. Interest

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

iii. Rental income

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

iv. Deferred income

Deferred income represents income received in advance and is released to the Statement of Comprehensive Income over that period to which the income relates.

v. Contributed assets

Contributed assets or services received by the Authority is recognised as income at the fair value of the assets or services where they can be reliably measured.

b. Finance income and expenses

Finance income comprises interest income on funds invested and interest receivable from debtors. Interest income is recognised as it accrues in profit or loss using the effective interest method.

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

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised as part of the cost of the asset, in accordance with AASB 123 *Borrowing Costs*.

In determining the amount of borrowing costs to be capitalised during the financial year, investment revenue earned directly relating to borrowings, is deducted from the borrowing costs incurred.

c. Income tax

The Authority operates within the National Tax Equivalent Regime ("NTER") whereby an equivalent amount in respect of income tax is payable to the State Government. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

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

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

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit/loss.

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

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

d. Receivables

i. Trade Receivables

Trade receivables are recognised and carried at the original invoice amounts less an allowance for any uncollectable amounts. Receivables are generally settled within 14 days except for property rentals, which are governed by individual lease agreements.

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

ii. Lease receivables

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

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

e. Property, plant and equipment

i. Capitalisation / expensing of assets

Items of property, plant and equipment purchased or constructed costing more than $1,000 are recorded at the cost of acquisition less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

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

Any gain or loss on disposal of an item of property, plant and equipment is calculated as the difference between the net proceeds from disposal and the carrying amount of the item and is recognised in profit or loss.

ii. Initial recognition and measurement

Property, plant and equipment are initially recognised at cost.

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

iii. Subsequent costs

Any subsequent cost of replacing/ upgrading an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably.

iv. Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

v. Depreciation

Items of property, plant and equipment are depreciated on either a straight-line or diminishing basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Authority will obtain ownership by the end of the lease term. Land is not depreciated.

Property, plant and equipment, excluding freehold land, are depreciated at rates based on the expected useful lives using the straight line method. Depreciation on assets under construction commences when the assets are ready for use. Depreciation is charged to the Statement of Comprehensive Income.

The depreciation rates for the various classes of non-current assets are as follows:

Access Channel	5 to 20 years
Buildings	3.75 to 50 years
Electronic	2.5 to 20 years
Furniture & fittings	3 to 17 years
Harbour facilities	10 to 40 years
Improvements	2.5 to 20 years
Infrastructure	15 to 40 years
Low Value Pool	3 years
Plant & equipment	3 to 50 years
Motor vehicles	3 to 8 years

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

f. Intangible assets

i. Capitalisation / expensing of assets

Acquisitions of intangible assets and internally generated intangible assets are capitalised. The cost of using the asset is expensed (amortised) over their useful life. Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

iii. Computer software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset.

iv. Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Computer software	2 to 20 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

g. Impairment

Property, plant and equipment and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is any indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not for profit entity, unless an asset has been identified as a surplus asset, the carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell and depreciated replacement cost.

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

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

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h. Leases

Leases are classified as either finance leases or operating leases based on the economic substance of the lease agreements.

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

Other leases are operating leases and the leased assets are not recognised on the Authority's Statement of Financial Position.

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

i. Financial instruments

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

1. Loans and receivables;
2. Held to maturity investments; and
3. Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

i. Financial Assets

   Cash and cash equivalents

   Trade and other receivables

ii. Financial Liabilities

   Trade payables and accruals

   Borrowings

   Finance lease liabilities

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

Initial recognition and measurement is at fair value plus directly attributable transaction costs for assets not carried at fair value through profit or loss. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables approximates their carrying amount because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material. Gains or losses are recognised when the financial assets are derecognised or impaired.

j. Payables

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

k. Borrowings

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

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised, as well as through the amortisation process.

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

l. Employee benefits

The liability for annual and long service leave expected to be settled within 12 months after the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled using the remuneration rates expected to apply at the time of settlement.

Annual and long service leave expected to be settled more than 12 months after the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

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

m. Employee superannuation

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

The superannuation liability for existing employees with the pre-transfer service incurred under the Superannuation and Family Benefits Act Scheme who transferred to the GSS Scheme is provided for at reporting date.

Employees who are not members of either the Pension or the GSS Schemes became non contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2007. From 16 April 2007, employees who are not members of the Pension, GSS or WSS Schemes become non-contributory members of the GESB Superannuation Scheme (GESB Super), a taxed accumulation fund.

The Authority makes concurrent contributions to the Government Employee Superannuation Board (GESB) on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Super Schemes.

Defined benefit plan

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

The discount rate used is the market yield rate at the reporting date on national government bonds that have maturity dates approximating to the terms of the entity's obligations.

The calculation is performed by a qualified actuary using the projected unit credit method.

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

i. Current service cost;

ii. Interest cost (unwinding of the discount);

iii. Actuarial gains and losses; and

iv. Past service cost.

Actuarial gains and losses of the defined benefit plan are recognised immediately in profit or loss.

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

n. Dividends

Dividends are declared and recognised as a liability in the period in which the Minister's approval and the Treasurer's concurrence is received.

o. Provisions

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

The unwinding of the discount is recognised as a finance cost.

p. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, cash at bank, at call deposits and term deposits with original maturities of no greater than 90 days.

For the purpose of the Statement of Cash Flows, cash equivalents consist of cash and cash equivalents as defined above.

q. Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

r. Contributed equity

The Authority receives support from the WA Government (see note 20). The amount received is recognised directly as a credit to contributed equity.

s. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

t. Changes in accounting policies, new and amended standards and interpretations

In the current year, the Authority has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Authority's accounting policies.

u. Comparative figures

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

v. New Accounting Standards and Interpretations not yet mandatory or adopted

The following new and amended Australian Accounting Standards and Interpretations were available for early adoption but have not been assessed for application by the Authority in these financial statements:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012 6, AASB 2013-9, and AASB 2014 1 Amendments to Australian Accounting Standards. The Authority has not yet determined the application or the potential impact of the Standard.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Authority has not yet determined the application or the potential impact of the Standard.

Note 3 – Expenses by Nature

Operating expenses are presented on the face of the Statement of Comprehensive Income using a classification based on the nature of expenses (see note 1(b)). Port operations expenses include those expenses related to land based support activities whilst general administration expenses includes expenditure of an administrative nature.

Note 4 – Revenue

	2015	2014
	$'000	$'000
Revenue consists of the following items:		
Rendering of services		
Charges on cargo	7,682	7,112
Charges on ships	11,386	10,804
Shipping services	411	386
Interest revenue (a)	313	369
Rentals and leases	2,032	1,944
Other	330	202
Net gain / (loss) on disposal of property, plant and equipment	(3)	(3)
Total revenue	**22,151**	**20,814**

(a) Interest revenue is interest received from bank accounts.

Note 5 – Port Operation Expenses

	2015	2014
	$'000	$'000
Shipping activity	2,546	2,454
Indirect salaries and wages – operations	3,620	3,063
Plant and equipment	363	346
Other	193	214
Total port operation expenses	**6,722**	**6,077**

Note 6 – Depreciation and Amortisation Expense

	2015	2014
	$'000	$'000
Depreciation		
Improvements	20	19
Buildings	155	124
Infrastructure	56	57
Harbour Facilities	715	687
Access Channel	15	18
Electronic	110	54
Plant and Equipment	316	365
Furniture and Fittings	6	7
Motor Vehicles	41	41
Low Value Pool	47	31
Total depreciation	**1,481**	**1,403**
Amortisation		
Intangible assets	43	15
Total amortisation	**43**	**15**
Total depreciation and amortisation	**1,524**	**1,418**

Note 7 – General Administration Expenses

	2015	2014
	$'000	$'000
Administration employee expenses	3,640	3,000
Other administration expenses	1,680	2,412
Total general administration expenses	**5,320**	**5,412**

Note 8 – Finance Costs

	2015	2014
	$'000	$'000
Finance charges	71	73
Interest expense	823	819
Finance costs expensed	**894**	**892**

Note 9 – Other Expenses

	2015	2014
	$'000	$'000
Employee on-costs (a)	698	621
Other	147	133
	845	**754**

(a) Includes workers' compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long-term service leave ability is included at Note 18 Provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employee on-costs.

Note 10 – Income Tax

i. Recognised in profit or loss

	2015	2014
	$'000	$'000
Current tax expense		
Current year	(1,060)	(1,092)
Prior year adjustment	-	22
	(1,060)	(1,070)
Deferred tax expense		
Current Tax expense/benefit	68	116
Prior year adjustment	-	41
	68	157
Total income tax expense	**(992)**	**(913)**

ii. Reconciliation between tax expense and profit before tax

	2015	2014
	$'000	$'000
Profit/(loss) for the year	3,283	3,095
Total tax expense	(992)	(913)
Profit after tax	**2,291**	**2,182**
Tax using the statutory tax rate of 30% (2013/14: 30%)	(985)	(928)
Non-deductible expenses	(7)	(7)
Sundry items	-	-
Adjustments for prior period	-	22
Income tax expense / (benefit)	**(992)**	**(913)**

iii. Deferred tax

	2015	2014	2015	2014
	Statement of Financial Position	Statement of Financial Position	Statement of Comprehensive Income	Statement of Comprehensive Income
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Receivables	13	15	(3)	4
FBT Instalment	3	2	1	(1)
	16	**17**	**(2)**	**3**
Deferred tax assets				
Accelerated depreciation for accounting purposes	249	253	4	2
Payables	45	23	(22)	24
Prepaid rental	98	96	(2)	(21)
Employee benefits	475	392	(83)	(110)
Borrowing costs	37	28	(9)	(14)
Business related costs	234	279	46	-
	1,138	**1,071**	**(66)**	**(119)**
Set-off of deferred tax liabilities pursuant to the set-off provisions	(16)	(17)		
Net deferred tax assets	**1,122**	**1,054**		
Prior period adjustments			-	-
Deferred tax charge			**(68)**	**(116)**

iv. Tax liability

	2015	2014
	$'000	$'000
Current tax liability	423	458
Total current tax liability	**423**	**458**

Representing the amount of income taxes payable in respect of current and prior financial periods.

Note 11 – Dividends

	2015	2014
	$'000	$'000
	2,458	2,596
Dividends paid in the financial year	**2,458**	**2,596**

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% (2014: 65%) of after tax profits. A dividend of $1.42 million (2014: $2.6 million) in respect of the financial results for the year ended 30 June 2014 was paid by 30 June 2015.

From 1 July 2014, an amendment to Section 84 of the *Port Authorities Act 1999* came into effect which provides for Government to request an interim dividend recommendation be made by the Board. In June 2015, an interim dividend of $1.04 million (2014: nil) for the year ended 30 June 2015 was declared by the Board and approved by the Government. The interim dividend was paid by 30 June 2015.

Note 12 – Cash and Cash Equivalents

	2015	2014
	$'000	$'000
Bank balances	3,983	2,922
Restricted cash and cash equivalents (a)	10,499	2,520
Term deposits	6,000	6,500
Cash and cash equivalents in the Statement of Cash Flows	**20,482**	**11,942**

(a) Unspent funds are committed to the wharf extension of life project.

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

Note 13 – Trade and Other Receivables

	2015	2014
	$'000	$'000
Current		
Trade receivables	2,895	2,712
Less: allowance for impairment of receivables	-	-
	2,895	**2,712**
Other receivables:		
Accrued revenue	42	50
Prepayments	49	75
Balance at the end of the year	**2,986**	**2,837**

Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	-	-
Impairment losses recognised	-	-
Impairment losses written back	-	-
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Balance at the end of the year	**-**	**-**

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

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

As at 30 June, the ageing analysis of trade debtors past due but not impaired is as follows:

Not more than 3 months	120	105
More than 3 months but less than 6 months	1	1
More than 6 months but less than 1 year	-	-
More than 1 year	-	-
	121	**106**

Note 14 – Property, Plant and Equipment

	2015	2014
	$'000	$'000
Land		
At cost	1,291	1,291
Less: accumulated depreciation	-	-
	1,291	**1,291**
Improvements		
At cost	253	253
Less: accumulated depreciation	(183)	(163)
	70	**90**
Buildings		
At cost	3,970	3,441
Less: accumulated depreciation	(1,028)	(873)
	2,942	**2,568**

Infrastructure		
At cost	2,534	2,387
Less: accumulated depreciation	(1,406)	(1,350)
	1,128	**1,037**
Harbour Facilities		
At cost	26,281	25,365
Less: accumulated depreciation	(7,257)	(6,542)
	19,024	**18,823**
Access Channel		
At cost	488	488
Less: accumulated depreciation	(416)	(401)
	72	**87**
Electronic Equipment		
At cost	752	688
Less: accumulated depreciation	(326)	(217)
	426	**471**
Plant and Equipment		
At cost	4,500	4,329
Less: accumulated depreciation	(2,414)	(2,116)
	2,086	**2,213**
Furniture & Fittings		
At cost	89	84
Less: accumulated depreciation	(53)	(47)
	36	**37**
Motor Vehicles		
At cost	359	359
Less: accumulated depreciation	(271)	(230)
	88	**129**
Low Value Pool		
At cost	261	215
Less: accumulated depreciation	(147)	(97)
	114	**118**

Total property, plant and equipment		
At cost	40,778	38,900
Less: accumulated depreciation	(13,501)	(12,036)
	27,277	**26,864**
Add: work in progress (at cost)	3,905	2,045
	3,905	**2,045**
Total property, plant and equipment	**31,182**	**28,909**

Reconciliation of carrying amounts	2015	2014
	$'000	$'000
Land		
Carrying amount at 1 July	1,291	1,291
Additions	-	-
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	**1,291**	**1,291**
Improvements		
Carrying amount at 1 July	90	81
Additions	-	-
Transfer from work in progress	-	28
Depreciation for the year	(20)	(19)
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	**70**	**90**
Buildings		
Carrying amount at 1 July	2,568	2,073
Additions	3	2
Transfer from work in progress	526	617
Depreciation for the year	(155)	(124)
Disposals	-	(49)
Accumulated depreciation on disposals	-	49
Impairment losses	-	-
Carrying amount at 30 June	**2,942**	**2,568**

Infrastructure		
Carrying amount at 1 July	1,037	1,094
Additions	-	-
Transfer from work in progress	147	-
Depreciation for the year	(56)	(57)
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	**1,128**	**1,037**
Harbour Facilities		
Carrying amount at 1 July	18,823	18,589
Additions	-	-
Transfer from work in progress	916	921
Depreciation for the year	(715)	(687)
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	**19,024**	**18,823**
Access Channel		
Carrying amount at 1 July	87	36
Additions	-	-
Transfer from work in progress	-	70
Depreciation for the year	(15)	(19)
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	**72**	**87**
Electronic Equipment		
Carrying amount at 1 July	471	98
Additions	20	116
Transfer from work in progress	45	312
Depreciation for the year	(110)	(54)
Disposals	-	(55)
Accumulated depreciation on disposals	-	54
Impairment losses	-	-
Carrying amount at 30 June	**426**	**471**

Plant and Equipment		
Carrying amount at 1 July	2,213	2,484
Additions	187	71
Transfer from work in progress	5	28
Depreciation for the year	(316)	(366)
Disposals	(20)	(55)
Accumulated depreciation on disposals	17	51
Impairment losses	-	-
Carrying amount at 30 June	**2,086**	**2,213**

Furniture & Fittings		
Carrying amount at 1 July	37	33
Additions	5	10
Depreciation for the year	(6)	(6)
Disposals	-	(1)
Accumulated depreciation on disposals	-	1
Impairment losses	-	-
Carrying amount at 30 June	**36**	**37**

Motor Vehicles		
Carrying amount at 1 July	129	169
Additions	-	-
Depreciation for the year	(41)	(40)
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	**88**	**129**

Low Value Pool		
Carrying amount at 1 July	118	65
Additions	42	84
Transfer from work in progress	1	-
Depreciation for the year	(47)	(31)
Disposals	-	-
Carrying amount at 30 June	**114**	**118**

Work in progress		
Carrying amount at 1 July	2,045	973
Additions	4,772	4,270
Transfers to expenditure	(1,248)	(1,108)
Transfers to property, plant and equipment	(1,640)	(1,976)
Transfers to intangibles	(24)	(114)
Carrying amount at 30 June	**3,905**	**2,045**
Total property, plant and equipment	**31,182**	**28,909**

Note 15 – Intangible Assets

	2015	2014
	$'000	$'000
Computer software		
At cost	326	284
Less: accumulated depreciation	(173)	(130)
	153	**154**

Reconciliation of carrying amounts	2015	2014
	$'000	$'000
Computer software		
Carrying amount at 1 July	154	27
Additions	18	28
Transfer from work in progress	24	114
Depreciation for the year	(43)	(15)
Disposals	-	(1)
Accumulated depreciation on disposals	-	1
Carrying amount at 30 June	**153**	**154**

Note 16 – Trade and Other Payables

	2015	2014
	$'000	$'000
Current		
Trade payables	1,167	1,532
Accrued expenses	566	425
	1,733	**1,957**

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

Note 17 – Interest bearing borrowings

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

	2015	2014
	$'000	$'000
Current liabilities		
Direct borrowings	886	707
	886	**707**
Non-current liabilities		
Direct borrowings	15,191	14,748
	15,191	**14,748**

Financing arrangements	2015	2014
	$'000	$'000
The Authority has access to the following lines of credit:		
Total facilities available:		
Liquid facility and direct borrowings	16,100	16,600
	16,100	**16,600**
Facilities utilised at the end of the reporting period:		
Liquid facility and direct borrowings	16,077	15,455
	16,077	**15,455**
Total facilities not utilised at the end of the reporting period:		
Liquid facility and direct borrowings	**23**	**1,145**

At reporting date, the Authority has an approved financing facility from Western Australian Treasury Corporation (WATC) for 30 June 2016 of $15.251 million.

i. Master lending agreement (MLA)

For the purposes of accessing more simplified and flexible borrowing arrangements, the Authority entered into a MLA with the WATC on 1 February 2008 which consolidates all of the existing agreements into one facility.

ii. Significant terms and conditions

Direct borrowings comprise of five (5) loans at fixed interest rates from wa treasury corporation and are repayable in accordance with a fixed repayment schedule;

1. $11.32m with fixed monthly principal and interest repayments that will result in the loan being fully settled in February 2025. The effective interest rate on the loan is 5.82%.
2. $2.073m with fixed monthly principal and interest repayments that will result in the loan being fully settled in July 2026. The effective interest rate on the loan is 5.63%.
3. $1.8m with fixed monthly principle and interest repayments that will result in the loan being fully settled in September 2032. The effective interest rate on the loan is 4.27%.
4. $3.077m with fixed monthly principle and interest repayments that will result in the loan being fully settled in January 2029. The effective interest rate on the loan is 5.01%.
5. $1.328m with fixed monthly principle and interest repayments that will result in the loan being fully settled in July 2030. The effective interest rate on the loan is 3.81%.

Interest rate risk exposure

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

2015 Fixed interest rate

	1 Year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Interest Bearing Borrowings:							
Direct Borrowings (WATC)	886	1,028	1,199	1,266	1,337	10,361	**16,077**
	886	**1,028**	**1,199**	**1,266**	**1,337**	**10,361**	**16,077**

Weighted average interest rate:

Direct borrowings 5.39%

2014 Fixed interest rate

	1 Year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Interest bearing borrowings:							
Direct borrowings (WATC)	707	826	959	1,127	1,191	10,645	**15,455**
	707	**826**	**959**	**1,127**	**1,191**	**10,645**	**15,455**

Weighted average interest rate:

Direct borrowings 5.51%

Note 18 – Provisions

	2015	2014
	$'000	$'000
Current		
Annual leave (a)	813	630
Sick leave (b)	148	124
Time in lieu (c)	142	150
Accrued days off (d)	5	20
Long service leave (e)	289	240
Fringe benefits tax	9	7
	1,406	**1,171**
Non-current		
Long service leave (e)	152	136
	152	**136**

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

	2015	2014
	$'000	$'000
Within 12 months of the reporting date	568	454
More than 12 months after the reporting date	245	176
	813	**630**

(b) Sick leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting date. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2015	2014
	$'000	$'000
Within 12 months of the reporting date	66	77
More than 12 months after the reporting date	82	47
	148	**124**

(c) Time in lieu leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting date. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2015	2014
	$'000	$'000
Within 12 months of the reporting date	142	150
More than 12 months after the reporting date	-	-
	142	**150**

(d) Accrued days off leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting date. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2015	2014
	$'000	$'000
Within 12 months of the reporting date	5	20
More than 12 months after the reporting date	-	-
	5	**20**

(e) The settlement of long service leave liabilities gives rise to the payment of employment on-costs including workers compensation premiums and payroll tax. The provision is measured at the present value of expected future payments.

	2015	2014
	$'000	$'000
Within 12 months of the reporting date	289	240
More than 12 months after the reporting date	152	136
	441	**376**

Note 19 – Other liabilities

	2015	2014
	$'000	$'000
Prepaid lease and license income	514	507
Total other liabilities	**514**	**507**

Note 20 – Equity

The WA Government holds the equity interest in the Authority on behalf of the community. Equity represents the residual interest in the net assets of the Authority.

	2015	2014
	$'000	$'000
Contributed equity		
Balance at start of year	20,136	17,136
Equity contributions in the year	10,575	3,000
Balance at end of year	**30,711**	**20,136**
Retained earnings		
Balance at start of year	5,076	5,490
Profit for the year	2,291	2,182
Dividends paid	(2,458)	(2,596)
Balance at end of year	**4,909**	**5,076**

Note 21 – Reconciliation of cash flows from operating activities

	2015	2014
	$'000	$'000
Cash flows from operating activities		
Profit/(loss) for the period	2,291	2,182
Adjustments for:		
Depreciation	1,481	1,403
Amortisation of intangible assets	43	15
(Gain) / loss on sale of property, plant and equipment	3	3
Operating profit before changes in working capital and provisions	**3,818**	**3,603**
Changes in assets and liabilities		
Change in deferred tax provision	(68)	(116)
Change in trade and other receivables	(183)	(261)
Change in prepayments	26	(8)
Change in accrued income	8	(15)
Change in GST liability	11	(37)
Change in trade and other payables	(235)	587
Change in prepaid income	7	71
Change in employee benefits	251	391
Change in provisions	(35)	60
Net cash from operating activities	**3,600**	**4,275**

Note 22 – Financial instruments

i. Financial risk management objectives and policies

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

The fair values and carrying amounts of various financial instruments recognised at reporting date are noted below:

	Notes	2015		2014	
		Carrying amount	Fair values	Carrying amount	Fair values
		$'000	$'000	$'000	$'000
Cash and cash equivalents	*12*	20,482	20,482	11,942	11,942
Trade and other receivables	*13*	2,986	2,986	2,837	2,837
Trade and other payables	*16*	(1,733)	(1,733)	(1,957)	(1,957)
Interest bearing borrowings	*17*	(16,077)	(17,712)	(15,455)	(16,836)
		5,658	**4,023**	**(2,633)**	**(4,014)**

The carrying amounts of (1) cash and cash equivalents, (2) trade and other receivables and (3) trade and other payables are a reasonable approximation of their fair values on account of their short maturity cycle.

The fair value of interest bearing borrowings is provided by WATC. The Authority does not expect prepayments of those loans and borrowings.

Market risk

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

The Authority's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than as detailed in the interest rate sensitivity analysis in the table below, the Authority has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings (fixed interest rate).

Sensitivity analysis

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

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

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

		+0.50% change		(0.50%) change	
	Carrying Amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
2015					
Financial Assets					
Cash & cash equivalents	20,482	102	102	(102)	(102)
Total Increase/(Decrease)	**20,482**	**102**	**102**	**(102)**	**(102)**

		+0.50% change		(0.50%) change	
	Carrying Amount	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
2014					
Financial Assets					
Cash & cash equivalents	11,942	60	60	(60)	(60)
Total Increase/(Decrease)	**11,942**	**60**	**60**	**(60)**	**(60)**

Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis. With respect to credit risk arising from cash and cash equivalents, the Authority's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents.

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

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

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

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due.

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

The weighted average interest rate for each category of financial instrument is as follows:

2015	Weighted Average Interest Rate $'000	Fixed Interest Rate $'000	Floating Interest Rate $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets & Liabilities					
Cash & cash equivalents	2.85%	-	20,482	-	**20,482**
Trade and other receivables	-	-	-	2,986	**2,986**
Interest bearing borrowings	5.39%	(16,077)	-	-	**(16,077)**
Trade and other payables	-	-	-	(1,733)	**(1,733)**
Net Financial Assets (Liabilities)		**(16,077)**	**20,482**	**1,253**	**5,658**

2014	Weighted Average Interest Rate $'000	Fixed Interest Rate $'000	Floating Interest Rate $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets & Liabilities					
Cash & cash equivalents	3.17%	-	11,942	-	**11,942**
Trade and other receivables	-	-	-	2,837	**2,837**
Interest bearing borrowings	5.51%	(15,455)	-	-	**(15,455)**
Trade and other payables	-	-	-	(1,957)	**(1,957)**
Net Financial Assets (Liabilities)		**(15,455)**	**11,942**	**880**	**(2,633)**

The table below reflects the contractual maturity of financial liabilities and financial assets. The table includes both interest and principle cash flows:

2015	Carrying amount $'000	6 months or less $'000	6 – 12 months $'000	1 – 2 years $'000	2 – 5 Years $'000	More than 5 years $'000
Financial assets						
Cash and cash equivalents	**20,482**	20,482	-	-	-	-
Trade and other receivables	**2,986**	2,986	-	-	-	-
	23,468	**23,468**	**-**	**-**	**-**	**-**
Financial liabilities						
Trade payables and accruals	**(1,733)**	(1,733)	-	-	-	-
Borrowings	**(21,643)**	(849)	(864)	(1,807)	(7,666)	(10,457)
	(23,376)	**(2,582)**	**(864)**	**(1,807)**	**(7,666)**	**(10,457)**
Net maturity	**92**	**20,886**	**(864)**	**(1,807)**	**(7,666)**	**(10,457)**

2014	Carrying amount $'000	6 months or less $'000	6 – 12 months $'000	1 – 2 years $'000	2 – 5 years $'000	More than 5 years $'000
Financial assets						
Cash and cash equivalents	**11,942**	11,942	-	-	-	-
Trade and other receivables	**2,837**	2,837	-	-	-	-
	14,779	**14,779**	**-**	**-**	**-**	**-**
Financial liabilities						
Trade payables and accruals	**(1,957)**	(1,957)	-	-	-	-
Borrowings	**(21,427)**	(761)	(771)	(1,607)	(7,091)	(11,197)
	(23,384)	**(2,718)**	**(771)**	**(1,607)**	**(7,091)**	**(11,197)**
Net maturity	**(8,605)**	**12,061**	**(771)**	**(1,607)**	**(7,091)**	**(11,197)**

ii. Categories of financial instruments

Set out below are the carrying amounts of the Authority's financial instruments. The Directors consider the carrying amounts of the financial instruments represent their net fair value except for special borrowings whose fair value is disclosed at note 22(i).

	Notes	2015	2014
		$'000	$'000
Financial assets			
Cash and cash equivalents	*12*	20,482	11,942
Trade and other receivables	*13*	2,986	2,837
		23,468	**14,779**
Financial liabilities			
Trade and other payables	*16*	(1,733)	(1,957)
Interest bearing borrowings:			
Fixed rate borrowings	*17*	(16,077)	(15,455)
		(17,810)	**(17,412)**

The Authority's exposure to interest rate risk on the interest-bearing borrowings is disclosed in note 17.

iii. Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognized at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Note 23 –Commitments

i. Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	2015	2014
	$'000	$'000
Within one year (a)	10,895	491
Later than 1 year and not later than 5 years (a)	10,575	-
Later than 5 years	-	-
	21,470	**491**

(a) Majority of the capital commitments are related to wharf extension life project.

ii. Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

	2015	2014
	$'000	$'000
Within one year	95	78
Later than 1 year and not later than 5 years	283	-
Later than 5 years	-	-
	378	**78**

iii. Other expenditure commitments

	2015	2014
	$'000	$'000
Remote area housing tenancy commitments	194	152
	194	**152**

iv. Operating leases receivable

	2015	2014
	$'000	$'000
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	1,831	1,807
Later than 1 year and not later than 5 years	5,398	5,027
Later than 5 years	2,689	3,057
	9,918	**9,891**

Operating leases receivable are in respect of the Authority's property leases. Lease payments are in accordance with the terms of their respective lease agreements. Many leases include an option to renew.

v. Other receivables

	2015	2014
	$'000	$'000
Remote area housing tenancy receivables	128	149
	128	**149**

Note 24 – Remuneration of Auditor

Remuneration payable to the Auditor General in respect to the audit for the current financial year is as follows:

	2015	2014
	$'000	$'000
Auditing the accounts and financial statements	41	40
	41	**40**

Note 25 – Related parties

Directors

The following persons held the position of director during the financial year and until the date of this report:

D.Aberle, A.Dartnell, E.Fear, D.Mofflin (Deputy Chair), M.Peirson-Jones and L.Shervington (Chairman).

Resignations: K.Male, G.Morris.

There has been no other related parties transactions except for those detailed below:

Director M.Peirson-Jones owns Kimberley Accommodation PTY Ltd T/As Moonlight Bay Suites. Transactions with this entity for 2014/15 amounted to $3,595.

Note 26 – Contingent liabilities and assets

There are no contingent liabilities and assets at reporting date.

Note 27 – Subsequent events

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

Directors' declaration

In the opinion of the Directors of Kimberley Ports Authority:

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

   i. giving a true and fair view of the Authority's financial position as at 30 June 2015 and its performance, for the financial year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Port Authorities Act 1999*;

b. There are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Mr Laurie Shervington
Chairman
4 September 2015

Mr David Mofflin
Deputy Chairman
4 September 2015

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

KIMBERLEY PORTS AUTHORITY

I have audited the financial report of the Kimberley Ports Authority. The financial report comprises the Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, Notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7600

Opinion

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

(a) giving a true and fair view of the Authority's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Kimberley Ports Authority for the year ended 30 June 2015 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
10 September 2015

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