KIMBERLEY PORTS AUTHORITY

2019 ANNUAL REPORT

CONTENTS

CHAIR and CHIEF EXECUTIVE OFFICER REPORT 2018/19

REECE WALDOCK AM
CHAIR

KEVIN SCHELLACK
CEO

The Port of Broome facilitates trade for a range of industries including oil and gas logistics, cruise shipping, live cattle exports, pearling and fishing, and fuel imports and exports. INPEX and Shell Australia represent approximately 50% of KPA's revenue from servicing the offshore oil and gas sector.

KPA's Board and management believe safety is the highest priority and this has been borne out with the health and safety initiatives reported in the 2017/18 Annual Report being recognised with the granting of a prestigious WS Lonnie Award. Port of Broome along with 10 other West Australian ports were recognised for participating in the State Wide Array Surveillance Program which received a Golden Gecko Award in recognition of the marine pest monitoring initiative. KPA supports this type of collaboration amongst ports which included our HSE Manager visiting Southern Ports Authority to conduct safety audits across the three ports using the WorkSafe Plan as an audit tool.

KPA commenced work on numerous large projects during the reporting period involving every department in planning and approvals documentation. KPA has been allocated $15.3M to undertake the Channel Optimisation Project works, which will see an 11 day dredging program take place in September 2019. KPA contributed $2.25M to the project. The required environmental approvals have been obtained and marine fauna observers trained ready for the project commencement. Jan de Nul have been awarded the dredging contract for the Port of Broome's approach channel works, which will make it safer for large vessels to manoeuvre through the channel at all tides. The cruise ship industry and local tourism sector will be the large beneficiaries of this project facilitating greater time at the wharf for passengers to experience Broome and surrounds. KPA expects the new passenger gangway to be completed and commissioned for use in Q4 2019 enabling safer and faster cruise passenger transfers.

Kimberley Marine Supply Base Pty Ltd expressed an interest to KPA to establish a Kimberley Marine Material Offloading Facility to the South of the existing Port of Broome wharf. This facility will have a floating deck and the ability to transfer heavy loads across the wharf to meet the needs of the expanding Browse oil and gas developments.

KPA has been allocated $15.3M to undertake the Channel Optimisation Project works, which will see an 11 day dredging program take place in September 2019

The flexibility of a floating wharf will also accommodate cruise vessel passenger disembarkation at any tide. Due diligence has been undertaken by KMSB and KPA working through the lease documentation and a business case for the project, which awaits final Government approval. If this project proceeds it will fulfil a future requirement identified in the Port Master Plan for wharf expansion to meet trade demand. The project will create jobs and produce an economic benefit for the Broome community into the future.

The *Ports Legislation Amendment Act 2019* was passed by Parliament in late February 2019. Since that time the Department of Transport and KPA have formed a Ports Amalgamation Working Group to prioritise the timely transfer of the Ports of Wyndham, Derby and Yampi Sound. The ports transfer will require refreshing previous due diligence reports and documenting transition plans for the successful assignment to KPA.

The Wharf Extension of Life (**WEOL**) project has been finalised with the commissioning of the new fire-fighting system to respond to fuel fires, the completion of the underdeck trolley system to maintain the 2007 wharf extension and pile restorations works. Planning has been finalised and tender documents released for the works at Entrance Point to enhance recreational facilities. KPA plans to: rearrange parking to accommodate rigging and turning bays; establish seating, tables, shade structures and ablution facilities; along with repairing the existing boat ramps. The State Government allocated $2.98M for the project and works are earmarked to commence in October 2019.

KPA incurred a loss of $1.7M, after tax, for the 2018/19 year. While many expenses were contained repairs and maintenance expenditure increased by $0.5M, which is expected as the WEOL funds were expended, utilities expenditure increased by 38% as Horizon Power changed the charging regime at the Port of Broome based on consumption, and further rises are expected to be imposed by the Water Corporation in the coming year. Overall vessel visit numbers were down by 14% and, in particular, oil and gas vessel visitations were down 29% which was close to predicted trade levels. Livestock exports were up by 29% due to the busy start to the 2019 season and cruise shipping has recorded a 14% increase which has been offset by fuel bunkers decreasing and overall exports being down 7.2% compared to 2017/18. The financial look ahead is improving slightly for 2019/20 with significant revenue increases predicted from 2020/21 onwards as offshore oil and gas activity strengthens.

The three Broome KPA offices amalgamated into one location at 549 Port Drive improving communication amongst the leadership team and facilitating improved collaboration on large projects. KPA has received approval to purchase a new mobile harbour crane to support stevedoring operations and increase cargo transfer efficiencies from late-2020.

While some projects will be finalised by Q4 2019 the larger ports amalgamation and KMSB projects are long term initiatives which will require Board and management attention into the future. Once proposed resource projects commence production across the Kimberley the regional ports should be in a position to facilitate the expected growth in trade.

Silversea's Silver Discoverer

02.
AGENCY OVERVIEW

2.1 Agency Performance

The following information provides a measurement of agency performance against the Kimberley Ports Authority's 2018/19 Statement of Corporate Intent.

2.1.1 Financial Targets

Financial Targets 2018/19	Target $000's / %	Actual $000's / %	Variation $000's / %
Gross revenue	17,356	17,859	503
Total services costs	20,030	19,572	(458)
Net Tax Equivalent paid to Treasury	0	0	0
Profit/Loss after tax	(2,674)	(1,713)	961
Expected Dividend to be paid to Treasury	0	0	0
Net increase/(decrease) in cash (from Statement of Cash Flows)	(7,969)	(5,976)	1,993
Rate of Return	(3.1%)	(1.3%)	1.8%
Capital Expenditure	21,422	3,853	(17,569)
Total Assets	**72,931**	**71,047**	**(1,884)**

Table 1 *Financial targets 2018/19*

Variations in revenue from budget for financial year 2018/19 were due to the reduction in oil and gas vessel visits, unbudgeted ammonium nitrate imports and increased cruise and livestock vessel visits. KPA was able to keep both consulting and legal fees under budget. The Port Authority returned positive earnings before interest, tax, depreciation and amortization (**EBITDA**) of $1.4 million and a loss of $1.7 million after tax.

2.1.2 Customer Satisfaction

KPA uses a range of methods to monitor customer satisfaction including regular face to face operational meetings, and hosting the KPA Logistics Working Group forum where management and customers provide presentations and respond to enquiries. The CEO regularly meets a range of customers to ensure services meet industry requirements and to plan for future port utilisation.

The CEO and KPA Chair visited cruise line companies in late 2018 to explain the expected outcomes of the Channel Optimisation Project (**COP**), and to provide an update on the new gangway design and fabrication. The visit assisted KPA in understanding industries requirements and future visitations to the Port of Broome. KPA regularly provides updates on the COP so that customers can plan shipping during and post the dredging program scheduled to commence in September 2019.

KPA has a Customer Service Charter that outlines expected service levels and provides information on how to communicate customer feedback. A customer feedback form is also available on the KPA website and the next customer survey is due in mid-2020. KPA publishes and distributes the Navigator newsletter providing information on KPA's projects, community involvement and port improvement initiatives to customers and stakeholders.

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 Procedure that is updated every two years to ensure ongoing relevance to workplace dynamics and legislation. The next update is scheduled for mid-2019 and will be undertaken in September with employee training scheduled soon thereafter. Training is delivered to all KPA employees and covers legislative compliance, and in particular recognises unlawful discrimination.

KPA continues to ensure that it is a workplace that fosters fairness, equity and diversity by providing equal opportunity employment based on merit, regardless of: sex, age, race, pregnancy, marital status, sexual orientation, family responsibility, religious or political conviction or impairment.

2.3.2 Human Resources

KPA had a workforce of 77 including full-time, part-time and casual employees during 2018/19. During the reporting period KPA's long serving Commercial Manager resigned and was replaced, the Project Engineer was replaced and an ICT Officer was engaged to carry out most of the work being undertaken by consultants. One employee commenced parental leave, hence a part-time employee was fully engaged for the period.

KPA has signed an agreement with Nirrumbuk Aboriginal Corporation to provide a pool of casual stevedore labour, when required. Eligible trainees have participated in training provided by Nirrumbuk and KPA so that they can fill positions during busy periods at the port. KPA has also directly employed eight casual stevedore and maintenance employees during the year.

KPA has an Education Assistance Procedure that provides financial support and study leave to encourage employees to gain higher skills and qualifications. During the past year an employee commenced a Bachelor of Global Logistics and Maritime Management course.

Operations employees undertook training in areas such as operating a forklift and 60 tonne crane certification. The Operations department also trained two stevedores in the role of Operations Coordinators which has given them a good understanding of the office based role that organises labour, equipment and ship berthing at the Port of Broome wharf.

2.1 Agency Performance (continued)

2.3.3 The State Records Act 2000

KPA has a registered Recordkeeping Plan – RKP 2014035, revised and updated in late 2014, with a revised plan due for lodgement in December 2019. ELO Digital, a fully functional Electronic Document Recording Management System for record keeping was upgraded during the reporting period to deliver improved features to office staff. Recordkeeping Awareness training was delivered to four new personnel throughout the year. KPA has Recordkeeping Procedures that is provided to office personnel who are also trained, in-house, in using ELO Digital.

2.3.4 Freedom of Information

The Information Statement was updated in June 2019 to maintain currency of KPA's information. The Information Statement explains how to lodge a Freedom of Information request, lists associated charges, and a copy of the document is available either from the Port Authority offices or via the website – www.kimberleyports.wa.gov.au

There was a partially transferred FoI application processed, in compliance with the *Freedom of Information Act 1992,* during the financial year 2018/19.

2.3.5 Electoral Act 1907 – Section 175ZE

In accordance with Section 175Ze of the Electoral Act 1907, the following expenses were incurred by KPA in media advertising and market research:

Expenditure Agency	Class	Amount
Beilby Corporation Pty Ltd	Media Advertising Organisation	$1,244.48
West Australian Newspapers Ltd	Media Advertising Organisation	$6,004.93
GoGo On Hold Pty Ltd	Media Advertising Organisation	$752.72
Mills Wilson Tudorview	Media Advertising Organisation	$7,550.00
Minq Design Studio	Media Advertising Organisation	$1,818.86
Total		**$17,370.99**

Table 2 Advertising 2018/19

2.3.6 Risk Management

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

- assessing the risks associated with the Channel Optimisation Project;
- assessing the risks associated with the business plan lodged by Kimberley Marine Support Base Pty Ltd for the construction of a new facility at the Port of Broome; and
- preparing risk assessments for a range of smaller agreements to support maintenance and development at the Port.

The KPA Board has the following sub-Committees: Risk; Governance; and Audit, Human Resources and Remuneration to assess and monitor KPA's risk profile. Management has been working towards a major revision of the Risk Management Framework that provides the assessment criteria for risks and introducing new software to record risks.

2.3.7 Compliance with Legislation

KPA uses professional legal advisers to ensure that KPA's documentation and agreements meet best practice and comply with all relevant legislation. Professional staff attend regular training to maintain their qualifications. KPA receives newsletters and circulars to stay informed of significant changes to key legislation. A new software system, close to completion, will record key legislation and provide reminders to nominated employees to ensure that legislative obligations are being met. During the reporting period KPA outsourced legal advice to consultants.

2.3.8 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 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.

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

Compliance issues:	In order to achieve best practice in compliance, KPA has a range of policies and procedures in place and is internally and externally audited.
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:	Nil reports

Table 3 Public Sector Management Act 1994 Activities

2.3 Governance (continued)

2.3.10 Corruption Prevention

KPA has a comprehensive system of codes, policy statements and procedures that form the basis of its corruption prevention system. The Code of Conduct and Policy Statements are approved by the KPA Board and each staff member is required to read and acknowledge receipt of the relevant documents and agree to abide by its terms. Training is also provided on policy and procedural obligations.

In accordance with Section 23 of the *Port Authorities Act 1999*, KPA has reported to the 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 is due for review in mid-2019 which will be undertaken in September with training scheduled for November 2019.

The Procurement Procedure sets clear guidelines regarding the process to be followed when services and products are procured. Staff members authorised to purchase goods and services, on behalf of KPA, are assigned limits on the value of goods and services they can purchase.

KPA procedures 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. KPA received no Public Interest Disclosure applications during 2018/19.

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 which assists KPA to integrate environmental management requirements into our business objectives, continuously improve our environmental performance and minimise environmental impacts across our operations, both land and marine.

There were no significant environmental incidents during the reporting period.

KPA continued to work closely with the Department of Biodiversity, Conservation and Attractions, and Nyamba Buru Yawuru to discuss trans-boundary issues relating to Port waters and the Yawuru Nagulagun Roebuck Bay Marine Park. The three organisations have a Memorandum of Agreement for the marine park and meet on a regular basis to share relevant information, provide updates on new projects and ensure lines of communication are maintained.

During the reporting period KPA monitored for the presence of invasive marine pests through the State Wide Array Surveillance Program (**SWASP**), a collaborative marine biosecurity surveillance network with the WA Department of Primary Industries and Regional Development (**DPIRD**). The SWASP involves the deployment of arrays on the wharf to monitor for marine growth and shoreline searches to identify potential invasive marine species. Eleven WA ports from Esperance to Broome participate in the SWASP and in 2018 the program won WA's premier environmental award, the Golden Gecko at the Department of Mines, Industry Regulation and Safety's 2018 Resources Sector Awards for Excellence. In 2019 the program was further recognised when it was awarded with an Australian Biosecurity Award through the Department of Agriculture and Water Resources.

KPA continued its groundwater monitoring program with bi-annual sampling occurring at the end of the wet season and the end of the dry season. A groundwater conceptual site model was also completed for the port to assist with improving the baseline understanding of groundwater conditions.

KPA worked with its tenants to ensure environmental compliance through development approval processes, tenant inspections and the ongoing implementation of KPA's tenant environmental management requirements.

Over the past 12 months KPA has continued to contribute to the Broome Community Seagrass Monitoring Project which monitors sea grass within Roebuck Bay. KPA also continued its involvement in the Roebuck Bay Working Group Committee.

As part of KPA's Channel Optimisation Project (**COP**) KPA completed marine fauna observer (**MFO**) training and commenced baseline marine water monitoring. These activities form part of KPA's environmental monitoring requirements which are stipulated in the KPA Dredge Environmental Management Plan for the project which has been approved by state and federal regulators.

2.5 Organisational Structure

Minister	Hon Alannah MacTiernan, MLC Minister for Ports
Board Members	Reece Waldock AM (Chair) David Mofflin (Deputy Chair) Martin Peirson-Jones Anna Dartnell Rochelle Smith Susan McCarrey Susan Bergersen
Chief Executive Officer	Kevin Schellack
Harbour Master	Captain Lindsay Copeman
CFO	Charles Kleiman BBus (Accounting) CPA
Finance Manager	Natalie Beckett BComm (Accounting) CPA
Commercial Manager and General Counsel	Sean Mulhall BA LLB (until February 2019)
Commercial Manager	Wesley Griffths (from April 2019)
Engineer	Scott Baker BE (Hons) MIEAust
Operations Manager	Luke Westlake
HSE Manager	Veronica Mair BEc (Hons) MScTech (OHS) MEnvMgt, (recommenced work November 2018)
Acting HSE Manager	Benn Prowse Bachelor Science (Hons), Masters in HSE Management (employed to December 2018)
Administration Manager	Rosemary Braybrook BBus (Public Relations)
Postal Address	PO Box 46 Broome, Western Australia 6725
Office Address	549 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

Table 4 Organisational Structure

2.5.1 Organisational Chart

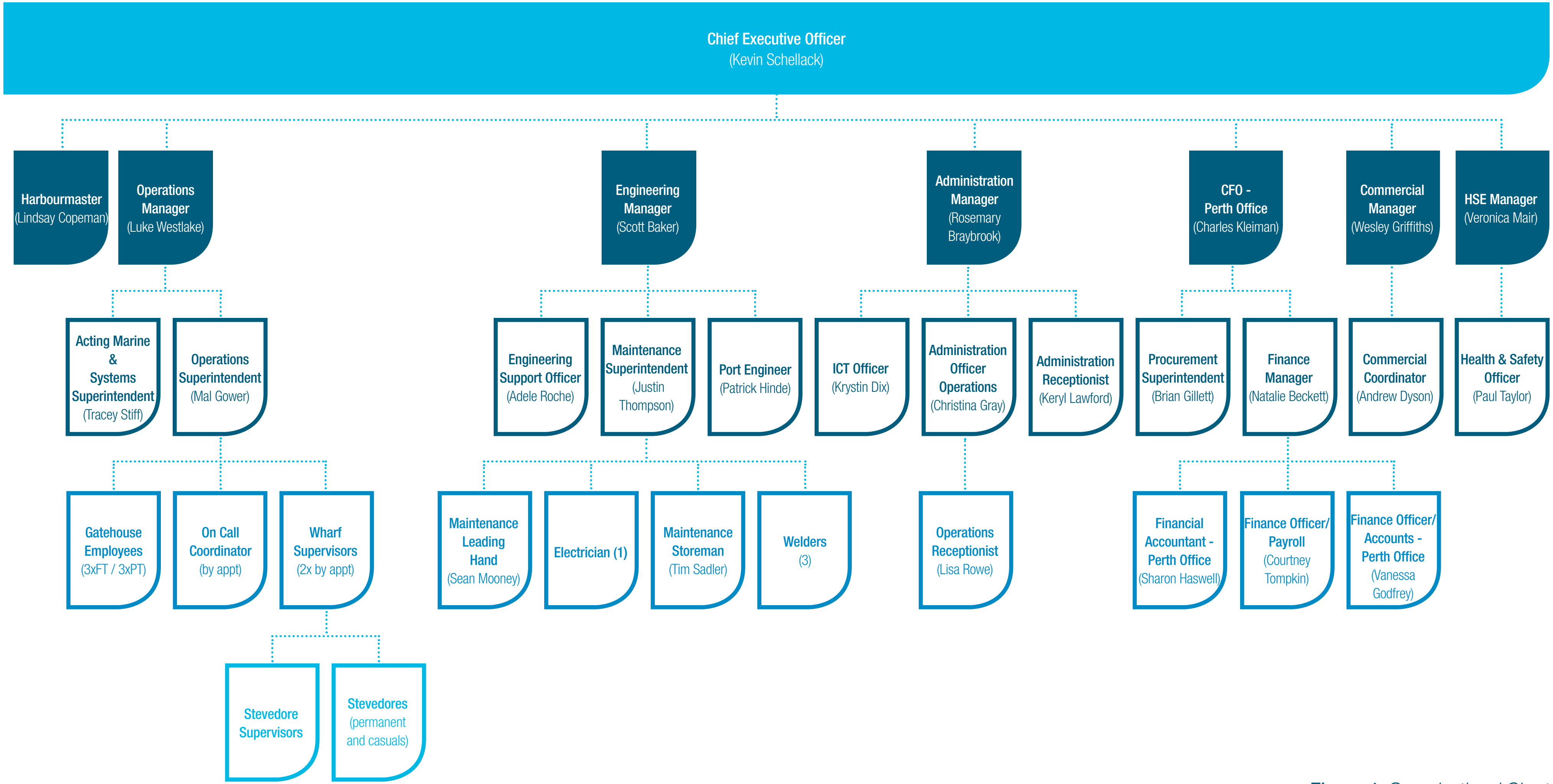


Figure 1 Organisational Chart

03.
OPERATIONAL PERFORMANCE

3.1 Occupational Health and Safety

Safety is a key focus for KPA and we are committed to providing a safe and healthy work environment for all employees, contractors, port users and visitors.

During the reporting period KPA received a WS Lonnie Award for its commitment to health and safety and for the safety initiatives undertaken and reported in the 2017/18 Annual Report.

The Health Safety and Environment (**HSE**) Committee meets regularly and provides a forum for elected Health and Safety Representatives to table safety issues. The committee meeting also provides an excellent forum for new initiatives to be tabled for comment and consultation. In 2018/19 the HSE Committee worked on a number of improvement plans centred on critical risks, namely:

- Working at Height;
- Lifting Operations;
- Hazardous Energy Control, and
- Mooring and unmooring.

Significant capital expenditure was undertaken to address safety critical elements on the wharf. Some of the projects that were completed or were commenced in the reporting period include:

- The fabrication and installation of new underdeck trolleys for the southern end of the wharf;
- Scaffolding around wharf piles on the wharf neck to ensure safe access and egress for blasting and painting activities;
- Cantilevered workbox to safely access the underdeck of the wharf, and
- All tide gangway (in progress) which will assist with providing safe passenger access and egress from cruise vessels.

Employees completed a range of internal and external safety training courses in 2018/19 including:

- Emergency training including drills, extinguisher and fire warden training;
- Working at Heights;
- Lock out tag out training;
- Manual Handling;
- Fundamentals of injury management;
- OSH Supervisors training;
- First aid training;
- Alcohol and Other Drug information session;
- OHS Policy training;
- New stevedore inductions, and
- Dangerous Goods Awareness.

Flu vaccinations were made available to all employees as part of KPA's health and wellbeing program. KPA maintained an Employee Assistance Program during the reporting period. As part of KPA's Fitness for Work Policy alcohol and other drug testing was undertaken throughout the reporting period on employees and contractors.

Unloading ammonium nitrate hands free

3.1 Occupational Health and Safety (continued)

3.1.1 Commitment to Occupational Health and Safety

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

KPA's Board and management team take a leading role in regard to safety and KPA's management team have safety KPI's which include attendance at HSE committee meetings, participation in workplace audits and regular safety interactions in the workplace.

3.1.2 Formal Mechanism for Consultation with Employees on OSH Matters

KPA has a HSE Committee with eight employee safety representatives and four management representatives. All employee safety representatives undertake formal safety and health representative training. In 2018/19 there were 10 HSE Committee meetings held. The committee plays an important role in the workplace consultation process and are involved in discussing and reviewing hazards, risks and changes in the workplace.

OHS 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 placed on workplace safety notice boards. The Port Induction also provides employees and port users with important safety and environment information.

3.1.3 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, the 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.

3.1.4 Occupational Safety and Health Management Systems

During the reporting period an internal audit was completed on the OHSMS using the WorkSafe Plan as an audit tool. There were no major findings from the audit.

Annual Safety Performance for KPA employees

Measure / Yr	2016/17	2017/18	2018/19	Targets	Comments
Number of fatalities	0	0	0	0	Target met
Lost time injury and/or disease incident rate*	3.24%	0	1.64%	0 or 10% reduction in incidence rate	1 injury in 2018/19, target or 0 not met.
Lost time injury and/or disease severity rate	0	0	0	0 or 10% reduction in severity rate	Target met
Percentage of injured workers returned to work within: **i) 13 weeks** **ii) 26 weeks**	i) 50% ii) 100%	i) 100% ii) 100%	i) See ii) comment	Greater than or equal to 80%	Injured worker is on third week of a return to work plan as of 30 June 2019, therefore unable to confirm that the target is met.
Percentage of managers and supervisors trained in OSH and injury management responsibilities	90%	83%	90%	Greater than or equal to 80%	Target met

Table 5 Annual Safety Performance for KPA employees

**The LTI/Disease incidence rate was calculated using the public sector commission formula*

3.2 Operational Performance

3.2.1 Vessel Visits

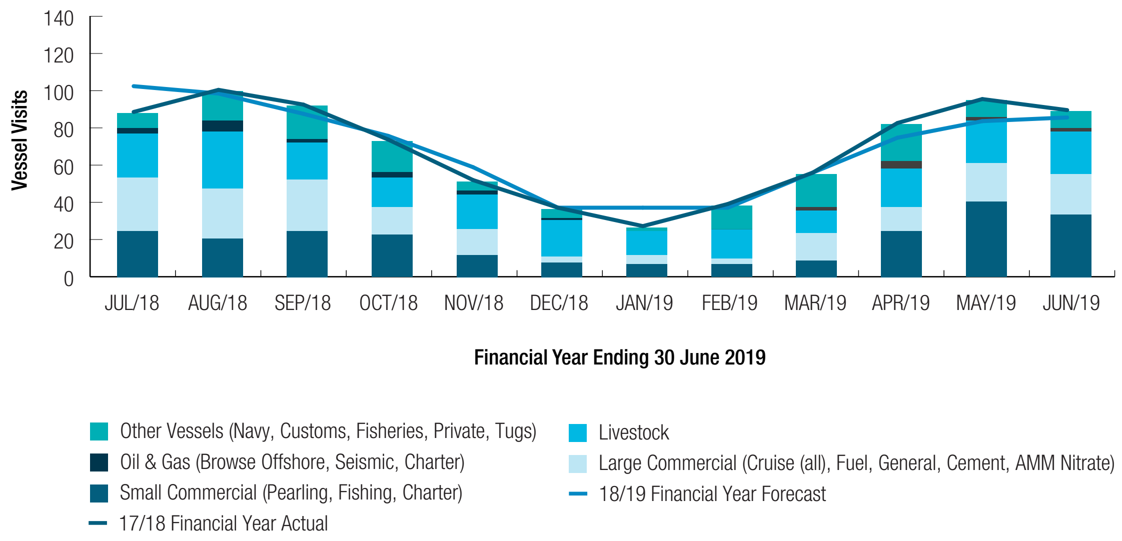
There was an overall 13% reduction in total vessel calls, which was in line with the vessel visits forecast for the year. There was a 29% reduction in oil and gas vessel activity as Browse Basin projects moved from construction to production. There has been an early start to the livestock season in 2019 which has resulted in a significant increase to livestock vessel numbers for the 2018/19 financial year.

Comparison with 2017/18 vessel calls:

- Oil and gas **down 29%**;
- Cruise **up 14%**;
- Livestock **up 29%**; and
- Government, Navy, Customs, Fisheries, and private **down 9.2%**

In the year ahead it is anticipated that drilling activity will slightly increase the number of support vessels calling at Port of Broome with continued growth into the following years.

Figure 2 Total monthly vessel visits by vessel type



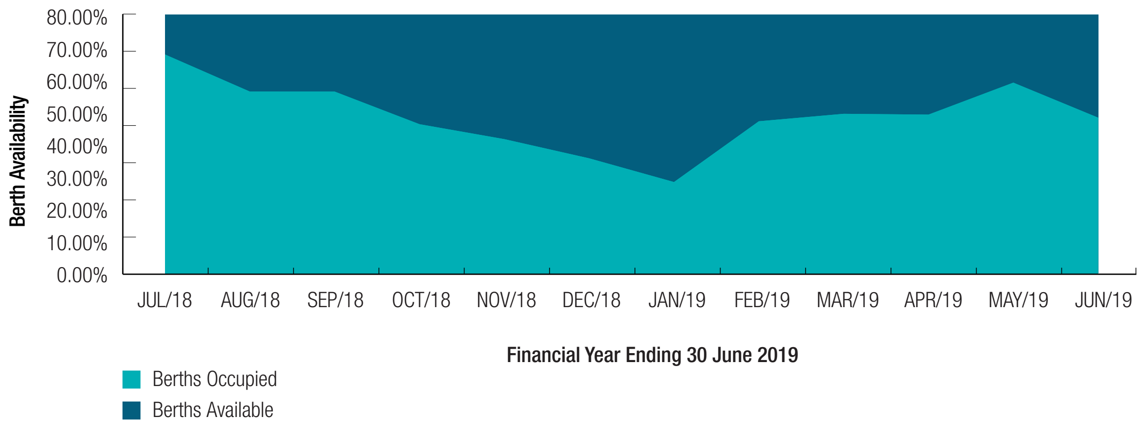
3.2.2 Berth Availability

Figure 3 shows the monthly berth availability for all berths during 2018/19. The highest monthly average occupancy/unavailability was 68% during July 2018 while the lowest was recorded in January 2019 at 29%.

Vessel Distribution 2018/19	
Small Commercial (pearling, fishing, charter)	237
Large Commercial (Cruise, Petroleum, General)	195
Oil & Gas	242
Livestock	27
Other Vessels (Navy, Customs, Fisheries, Private)	146
Total	**847**

Table 6 Vessel Distribution

Figure 3 Monthly berth availability

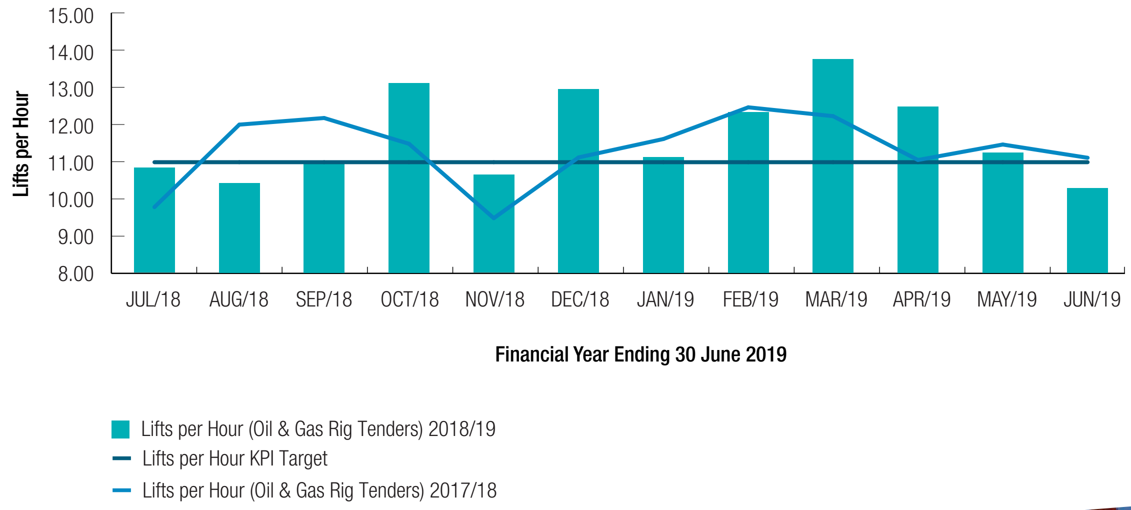


3.2 Operational Performance (continued)

3.2.3 Crane Rates (Oil and Gas)

Figure 4 shows that the monthly average crane lifting rates, for oil and gas supply vessels, was 11.70 lifts per hour, slightly above the KPI of 11. The crane lifting rates are influenced by external factors such as weather conditions, types of cargo, heavy lifts, number of trucks deployed and the ability to forklift cargo on and off trucks at the wharf interface.

Figure 4 Lifts per Hour (Oil & Gas Rig Tenders)



3.3 Trade Statistics

3.3.1 Total Trade

Figure 5 shows the total trade throughput in tonnes since 2014/15 showing a five year average throughput of 405,619 tonnes.

The 2018/19 year throughput of 357,329 tonnes represents a 6.9% increase in throughput from 2017/18. This is related to increases in petroleum and bulk product imports, and livestock exports through 2018/19.

Figure 5 Total Trade

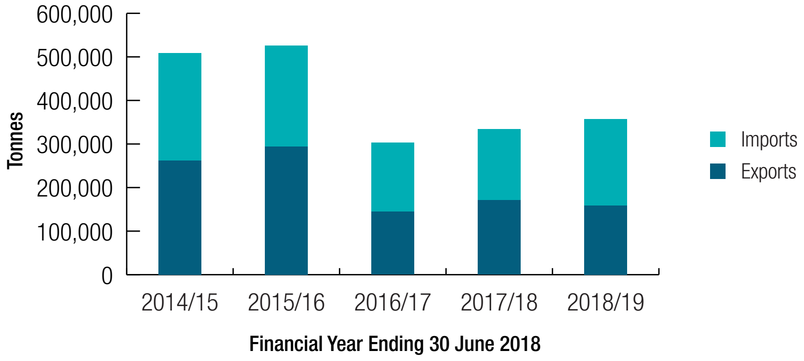
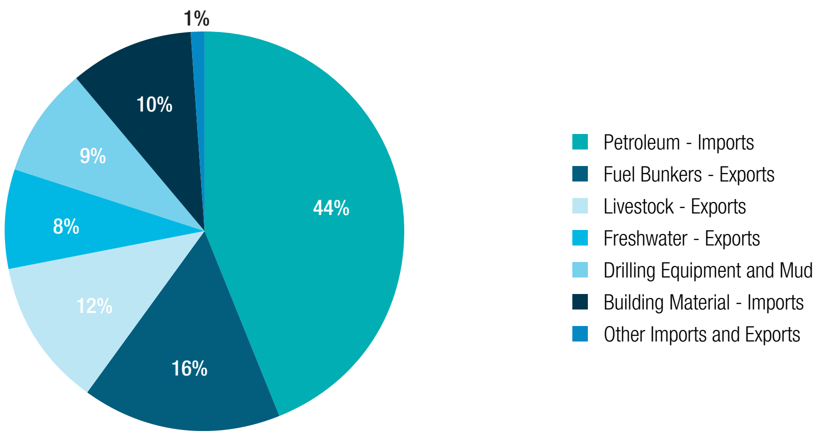


Figure 6 Throughput by Commodity



3.3 Trade Statistics (continued)

3.3.2 Import Trade

Figure 7 provides a breakdown of import trade which increased by 21.7% from the previous year.

3.3.3 Export Trade

Figure 8 provides a breakdown of export trade which shows a decrease from the previous year by 7.2%. Livestock increased by 27.8% from the previous year and fuel bunkers decreased by 24.8%.

3.4 Infrastructure Improvement and Maintenance

3.4.1 Wharf Extension of Life Project

The Wharf Extension of Life (**WEOL**) project continued through 2018/19.

A new wharf fire-fighting system was constructed and commissioned to deliver a compliant system to support fuel tanker discharge operations. The new fire fighting system consists of a diesel driven vertical turbine pump that draws firewater from the ocean. This is then mixed with fire fighting foam to extinguish potential hydrocarbon fires during fuel tanker operations.

In addition a new underdeck trolley maintenance system has been constructed under the 2007 built wharf extension. This will allow for long overdue maintenance to be completed on the wharf extension piles and headstocks.

Figure 7 Imports for past five years

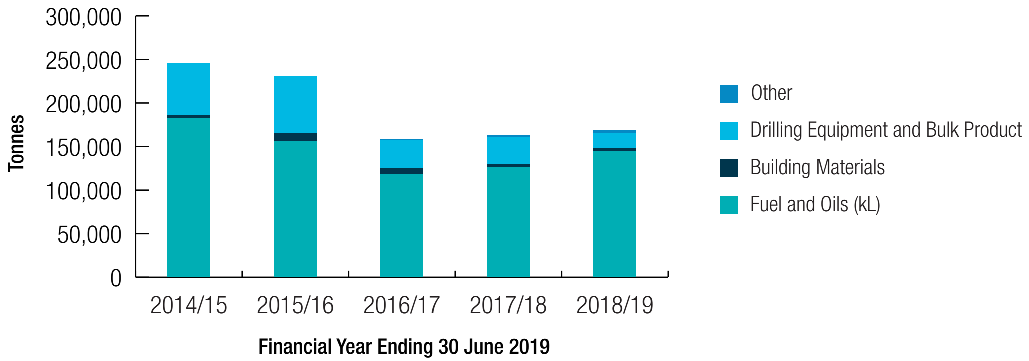
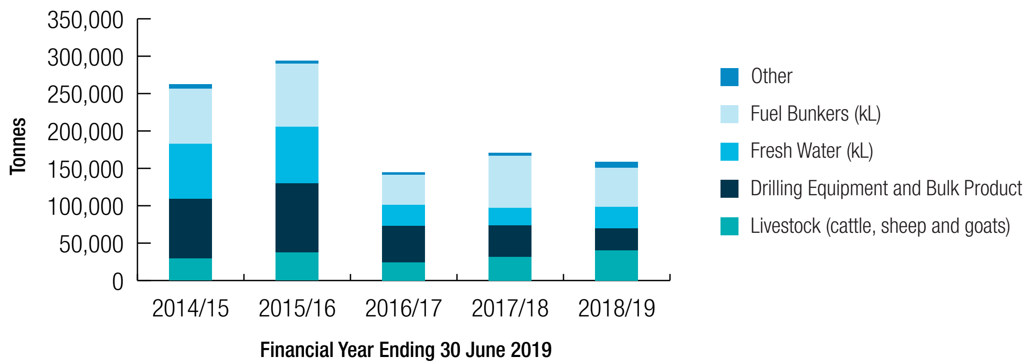


Figure 8 Exports for past five years



Gangway Design

3.4.2 Channel Optimisation Project

The Channel Optimisation Project is an initiative to remove high spots in the Port of Broome shipping channel allowing cruise ships to access the wharf at all tides. KPA has progressed the Channel Optimisation Project over the past 12 months and are now waiting on dredge availability to complete the project.

A contract with dredging contractor Jan de Nul has been executed and the dredge, the *Niccolo Machiavelli* was mobilised from Singapore to Port Hedland in April 2019 to undertake a separate project before sailing to Broome to undertake KPA's project. In May 2019 Jan de Nul mobilised floating pipelines, pontoons and other equipment required to complete the work. It is forecast the dredging work will be completed in September 2019.

To support the dredging program KPA has also undertaken beacon demolition and pile removal works, cleared debris from the dredge areas and re-positioned navigation aids in preparation.

In keeping with KPA's Dredging Environmental Management Plan, baseline water monitoring has been carried out and marine fauna observer training completed.

3.4.3 Cruise Ship Gangway

KPA has completed the detail design and commenced fabrication and procurement of a new cruise ship gangway system. The new gangway system will provide compliant access, is fully automated, can support vessels over a range of tides from deck level up to 9m above deck level and has a secondary safety support to prevent catastrophic failure in case of gangway dislodgment.

It is forecast to complete fabrication and procurement in September 2019 with commissioning and operations to commence in October 2019.

3.4.4 Entrance Point Boat Ramp Upgrades

As part of a West Australian Government election promise, KPA has commenced work to improve landside facilities at the Entrance Point Boat Ramps. Detail design and consultation has been completed with site works scheduled to commence in Q4 2019.

3.4.5 Mobile Harbour Crane

KPA has received approval to purchase a new mobile harbour crane to support our Stevedoring operations. Feasibility and engineering studies have been completed and a Request for Proposals released for the supply. It is anticipated the crane will be available for use late 2020.

3.4.3 Other Infrastructure Projects

In addition to the above, other significant works undertaken over the reporting period include:

- a major outer berth fender refurbishment project continued with a total of ten of 26 bays completed in 2018/19. Coupled with the work completed the previous year only three bays are remaining to finalise this project, and
- work commenced to blast, assess, repair and paint 48 piles on the wharf that have been identified to be in poor condition.

Wharf fire-fighting system

04. DIRECTORS' REPORT

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 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 2019 are:

4.3.1 Mr Laurie Shervington LLB – Chairman

LLB, FAICD, FCL, LLM (Applied Law) (Honorary)

Laurie was appointed on 24 March 2011. He has been a practicing lawyer for 51 years and has listed public company and private company experience as a director. Laurie served KPA well for many years, retiring on 31 December 2018.

4.3.2 Mr Reece Waldock AM - Chairman

Mr Waldock has more than 35 years' experience in strategic management with expertise in organisational reform. His appointment as Director General of Transport followed a 20 year career with various State Government transport agencies with 15 years as CEO. He was appointed the inaugural head of three Transport agencies in May 2010, Director General Transport, Commissioner Main Roads WA and Chief Executive Officer of the Public Transport Authority. Prior to his public sector career Reece held a number senior management roles with BHP.

Mr Waldock is currently Chair of SAPTA Advisory Board, Chair of the Planning and Research Centre (**PATREC**), a Director of Infrastructure Australia and a Commissioner of NTC.

Reece has a Master of Business and a Bachelor of Science (Metallurgy with distinction) is a Fellow of the Australian Institute of Company Directors and the Chartered Institute of Logistics and Transport.

Mr Waldock was appointed to the Board on 1 January 2019 and his current term expires on 31 December 2021.

4.3.3 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. David is a civil engineer, and holds a PhD from the University of Cambridge. He has, in the past, been a non-executive director of Engineering Education Australia, and a 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 30 June 2020.

4.3.4 Mr Martin Peirson-Jones

Martin is a resident of Broome who first came to the Kimberley some 50 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.

Martin was appointed to the Board on 21 October 2013 and his current term expires on 31 December 2019.

4.3.5 Ms Anna Dartnell

Anna is a seasoned executive with over 20 years' experience developed in Supply Chain, Logistics, Operational Excellence and Workplace Transformation across global resources, manufacturing, transport and consulting businesses.

As a KPA Director, she draws on a strong foundation of transport industry experience and a proven ability to understand the voice of the customer.

In addition to her role with KPA, Anna is General Manager of the Aurizon (ASX:AZJ) Iron Ore & Central Bulk Freight business in Western Australia, a Non-Executive Director with Brightwater Care Group and serves on the Board of the National Association of Women in Operations.

Anna is a passionate advocate for workplace diversity, with a demonstrated commitment to developing future operational leaders with strong commercial capability and diverse industry experience.

Anna was appointed to the inaugural KPA Board from 1 July 2014, with her term expiring on 31 December 2020.

4.3.6 Ms Susan McCarrey

MEd, LLB, BEd (Hons), GAICD, FIPAA (WA)

Sue has many years' experience in senior Government positions in the Western Australian Government. This included over five years as the Deputy Director General of Transport responsible for strategic transport policy, transport planning and overseeing the investment program. In this role, Sue led a review into the State's port governance and the Western Australian Regional Freight Transport Plan. With this experience and a Law Degree, Sue brings a strong focus on governance, particularly in relation to the WA ports' legislative framework, risk management and safety.

Sue is currently the National Rail Safety Regulator and is a Director of the Australasian Centre for Rail Innovation.

Sue was appointed to the KPA Board on 1 February 2018, with her current term expiring 30 June 2019.

4.3.7 Ms Rochelle Smith

Rochelle is an environmental scientist who has worked in the oil and gas industry for over 20 years. Rochelle has worked with multinational oil and gas companies, as well as with the Western Australian and Commonwealth governments. Rochelle has a Bachelor of Science with Honours in Biological Sciences and a Masters in Environmental Science.

Rochelle was appointed to the KPA Board on 1 February 2018, with her current term expiring 31 December 2019.

4.3.8 Ms Susan Bergersen MAICD

Ms Bergersen is a corporate executive from both commercial and not-for-profit sectors having worked in state, national and international roles in Perth, Sydney and Japan. Susan is a resident of Broome.

4.3 Directors' Details (continued)

Ms Bergersen has held various directorships including eight years as Australian subsidiary director for the Transhex Group, South Africa, five years as Australian director for a NZ based (private) resources industry service company, five years as chair of the Ear Science Institute Australia executive board and five years as member of their council of governors. She is currently on the board of the Broome Chamber of Commerce.

Ms Bergersen was appointed to the Board on 1 July 2018 and her current term expires on 30 June 2020.

4.3.9 Retirements, Appointments and Continuation in Office of Directors

Chair Laurie Shervington retired on 31 December 2018 and Director Sue McCarrey on 30 June 2019. KPA wishes to recognise Laurie for his tireless work undertaken as Chair of KPA for eight years, particularly in governance matters, and thanks both Laurie and Sue for their strategic input while serving as Directors. Director Anna Dartnell had her term extended to 31 December 2020, Director Martin Peirson-Jones had his term extended to 31 December 2019 and Deputy Chair David Mofflin to 30 June 2020.

KPA welcomed a new Chair Reece Waldock AM in 2019 who brings with him a wealth of experience in transport and 15 years as a CEO with his term expiring 31 December 2021. Susan Bergersen was appointed to the KPA Board in July 2018 with her term expiring on 30 June 2020.

4.4 Directors Meetings

During the financial year 2018/19 the Directors held six Board meetings and one Special Board meeting.

Members Name	Six Ordinary Board meetings	One Special Board meeting
Laurie Shervington (Chair)*	3	0
Reece Waldock (Chair)*	3	1
David Mofflin (Deputy Chair)	6	1
Martin Peirson-Jones	6	1
Anna Dartnell	6	0
Sue McCarrey	6	1
Rochelle Smith	6	1
Susan Bergersen	5	1

**Members only eligible to attend three meetings due to commencement/expiry of appointment.*

Table 7 *Meetings attended by Directors*

Three KPA Board sub-Committees continued meeting during the reporting period 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 4	Governance 3	Risk 3
Laurie Shervington	1	2	2
Reece Waldock	1	1	1
David Mofflin	0	3	3
Martin Peirson-Jones	4	0	2
Anna Dartnell	3	2	0
Rochelle Smith	0	3	3
Sue McCarrey	4	0	3
Susan Bergersen	3	3	0

Table 8 Board sub-Committee Meetings Attendance

4.5 Planned Achievements

Outcomes arising from the 2018/19 objectives within the Statement of Corporate Intent are recorded in the tabulation below.

Objective: Meet statutory obligations including endeavouring to operate profitably and fund port growth.

Strategic Measures	Targets	Management Outcomes
• Ability to fund port growth.	• Capital to invest in required infrastructure / 100% approved CAPEX.	• KPA was able to fund all approved capital works from cash reserves and an equity injection was received for the majority of the Channel Optimisation Project.
• Ability to fund port operations.	• Certainty of funding for day to day operations / 100% approved OPEX.	• KPA funded operations from cash reserves.
• Review and implement fee restructure for Port of Broome.	• Ability to respond to changes in the operating environment.	• The fee restructure review is ongoing and being prepared by an external consultant.
• Identify and explore funding sources.	• Success of business cases.	• KPA was successful in obtaining State Government support for an equity injection of $5.3M to purchase a mobile Harbour Crane to ensure efficient operations.

Objective: Maintain assets and plan for infrastructure that will meet trade demand.

Strategic Measures	Targets	Management Outcomes
• Demand analysis for Wyndham, Derby, and Yampi Sound be developed, in order of priority.	• Finalised by 30 June 2019.	• The *Ports Legislation Amendment Act 2019* was passed in Parliament on February 26, 2019. Since May 2019 the Ports Amalgamation Working Group has been formed with the Department of Transport to commence the process of transferring the Kimberley ports on a priority basis. Analysis of trade demand will be carried out with the port managers upon transfer to KPA.
• Kimberley Ports Master Plans developed and integrated.	• Finalised by 30 June 2019.	• As each port is transferred to KPA management will work with the port manager's to formulate individual Port Master Plans (**PMP**) that can be incorporated into an overall PMP.

• Capture and optimise trade opportunities to: – optimise profitability, – facilitate trade, and – deliver stakeholder benefit.	• Fund timely delivery of infrastructure to support or attract port business.	• KPA has received $12M and contributed $2.25M to deepen and widen the port approach channel to enable ships up to 300 metres safer all tide access to the Port of Broome wharf. A new passenger gangway is under construction scheduled for completion in Q4 2019 to facilitate speedier cruise ship disembarkation. • Commissioning has taken place for a firefighting system located on the wharf and the underdeck trolley system is in place to carry out wharf deck maintenance into the future. • Funding has been allocated to purchase a harbour crane in the coming year to enable faster cargo transfer times.

Objective: Identify and facilitate new trade and revenue sources.

Strategic Measures	Targets	Management Outcomes
• Revenue growth over five years.	• 15%-20% growth.	• A 6.2% decrease in revenue was recorded from 2017/18 to 2018/19.
– Return on assets.	• 10% return.	• A negative 1.3% return on assets was recorded.
– Increase in stable revenue.	• 15% in total.	• Revenue from leases increased by 3.6%.
– Maximise market share of attractive industries.	• Stem loss of trade to other States or regions.	• KPA extensively liaises with current and potential customers to ensure their requirements are met, and to plan for new trade opportunities. • The increasing interest in cruising around Australia has prompted works at Port of Broome to better facilitate this customer segment.
• Fully support the maritime requirement of industry based in the Kimberley.	• Diversify and increase trade across the Kimberley.	• With the current increase in commodity prices resource developments across the Kimberley are progressing and some companies have recommenced mineral exports. It is expected that once these developments are fully funded all ports will benefit from an increase in trade.

4.5 Planned Achievements (continued)

Objective: Optimise KPA's functions over the network of Kimberley Ports.

Strategic Measures	Targets	Management Outcomes
• Enhance processes to improve operational efficiency and effectiveness.	• Finalise phase one of restructure by June 2019.	• The three Broome offices amalgamated during the 2018/19 improving efficiencies including the renewal of fibre networking across the port. A new AIS system was deployed improving KPA's ship tracking ability. A review of operational and financial processes has initiated a project to replace the finance software and introduce berthing software which is currently underway.
• Complete transition plans for Derby, Yampi and Wyndham ports.	• Finalise by June 2019.	• KPA has engaged a consultant to assist in project managing the port amalgamation process, the result of which will be the documentation of transition plans for all the Kimberley ports.
• Ability to respond to changes in the operating environment and meet cumulative GTE reporting requirements.	• Achieve cost competitiveness and maintain stakeholder confidence.	• KPA meets regulatory reporting required by the State Government. KPA introduced a minimal fees and charges increase in 2018/19 of 1% and the previous two years were 2%, and 4% on labour charges, while consolidating some charges.

Table 9 Strategic Planning Objectives

4.6 Operating Results

KPA's economic objectives were to employ sound financial management and to enhance trade. KPA aimed to achieve its set rate of return on assets, while providing the most cost effective service to port users, however the rate of return for the period was a negative 1.3 percent. 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 savings requirements set by government.

The final result for 2018/19 was a loss of $1.713 million against a budgeted loss of $2.674 million.

4.6.1 Shipping Revenue

Shipping activity varied against budget but overall revenue was the same as anticipated for the year and figure 9 shows revenue realised from each shipping industry, with the oil and gas sector remaining the major revenue generator.

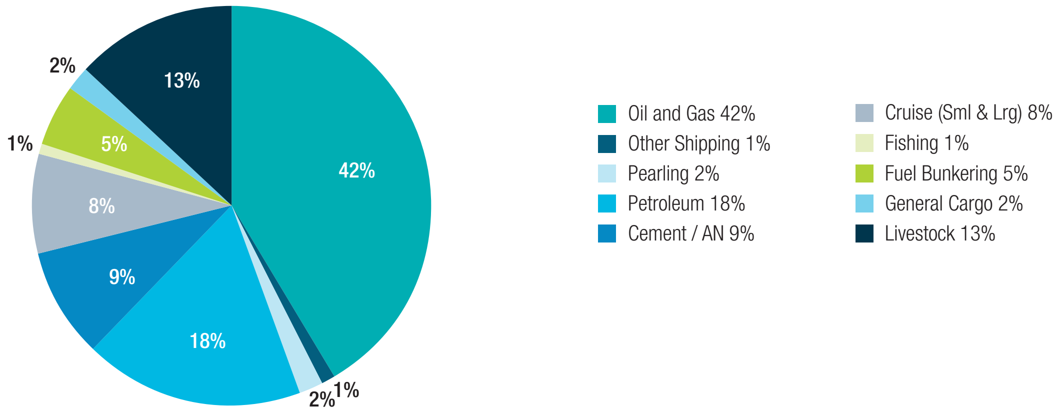
4.6.2 Non-shipping Revenue

The total non-shipping revenue was higher than forecast for the period due to an increase in lease, interest and other revenue above budget targets.

4.6.3 Expenditure

Total expenditure was contained to $196,000 below the 2018/19 budget.

Figure 9 Shipping Revenue by Industry



4.6 Operating Results (continued)

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 2019 is $44,000.

4.7 Dividends

A "NIL" dividend was declared for the 2018/19 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

KPA expects a decrease in oil and gas revenue for the next year at the Port of Broome with a resultant decrease in overall revenue and potential impact on profits.

4.11 Remuneration Report

The following tabulations are provided in accordance with Schedule 5, Clause 13(c)(ii) 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 following tables:

Kimberley Ports Authority - Board Member Listing 2018/19

Surname	Given name	Position	Remuneration	Superannuation	Total
Bergersen	Susan	Director	$30,512	$2,899	$33,411
Dartnell	Anna	Director	$30,512	$2,899	$33,411
McCarey	Susan	Director	$ -	$ -	$ -
Mofflin	David	Deputy Chair	$35,903	$3,411	$39,314
Peirson-Jones	Martin	Director	$30,513	$2,899	$33,412
Smith	Rochelle	Director	$15,257	$1,449	$16,706
Waldock	Reece	Chairman	$30,512	$2,899	$33,411
Shervington	Laurie	Chairman	$30,512	$2,899	$33,411
Total			**$203,721**	**$19,355**	**$223,076**

Kimberley Ports Authority - Board Member Listing 2017/18

Surname	Given name	Position	Remuneration	Superannuation	Total
Aberle	Douglas	Director	$17,799	$1,691	$19,490
Dartnell	Anna	Director	$30,513	$2,899	$33,412
Fear	Elisa	Director	$33,055	$3,140	$36,195
Mofflin	David	Deputy Chair	$34,208	$3,250.00	$37,458
Peirson-Jones	Martin	Director	$30,513	$2,899	$33,412
Shervington	Laurie	Chairman	$61,023	$5,797	$66,820
Total			**$207,111**	**$19,676**	**$226,787**

4.11 Remuneration Report (continued)

Executives 2019

Name	Salary	Termination	Superannuation	Total
Schellack, K	$347,128	$ -	$32,940	$380,068
Mulhall, S	$191,765	$130,477	$18,218	$340,460
Copeman, L	$251,185	$ -	$23,863	$275,048
Total	**$790,079**	**$130,477**	**$75,020**	**$995,576**

Executives 2018

Name	Salary	Other	Superannuation	Total
Schellack, K	$350,097	$ -	$32,925	$383,022
Mulhall, S	$283,912	$ -	$26,782	$310,694
Copeman, L	$261,381	$ -	$24,831	$286,212
Total	**$895,391**	**$ -**	**$84,538**	**$979,929**

4.12 Rounding Off

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

R. Waldock AM
Chairman

30 August 2019

D. Mofflin
Deputy Chairman

30 August 2019

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Revenue	4	17,859	19,167
Expenditure			
Port operation expenses	5	(6,166)	(6,454)
Depreciation and amortisation expense	6	(2,428)	(2,387)
General administration expenses	7	(5,137)	(4,669)
Asset maintenance		(3,098)	(2,630)
Environmental expenses		(65)	(41)
Port utilities		(967)	(823)
Safety & security		(493)	(579)
Finance costs	8	(723)	(791)
Other expenses	9	(495)	(832)
(Loss) before income tax		**(1,713)**	**(39)**
Income tax benefit / (expense)	10	-	134
Profit / (Loss) for the year		**(1,713)**	**95**

	Notes	2019 $'000	2018 $'000
Other comprehensive income		-	-
Total other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		**(1,713)**	**95**

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

STATEMENT OF FINANCIAL POSITION As at 30 June 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	12	18,560	12,584
Current tax asset	10	-	726
Trade and other receivables	13	3,831	2,079
Total Current Assets		**22,391**	**15,389**
Non-Current Assets			
Property, plant and equipment	14	48,542	47,080
Intangible assets	15	114	155
Total Non-Current Assets		**48,656**	**47,235**
TOTAL ASSETS		**71,047**	**62,624**
LIABILITIES			
Current Liabilities			
Trade and other payables	16	1,348	1,759
Interest bearing borrowings	17	1,337	1,266
Provisions	18	1,838	2,085
Other current liabilities	19	562	559
Total Current Liabilities		**5,085**	**5,669**

	Notes	2019 $'000	2018 $'000
Non-Current Liabilities			
Interest bearing borrowings	17	10,360	11,697
Provisions	18	44	37
Total Non-Current Liabilities		**10,404**	**11,734**
TOTAL LIABILITIES		**15,489**	**17,403**
NET ASSETS		**55,558**	**45,221**
EQUITY			
Contributed equity	20	54,711	42,661
Retained earnings	20	847	2,560
TOTAL EQUITY		**55,558**	**45,221**

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

STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2019

	Notes	Contributed Equity $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2017		41,286	2,859	44,145
Total comprehensive loss for the year		-	95	95
Transactions with owners in their capacity as owners:				
Contributed equity	20	1,375	-	1,375
Dividends paid	11	-	(394)	(394)
Balance at 30 June 2018		**42,661**	**2,560**	**45,221**
Balance at 1 July 2018		42,661	2,560	45,221
Total comprehensive profit for the year		-	(1,713)	(1,713)
Transactions with owners in their capacity as owners:				
Contributed equity	20	12,050	-	12,050
Dividends paid	11	-	-	-
Balance at 30 June 2019		**54,711**	**847**	**55,558**

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

STATEMENT OF CASH FLOWS For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		15,872	19,865
Receipts from State and Commonwealth		-	-
Interest received		235	223
Cash paid to suppliers and employees		(17,065)	(15,360)
Interest paid		(723)	(797)
Income taxes paid		726	167
Net cash provided by / (used in) operating activities	21	**(955)**	**4,098**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Acquisition of property, plant and equipment		(3,853)	(4,435)
Net cash (used in) investing activities		**(3,853)**	**(4,435)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,266)	(1,199)
Net cash (used in) financing activities		**(1,266)**	**(1,199)**

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM STATE GOVERNMENT			
Capital appropriation		2,500	375
Royalties for Regions Fund		9,550	1,000
Dividends paid		-	(394)
Net cash provided by (paid to) State Government		**12,050**	**981**
Net (decrease) in cash and cash equivalents		**5,976**	**(555)**
Cash and cash equivalents at the beginning of the period		12,584	13,139
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12	**18,560**	**12,584**

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

NOTES TO THE FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS

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 30th August 2019 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 judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

(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 to the extent that the service is provided 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

Contributedassetsorservicesreceivedbythe Authority isrecognisedasincomeatthefairvalueofthe 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 - 20 years
Buildings	3.75 - 50 years
Electronic	2.5 - 20 years
Furniture & fittings	3 - 17 years
Harbour facilities	10 - 40 years
Improvements	2.5 - 20 years
Infrastructure	15 - 40 years
Low Value Pool	3 years
Plant & equipment	3 - 50 years
Motor vehicles	3 - 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) Finance 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 & 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 & 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 on current and non-current classification.

An asset is classified as current when it is either expected to be realised or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expect to be realised within 12 months after the reporting period; or the asset is cash or cash equivalents 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 the 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 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 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The following most relevant 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 15 Revenue from Contracts with Customers

This Standard establishes the principles that the Agency 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 mandatory effective date of this Standard is currently 1 January 2019 after being amended by AASB 2016-7.

The agency's income is principally derived from appropriations which will be measured under AASB 1058 and will be unaffected by this change

Preliminary assessment identified that there is no financial impact requiring further or additional disclosure through this annual report arising from the changes brought about the AASB standards. KPA will continue to assess the financial impact of the new standard should new information previously not considered in the preliminary assessment become available.

AASB 16 Leases

This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Whilst the impact of AASB 16 has not yet been quantified, the entity currently has commitments for $623,560 worth of non-cancellable operating leases which will mostly be brought onto the Statement of Financial Position. Interest and amortisation expense will increase and rental expense will decrease.

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

	2019 $'000	2018 $'000
Revenue consists of the following items:		
Rendering of services		
Charges on cargo	5,934	6,464
Charges on ships	8,628	9,701
Shipping services	384	417
Interest revenue (a)	229	227
Rentals and leases	2,341	2,194
Government Grants & Subsidies	-	-
Other	343	164
Total revenue	**17,859**	**19,167**

(a) Interest revenue is interest received from bank accounts

NOTE 5 – PORT OPERATION EXPENSES

	2019 $'000	2018 $'000
Shipping activity	1,847	2,057
Indirect salaries and wages - operations	3,438	3,518
Plant and equipment	485	653
Other	396	226
Total port operations expense	**6,166**	**6,454**

NOTE 6 – DEPRECIATION AND AMORTISATION EXPENSE

	2019 $'000	2018 $'000
Depreciation		
Improvements	67	65
Buildings	102	122
Infrastructure	159	137
Harbour Facilities	1,611	1,611
Access Channel	7	11
Electronic	129	105
Plant and Equipment	194	184
Furniture and Fittings	8	6
Motor Vehicles	58	49
Low Value Pool	52	46
Total depreciation	**2,387**	**2,336**
Amortisation		
Intangible Assets	41	51
Total amortisation	**41**	**51**
Total depreciation and amortisation	**2,428**	**2,387**

NOTE 7 – GENERAL ADMINISTRATION EXPENSES

	2019 $'000	2018 $'000
Administration employee expenses	3,265	3,287
Other administration expenses	1,872	1,382
Total general administration expense	**5,137**	**4,669**

NOTE 8 – FINANCE COSTS

	2019 $'000	2018 $'000
Finance charges	78	79
Interest expense	645	712
Finance costs expensed	**723**	**791**

NOTE 9 – OTHER EXPENSES

	2019 $'000	2018 $'000
Employee on-costs (a)	384	513
Net loss on disposal of assets	2	203
Other	109	116
	495	**832**

(a) Includes workers' compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability 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	2019 $'000	2018 $'000
Current tax expense	-	-
Current year	-	134
Prior year adjustment	-	134
Deferred tax expense	-	(17)
Current tax expense/benefit	-	-
Prior year adjustment	-	(17)
	-	**117**
Total income tax benefit/(expense) pre derecognition of deferred tax asset		
	-	**17**
Derecognise current year deferred tax asset	-	-
Derecognise prior year deferred tax asset		
	-	134
Total income tax benefit/(expense) post recognition of deferred tax asset		

(ii) Reconciliation between tax expense and profit before tax	2019 $'000	2018 $'000
(Loss) for the year	(1,713)	(39)
Total tax benefit / (expense)	-	134
Profit / (Loss) after tax	**(1,713)**	**95**
Tax using the statutory tax rate of 30% (2016/17: 30%)	514	12
Non-deductible expenses	(5)	(5)
Sundry items	-	(24)
Adjustments for prior period	-	134
Income tax benefit/(expense) pre derecognition of deferred tax asset	**509**	**117**
Derecognise current year deferred tax asset	(509)	17
Derecognise prior year deferred tax asset	-	-
Income tax benefit/(expense) post derecognition of deferred tax asset	**-**	**134**

NOTE 10 – INCOME TAX (continued)

(iii) Deferred tax	2019 Statement of Financial Position $'000	2018 Statement of Financial Position $'000	2019 Statement of Comprehensive Income $'000	2018 Statement of Comprehensive Income $'000
Deferred tax liabilities				
Receivables	18	12	6	1
FBT Instalment	3	3	-	1
Gross Deferred Tax Liabilities	**21**	**15**	**6**	**2**
Deferred tax assets				
Accelerated depreciation for accounting purposes	324	226	(98)	(40)
Payables	17	12	(5)	1
Prepaid rental	112	111	(1)	(7)
Employee benefits	568	640	72	(86)
Borrowing costs	-	-	-	46
Business related costs	22	61	39	59
Carried forward tax losses	935	413	(522)	62
Gross Deferred Tax Assets	**1,978**	**1,463**	**(515)**	**35**
Unrecognise current year deferred tax asset	(509)	17	526	(630)
Unrecognise prior year deferred tax asset	(1,448)	(1,465)	(17)	593
Gross Deferred Tax Assets	**21**	**15**	**(6)**	**(2)**

	2019 Statement of Financial Position $'000	2018 Statement of Financial Position $'000	2019 Statement of Comprehensive Income $'000	2018 Statement of Comprehensive Income $'000
Set-off of deferred tax liabilities pursuant to the set-off provisions	(21)	(15)	6	2
Net deferred tax assets	**-**	**-**	**-**	**-**
Prior period adjustments			-	-
Deferred tax charge	**-**	**-**	**-**	**-**

(iv) Tax liability

	2019 $'000	2018 $'000
Current tax liability (asset)	-	(726)
Total current tax liability (asset)	**-**	**(726)**
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Deductible temporary differences - other	-	1,035
Tax losses on revenue account	-	413
	-	**1,448**

The deductible temporary differences and tax losses do not expire under current legislation.

NOTE 11 – DIVIDENDS

	2019 $'000	2018 $'000
	-	394
Dividends paid in the financial year	**-**	**394**

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 75% (2017: 75%) of after tax profits, adjusted for special circumstances as approved by Government. 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. An interim dividend for the year ended 30 June 2018 of $0.394 million was declared and paid by the Board.

In respect on the financial year ended 30 June 2019, no interim and final dividend were declared.

NOTE 12 – CASH AND CASH EQUIVALENTS

	2019 $'000	2018 $'000
Bank balances	2,531	4,967
Restricted cash and cash equivalents (a)	820	3,088
Restricted cash and cash equivalents (b)	11,209	529
Term deposits	4,000	4,000
Cash and cash equivalents in the Statement of Cash Flows	**18,560**	**12,584**

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

(b) Unspent funds are committed to the channel optimisation 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

	2019 $'000	2018 $'000
Current		
Trade receivables	3,652	1,889
Less: allowance for impairment of receivables	-	-
	3,652	**1,889**
Other receivables:		
Accrued revenue	25	31
Prepayments	154	159
Balance at the end of the year	**3,831**	**2,079**

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	386	12
More than 3 months but less than 6 months	20	-
More than 6 months but less than 1 year	-	-
More than 1 year	-	-
	406	**12**

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	2019 $'000	2018 $'000
Land		
At cost	1,291	1,291
Less: accumulated depreciation	-	-
Less: accumulated impairment losses	-	-
	1,291	**1,291**
Improvements		
At cost	2,210	2,210
Less: accumulated depreciation	(376)	(308)
Less: accumulated impairment losses	-	-
	1,834	**1,902**
Buildings		
At cost	4,076	4,012
Less: accumulated depreciation	(1,349)	(1,391)
Less: accumulated impairment losses	-	-
	2,727	**2,621**
Infrastructure		
At cost	6,726	4,281
Less: accumulated depreciation	(1,791)	(1,630)
Less: accumulated impairment losses	-	-
	4,935	**2,651**

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (continued)

Harbour Facilities		
At cost	41,915	41,915
Less: accumulated depreciation	(11,937)	(10,327)
Less: accumulated impairment losses	-	-
	29,978	**31,588**
Access Channel		
At cost	488	488
Less: accumulated depreciation	(456)	(449)
Less: accumulated impairment losses	-	-
	32	**39**
Electronic Equipment		
At cost	901	854
Less: accumulated depreciation	(593)	(584)
Less: accumulated impairment losses	-	-
	308	**270**
Plant and Equipment		
At cost	5,233	4,886
Less: accumulated depreciation	(2,974)	(2,805)
Less: accumulated impairment losses	-	-
	2,259	**2,081**

Furniture and Fittings		
At cost	127	103
Less: accumulated depreciation	(78)	(70)
Less: Accumulated impairment losses	-	-
	49	**33**
Motor Vehicles		
At cost	480	468
Less: accumulated depreciation	(162)	(172)
Less: accumulated impairment losses	-	-
	318	**296**
Low Value Pool		
At cost	387	404
Less: accumulated depreciation	(243)	(281)
Less: accumulated impairment losses	-	-
	144	**123**
Total property, plant and equipment		
At cost	63,834	60,912
Less: accumulated depreciation	(19,959)	(18,017)
Less: accumulated impairment losses	-	-
	43,875	**42,895**
Add: Work in progress (at cost)	4,667	4,185
	4,667	**4,185**
Total property, plant and equipment	**48,542**	**47,080**

Reconciliation of carrying amounts:

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	1,902	1,903
Additions	-	-
Transfer from work in progress	-	64
Depreciation for the year	(68)	(65)
Disposals	-	(2)
Accumulated depreciation on disposals	-	2
Impairment losses	-	-
Carrying amount at 30 June	**1,834**	**1,902**
Buildings		
Carrying amount at 1 July	2,621	2,705
Additions	-	-
Transfer from work in progress	208	38
Depreciation for the year	(102)	(122)
Disposals	(144)	(15)
Accumulated depreciation on disposals	144	15
Impairment losses	-	-
Carrying amount at 30 June	**2,727**	**2,621**

Infrastructure		
Carrying amount at 1 July	2,651	2,708
Additions	16	7
Transfer from work in progress	2,429	175
Depreciation for the year	(161)	(137)
Disposals	-	(160)
Accumulated depreciation on disposals	-	58
Impairment losses	-	-
Carrying amount at 30 June	**4,935**	**2,651**
Harbour Facilities		
Carrying amount at 1 July	31,588	33,199
Additions	-	-
Transfer from work in progress	-	-
Depreciation for the year	(1,610)	(1,611)
Disposals	-	(63)
Accumulated depreciation on disposals	-	63
Impairment losses	-	-
Carrying amount at 30 June	**29,978**	**31,588**
Access Channel		
Carrying amount at 1 July	39	50
Additions	-	-
Transfer from work in progress	-	-
Depreciation for the year	(7)	(11)
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	**32**	**39**

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT (continued)

Electronic Equipment		
Carrying amount at 1 July	270	237
Additions	50	28
Transfer from work in progress	118	110
Depreciation for the year	(129)	(105)
Disposals	(120)	(11)
Accumulated depreciation on disposals	119	11
Impairment losses	-	-
Carrying amount at 30 June	**308**	**270**
Plant and Equipment		
Carrying amount at 1 July	2,081	1,978
Additions	84	56
Transfer from work in progress	300	331
Depreciation for the year	(194)	(184)
Disposals	(37)	(181)
Accumulated depreciation on disposals	25	81
Impairment losses	-	-
Carrying amount at 30 June	**2,259**	**2,081**
Furniture & Fittings		
Carrying amount at 1 July	33	35
Additions	3	1
Transfer from work in progress	21	4
Depreciation for the year	(8)	(6)
Disposals	-	(1)
Accumulated depreciation on disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	**49**	**33**

Motor Vehicles		
Carrying amount at 1 July	296	258
Additions	94	87
Depreciation for the year	(58)	(49)
Disposals	(82)	(30)
Accumulated depreciation on disposals	68	30
Impairment losses	-	-
Carrying amount at 30 June	**318**	**296**
Low Value pool		
Carrying amount at 1 July	123	105
Additions	70	58
Transfer from work in progress	5	6
Depreciation for the year	(52)	(46)
Disposals	(93)	-
Accumulated depreciation on disposals	91	-
Carrying amount at 30 June	**144**	**123**
Work in progress:		
Carrying amount at 1 July	4,185	840
Additions	5,387	5,476
Transfers to expenditure	(1,823)	(1,278)
Transfers to property, plant and equipment	(3,082)	(727)
Transfers to intangibles	-	(126)
Carrying amount at 30 June	**4,667**	**4,185**
Total property, plant and equipment	**48,542**	**47,080**

NOTE 15 – INTANGIBLE ASSETS

	2019 $'000	2018 $'000
Computer software		
At cost	430	450
Less: accumulated depreciation	(316)	(295)
	114	**155**

Reconciliation of carrying amounts:

	2019 $'000	2018 $'000
Computer software		
Carrying amount at 1 July	155	80
Additions	-	-
Transfer from work in progress	-	126
Depreciation for the year	(41)	(51)
Disposals	(19)	-
Accumulated depreciation on disposals	19	-
Carrying amount at 30 June	**114**	**155**

NOTE 16 – TRADE AND OTHER PAYABLES

	2018 $'000	2017 $'000
Current		
Trade payables	1,108	1,533
Accrued expenses	240	226
	1,348	**1,759**

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

NOTE 17 – INTEREST BEARING BORROWING

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).

	2019 $'000	2018 $'000
Current liabilities		
Direct borrowings	1,337	1,266
	1,337	**1,266**
Non-current liabilities		
Direct borrowings	10,360	11,697
	10,360	**11,697**

	2019 $'000	2018 $'000
Financing arrangements		
The Authority has access to the following lines of credit:		
Total facilities available:		
Liquid facility and direct borrowings	11,800	13,000
	11,800	**13,000**
Facilities utilised at the end of the reporting period:		
Liquid facility and direct borrowings	11,697	12,963
	11,697	**12,963**
Total facilities not utilised at the end of the reporting period:		
Liquid facility and direct borrowings	**103**	**37**

At reporting date, the Authority has an approved financing facility from Western Australian Treasury Corporation (WATC) for 30 June 2020 of $10.360 million (30 June 2019: $11.764 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. $11.320m 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 principle 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. $1.800m 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:

	Fixed interest rate						
2019	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	More than 5 years $'000	Total $'000
Interest bearing borrowings:							
Direct borrowings (WATC)	1,337	1,411	1,490	1,574	1,662	4,223	11,697
	1,337	**1,411**	**1,490**	**1,574**	**1,662**	**4,223**	**11,697**

Weighted average interest rate:

Direct borrowings 5.37%

	Fixed interest rate						
2018	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	More than 5 years $'000	Total $'000
Interest bearing borrowings:							
Direct borrowings (WATC)	1,266	1,337	1,411	1,490	1,574	5,885	12,963
	1,266	**1,337**	**1,411**	**1,490**	**1,574**	**5,885**	**12,963**

Weighted average interest rate:

Direct borrowings 5.39%

NOTE 18 – PROVISIONS

	2019 $'000	2018 $'000
Current		
Annual leave (a)	758	922
Personal leave (b)	157	176
Time in lieu (c)	86	105
Long service leave (d)	827	872
Fringe benefits tax	10	10
	1,838	**2,085**
Non-current		
Long service leave (d)	44	37
	44	**37**

(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:

Within 12 months of the reporting date	475	501
More than 12 months after the reporting date	283	421
	758	**922**

(b) Personal 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:

Within 12 months of the reporting date	88	70
More than 12 months after the reporting date	69	106
	157	**176**

(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:

Within 12 months of the reporting date	86	105
More than 12 months after the reporting date	-	-
	86	**105**

(d) 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.

Within 12 months of the reporting date	330	872
More than 12 months after the reporting date	541	37
	871	**909**

NOTE 19 – OTHER LIABILITIES

	2019 $'000	2018 $'000
Prepaid lease and licence income	562	559
Total other liabilities	**562**	**559**

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.

	2019 $'000	2018 $'000
Contributed equity		
Balance at start of year	42,661	41,286
Equity contributions in the year	12,050	1,375
Balance at end of year	**54,711**	**42,661**
Retained earnings		
Balance at start of year	2,560	2,859
Profit (loss) for the year	(1,713)	95
Dividends paid	-	(394)
Balance at end of year	**847**	**2,560**

NOTE 21 – RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2019 $'000	2018 $'000
Cash flows from operating activities		
Profit/(Loss) for the period	(1,713)	95
Adjustments for:		
Depreciation	2,387	2,336
Amortisation of intangible assets	41	51
(Gain) / loss on sale of property, plant and equipment	2	203
Operating profit before changes in working capital and provisions	**717**	**2,685**
Changes in assets and liabilities		
Change in deferred tax provision	-	-
Change in trade and other receivables	(1,763)	901
Change in prepayments	5	(74)
Change in accrued income	6	(3)
Change in GST liability	183	(248)
Change in trade and other payables	(594)	495
Change in prepaid income	6	25
Change in provisions	(240)	284
Change in income tax	726	33
Net cash from / (used in) operating activities	**(955)**	**4,098**

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:

		2019 $'000		2018 $'000	
	Note	Carrying Amount	Fair Values	Carrying Amount	Fair Values
Cash & cash equivalents	12	18,560	18,560	12,584	12,584
Trade and other receivables	13	3,831	3,831	2,079	2,079
Trade and other payables	16	(1,348)	(1,348)	(1,759)	(1,759)
Interest bearing borrowings	17	(11,697)	(13,375)	(12,963)	(14,259)
		9,346	**7,668**	**(59)**	**(1,355)**

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 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:

2019	Carrying Amount ($'000)	+0.50% change		(0.50%) change	
		Profit ($'000)	Equity ($'000)	Profit ($'000)	Equity ($'000)
Financial Assets					
Cash and cash equivalents	18,560	93	93	(93)	(93)
	18,560	**93**	**93**	**(93)**	**(93)**

2018	Carrying Amount ($'000)	+0.50% change		(0.50%) change	
		Profit ($'000)	Equity ($'000)	Profit ($'000)	Equity ($'000)
Financial Assets					
Cash and cash equivalents	12,584	63	63	(63)	(63)
Total Increase / (Decrease)	**12,584**	**63**	**63**	**(63)**	**(63)**

NOTE 22 – FINANCIAL INSTRUMENTS (continued)

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 & 117 of the *Port Authorities Act 1999*. Section 116 refers to the liability to pay port charges in respect of vessels and Section 117 refers to the liability to pay port charges in respect of goods. Port charges are defined in Section 115.

Liquidity risk

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:

2019	Weighted Average Interest Rate	Fixed Interest Rate ($'000)	Floating Interest Rate ($'000)	Non Interest Bearing ($'000)	Total ($'000)
Financial Assets & Liabilities					
Cash & cash equivalents	1.83%	-	18,560	-	**18,560**
Trade and other receivables	-	-	-	3,831	**3,831**
Interest bearing borrowings	5.37%	(11,697)	-	-	**(11,697)**
Trade and other payables	-	-	-	(1,348)	**(1,348)**
Net Financial Assets (Liabilities)		**(11,697)**	**18,560**	**2,483**	**9,346**

2018	Weighted Average Interest Rate	Fixed Interest Rate ($'000)	Floating Interest Rate ($'000)	Non Interest Bearing ($'000)	Total ($'000)
Financial Assets & Liabilities					
Cash & cash equivalents	1.56%	-	12,584	-	**12,584**
Trade and other receivables	-	-	-	2,079	**2,079**
Interest bearing borrowings	5.39%	(12,963)	-	-	**(12,963)**
Trade and other payables	-	-	-	(1,759)	**(1,759)**
Net Financial Assets (Liabilities)		**(12,963)**	**12,584**	**320**	**(59)**

NOTE 22 – FINANCIAL INSTRUMENTS (continued)

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

2019	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	**18,560**	18,560	-	-	-	-
Trade and other receivables	**3,831**	3,831	-	-	-	-
	22,391	**22,391**	**-**	**-**	**-**	**-**
Financial liabilities						
Trade payables and accruals	**(1,348)**	(1,348)	-	-	-	-
Borrowings	**(14,289)**	(958)	(958)	(1,916)	(7,308)	(3,149)
	(15,637)	**(2,306)**	**(958)**	**(1,916)**	**(7,308)**	**(3,149)**
Net maturity	**6,754**	**20,085**	**(958)**	**(1,916)**	**(7,308)**	**(3,149)**

2018	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	**12,584**	12,584	-	-	-	-
Trade and other receivables	**2,079**	2,079	-	-	-	-
	14,663	**14,663**	**-**	**-**	**-**	**-**
Financial liabilities						
Trade payables and accruals	**(1,759)**	(1,759)	-	-	-	-
Borrowings	**(16,205)**	(958)	(958)	(1,916)	(7,666)	(4,707)
	(17,964)	**(2,717)**	**(958)**	**(1,916)**	**(7,666)**	**(4,707)**
Net maturity	**(3,301)**	**11,946**	**(958)**	**(1,916)**	**(7,666)**	**(4,707)**

NOTE 22 – FINANCIAL INSTRUMENTS (continued)

(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	2019 $'000	2018 $'000
Financial assets			
Cash and cash equivalents	12	18,560	12,584
Trade and other receivables	13	3,831	2,079
		22,391	**14,663**
Financial Liabilities			
Trade and other payables	16	(1,348)	(1,759)
Interest-bearing borrowings:			
Fixed rate borrowings	17	(11,697)	(12,963)
		(13,045)	**(14,723)**

(iii) Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised 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:

	2019 $'000	2018 $'000
Within 1 year (a)	12,347	2,150
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	12,347	**2,150**

(a) Majority of the capital commitments being related to the Channel Optimisation project.

(ii) Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

	2019 $'000	2018 $'000
Within 1 year	32	77
Later than 1 year and not later than 5 years	-	32
Later than 5 years	-	-
	32	**109**

(iii) Other expenditure commitments

	2019 $'000	2018 $'000
Remote Area Housing Tenancy Commitments	128	206
	128	**206**

(iv) Operating leases receivable

Future minimum rentals receivable for operating leases at reporting date:

	2019 $'000	2018 $'000
Within 1 year	1,962	1,948
Later than 1 year and not later than 5 years	5,940	2,791
Later than 5 years	10,732	2,149
	18,634	**6,888**

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

Other receivables	2019 $'000	2018 $'000
Remote Area Housing Tenancy Receivables	104	144
	104	**144**

NOTE 24 – REMUNERATION OF AUDITOR

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

	2019 $'000	2018 $'000
Auditing the accounts and financial statements	41	40
	41	**40**

NOTE 25 – RELATED PARTIES

The Authority is a wholly-owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Authority include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other department and statutory authorities, including their related bodies, that are included in the whole of government consolidated financial statements;
- associates and joint ventures of an entity that are included in the whole of Government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

Material transactions with related parties

There were no material related party transactions noted in the current year.

In 2017/18 the Authority was notified that a current WA State Government Minister has declared that a non-dependant close family member is a partner-in-charge of a Law firm that provided services to the Authority for the value of $119,000. The Authority has used the firm in previous years and services were procured on normal commercial terms.

Parent entity

Kimberley Ports Authority is the parent entity.

Key Management Personnel Compensation

The Authority has determined that key management personnel include Ministers and senior officers of the Authority. However, the Authority is not obligated to compensate Ministers, and therefore disclosures in relation to Ministers compensation may be found in the Annual Report on State Finances. Total compensation includes the superannuation expense incurred by the Authority in respect of senior officers.

Senior Officers	2019 $'000	2018 $'000
Short-term employee benefits	2,079	2,168
Post-employment benefits	218	219
Other long-term benefits	48	46
Termination benefits	-	-
Total compensation of Senior Officers	**2,346**	**2,433**

Transactions with related parties

The following transactions occurred with related parties:

KPA has two leases in operation with the Department of Fisheries for land known as Lot 505-512 & Pump Station for annual lease revenue of $39,627 (2018: $39,627).

There were no transactions for goods and services to any other related parties at the current and previous reporting date.

Significant transactions with Government-related entities

In conducting its activities, the Authority is required to transact with the State and the entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- income from State Government (Note 4)
- equity contributions (Note 20)
- superannuation payments to GESB (Notes 5 and 7)
- amounts due to the Treasurer (Note 17)
- insurance payments to the Insurance Commission and RiskCover fund (Note 7)
- remuneration for services provided by the Auditor General (Note 24)

Receivable from and payable to related parties

There were no outstanding balances at the reporting date in relation to transactions with related parties.

Loans to/from related parties

There were no loans to or from related parties at the current or previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

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 2019 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:

R. Waldock AM
Chairman

30 August 2019

D. Mofflin
Deputy Chairman

30 August 2019

INDEPENDENT AUDITOR'S REPORT

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

KIMBERLEY PORTS AUTHORITY

Opinion
I have audited the financial report of Kimberley Ports Authority (the Authority), which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion, the financial report of 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 2019 and of its performance for the year then ended; and
(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion
I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Kimberley Ports Authority in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Directors for the Financial Report
The directors of the Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and schedule 5 of the *Port Authorities Act 1999*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

Auditor's Responsibility for the Audit of the Financial Report
The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Matters Relating to the Electronic Publication of the Audited Financial Report
This auditor's report relates to the financial report of Kimberley Ports Authority for the year ended 30 June 2019 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 these financial report. If users of the financial report are concerned with the inherent risks arising from publication on 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
3 September 2019

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