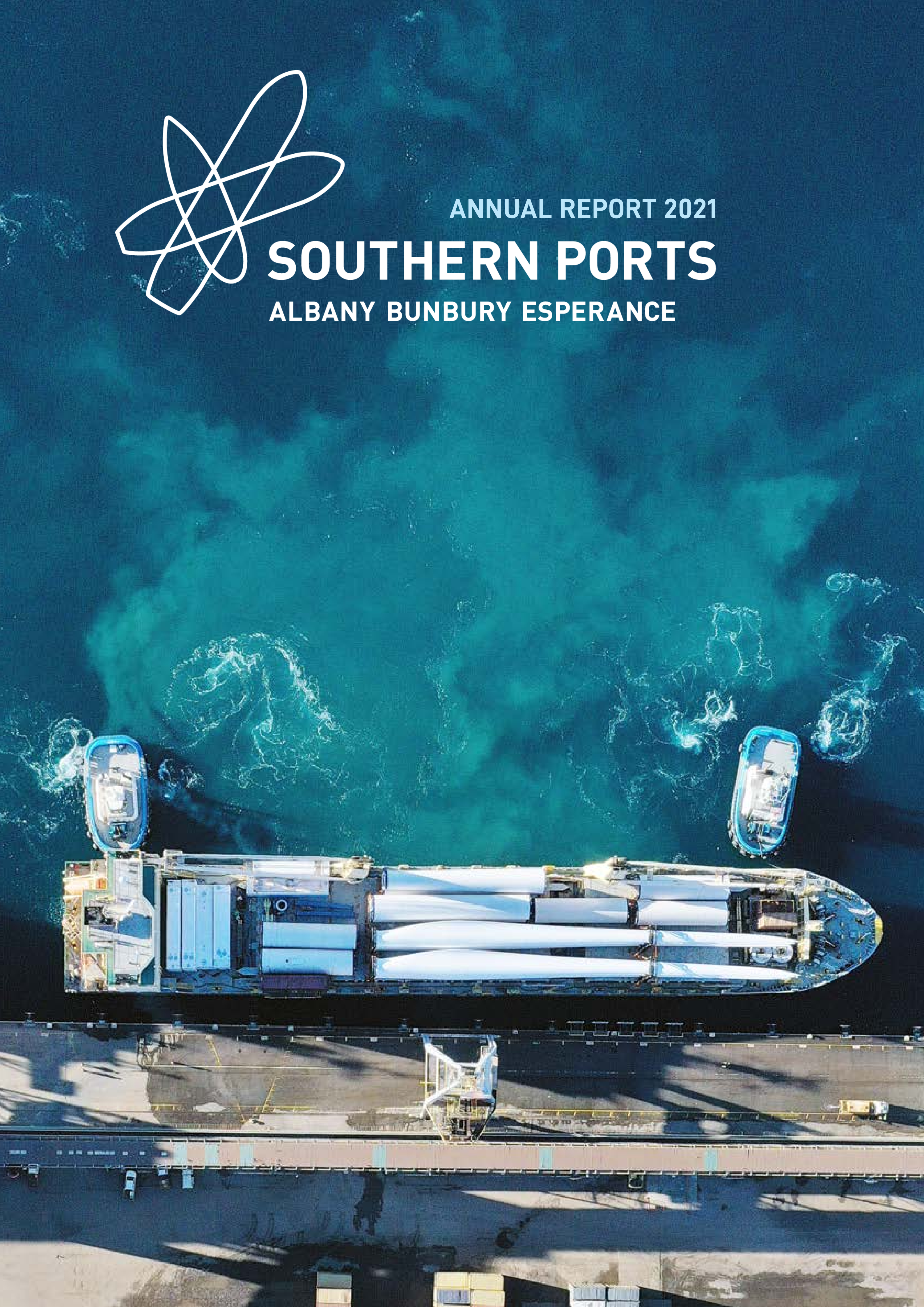
ANNUAL REPORT 2021

SOUTHERN PORTS

ALBANY BUNBURY ESPERANCE



The AAL Nanging, carrying the new wind turbines for the Renewables Hub, being berthed
PORT OF ESPERANCE

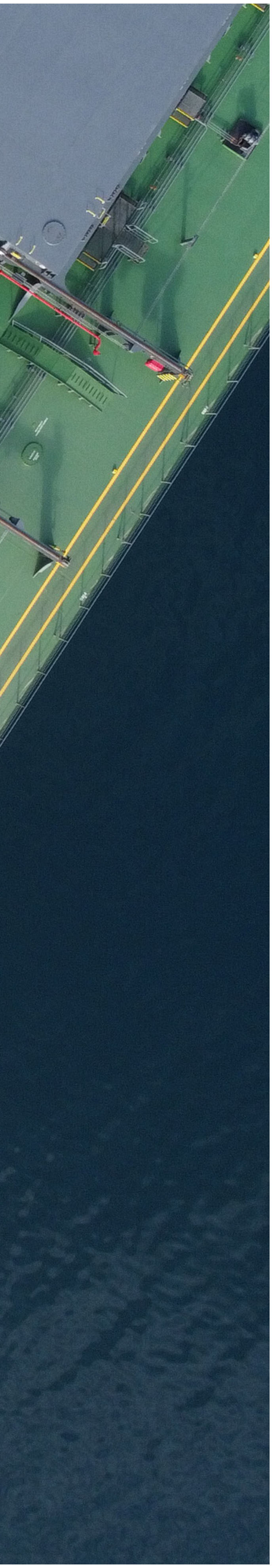
SOUTHERN PORTS ALBANY BUNBURY ESPERANCE

Southern Ports acknowledges and respects the Noongar people of Southern Western Australia as the traditional owners of the lands we live on, and pay respect to their Elders past, present and emerging.

ACKNOWLEDGMENT OF COUNTRY

"Our high standards of integrity inspire confidence and trust in our decision making. Our vision drives us to strengthen our regional communities through the smart and sustainable development of our ports."

The Kilian Oldendorff visited Bunbury and Esperance in FY21
PORT OF ESPERANCE



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The Fujisuka transports silica sands to Japan
PORT OF BUNBURY

01.

EXECUTIVE SUMMARY

CHAIR & CEO OVERVIEW

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- BUSINESS PERFORMANCE & TOPLINE FIGURES
- ROLE & LEGISLATIVE FRAMEWORK
- ORGANISATIONAL CHART
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EXECUTIVE SUMMARY

CHAIR & CEO OVERVIEW

The end of each financial year provides the opportunity to reflect on the achievements of the past year and to report on how we are developing the strength and resilience of our organisation. In particular, we are supporting the trade aspirations of our customers and the future success and opportunities for our regional communities.

We remain steadfastly committed to our vision of "Strong Regional Ports, Strong Regions". This primary goal drives our strategy, our investments, and our results.

A key function of Western Australian ports is to facilitate trade, and we are pleased to report that Southern Ports has recorded total trade of 35.37 million tonnes – a 10 per cent increase over the previous year. This included a record tonnage for the Port of Bunbury with 17.1 million tonnes, and strong iron ore exports from Esperance on the back of exceptional market prices.

We have delivered a strong financial result for the year, with a net profit of $45 million, representing a rate of return of 9.9 per cent.

Safety is one of our values, and the whole team at Southern Ports supports an uncompromising commitment to workplace safety. It has been pleasing to finish the year with further improvement in our lost time injury rate of 7.9. The welfare of our team is uppermost, and it is important to note some of our "lost time" recorded results from positive injury management. We have continued to proactively invest in engineering solutions to overcome potential hazards and empowering the workplace to "stop the job" for any safety concerns. This culture is supported by collaborative teamwork and appropriate training and development.

It is critically important to measure our progress against the many expectations of customers, the community, and our team. It has been particularly pleasing to see the positive results we have achieved this year in our annual stakeholder survey. Our overall stakeholder satisfaction rating of 61 was the highest recorded by Southern Ports since its inception in 2014, and compares well to other port authorities. Our community satisfaction rating of 85 was also the highest result to date, and reflects the solid effort we have made to engage and support our communities.

In pursuing our vision, we have driven a very clear strategy since 2019. Our strategy will build the capability and capacity of our ports to facilitate trade and strengthen supply chain links to and from our ports, plan the development of our ports, build solid asset management practices, and be innovative and future focused on emerging technology.

"It has been another productive year against a continuing backdrop of COVID-19 response (and disruption) and wider impacts upon shipping and world trade."

Our ports have a key role to play in facilitating trade for local exporters to secure markets cost effectively. Our work over this next year is to build on the pipeline of trade opportunities, plus ensuring that we support third party access and common user facilities. We are investing in a range of technologies, such as drones, that underpin best practice asset management, as well as the effective use of data across our sites.

Our ports operate with sustainable principles, such as the efficient use of resources, reducing waste across our operations, using efficient water management practices, preserving biodiversity and habitat, using renewable energy, and building resilience to climate change. We are developing a sustainability plan (to 2030) that will build upon these principles and our sustainability aspirations.

In the year ahead we will prepare a "zero net emissions" plan which supports the State Government target for 2050.

The outlook for next year is very promising, with a strongly performing State economy being spoken of and new trade prospects in our regions. While we will continue to operate in a COVID-19 environment, we have demonstrated our resilience and our uncompromising commitment to safety. We look forward to building upon the work completed this year and exceeding the expectations of our many stakeholders.

What Southern Ports is achieving, with our very clear strategy around trade, investment, operational excellence, and building a sustainable future, is accomplished through teamwork and collaboration. We have a clear aspiration to be fully digital by 2025, integrating next generation technologies, innovation, and connectivity to how we deliver value to our customers and other stakeholders.

We acknowledge the strong support provided to Southern Ports by Minister MacTiernan, and more recently, Minister Saffioti and her ministerial team, together with the Department of Transport.

Our Board directors have fulfilled their governance role effectively. This year the Board has placed particular emphasis on safety, regular site visits, customer and community satisfaction, and examining what will be needed for our "ports of the future". We particularly note the retirement of Dr Phil Chalmer as a long-serving Esperance-based director and we thank him for his outstanding contribution over more than a decade of service. Also retiring from the Board was Jane Andel, who has been an enthusiastic advocate for strong regional communities and bought her expertise in workplace culture to our Board deliberations and strategy development.

We thank the Executive Leadership Team, together with our three Regional Managers, for overseeing the many aspects of professional port management, and particularly note the improvement in safety performance, active trade development, asset management, and our outstanding financial results.

Above all, we appreciate the collaboration and teamwork that we witness across the organisation – the energy and enthusiasm of our people at Southern Ports. They are clearly focused on the future growth and development of our ports and the regions in which we all serve. The culture of our organisation underpins our results for 2020-21 and we thank our team for their "can do" approach.

Ian Shepherd
Chair

Steve Lewis
Chief Executive Officer

EXECUTIVE SUMMARY

CHAIR & CEO OVERVIEW

KEY HIGHLIGHTS

EXPORT OF 10.19m TONNES

OF IRON ORE FROM THE PORT OF ESPERANCE, AN INCREASE OF 38.1% ON PREVIOUS YEAR

The recruitment of additional regional staff to support the increased volume and strengthen our local operations team capability was a key outcome.

An iron ore vessel being loaded at Berth 3
PORT OF ESPERANCE

STATE & FEDERAL COVID-19

PROTOCOL SUPPORT

In supporting these protocols, we achieved our aims of continuing to facilitate trade, protecting our community from any port-related outbreaks, and protecting our people. Our front-line people have shown great resilience and professionalism in managing the additional COVID-19 protocols around ship arrivals.

COMMENCEMENT OF MASTER PLANNING

FOR ALBANY, BUNBURY & ESPERANCE PORTS

These outcomes focus on the optimisation of existing assets and the investment path for additional facilities. These plans will inform the community of how the ports will continue to develop to support varying trade volumes and sustainable practice. They will all be completed early in 2022.

CONTINUED COMMUNITY INVESTMENT

ACROSS ALL OF OUR REGIONS

Investment in the community includes Foodbank in Bunbury, and our important seafarer support agencies in our ports.

TRIALING TRANSPORTABLE LOADING EQUIPMENT

AT ALBANY PORT

This supports better berth utilisation and access to other potential trades.

A RECORD TRADE OF 17.1m TONNES

AT THE PORT OF BUNBURY

This was achieved through collaboration with customers in berthing and loading efficiency, together with optimising opportunities to export additional volume.

Community members experiencing the inside workings of the port
PORT OF ALBANY

PORT OF ALBANY OPEN DAY

IN APRIL 2021

This provided a great opportunity, within COVID-19 protocols, for the community of Albany to see the inside workings of the port. We will look for further opportunities in 2022 to showcase the port experience to the regions, including the concept of virtual tours.

IMPLEMENTATION OF ASSET MANAGEMENT

SYSTEMS FOR PORT ASSETS

Newly implemented asset management systems will deliver next generation optimisation and management of port assets. Our application of new technology across our ports is being guided and informed by the success we have already achieved in our asset management and investment programs.

EXECUTIVE SUMMARY

ORGANISATIONAL OVERVIEW

COVID-19 RESPONSE

> **We adapted to the 'new normal' of working with COVID-19, while maintaining our primary focus of protecting our workforce, communities and the WA freight task.**

Throughout 2020-21 Southern Ports continued to respond to the COVID-19 pandemic in a coordinated and collaborative manner, working closely with key agencies to ensure our operations continued in a safe and effective manner.

Our response remained focused on three core objectives, which we have continued to deliver:

1. Protecting our staff from contracting COVID-19
2. Protecting our communities by performing our role with minimum social footprint
3. Ensuring that we support the WA freight task by keeping our ports open for cargo vessels

Over the last 12 months we have continued to:

- Require arriving international vessels to have had 14 days elapse since their last overseas contact prior to port entry
- Participate in various Commonwealth and State industry working groups and local incident management teams
- Upgrade technology to facilitate remote working arrangements
- Regularly communicate with our staff, stakeholders and the wider community
- Maintain a robust cleaning regime and implement appropriate social distancing and hygiene measures
- Participate in WA Health workshops to assist in developing the vessel outbreak response plan
- Front line port workers continue to work under full PPE while onboard vessels
- Participate in the WA Health DETECTborder program of asymptomatic testing

Our workforce has adapted to the "new normal", responding rapidly to outbreaks and snap lock downs when required, including working from home, limiting travel between sites and adhering to all Government requirements. While not mandatory, Southern Ports personnel generally participated in the early phases of the COVID-19 vaccination rollout, with all pilots receiving vaccinations.

The COVID-19 pandemic continued to impact our Sponsorship Program, with many community groups and organisations prevented from holding scheduled events. Southern Ports worked closely with those affected to ensure funding continued to be provided.

The second half of the financial year saw community groups and organisations regroup to once again confidently plan events and projects.

Southern Ports will continue to respond to COVID-19 as required, maintaining focus on our core objectives as the world continues to transition through this pandemic.

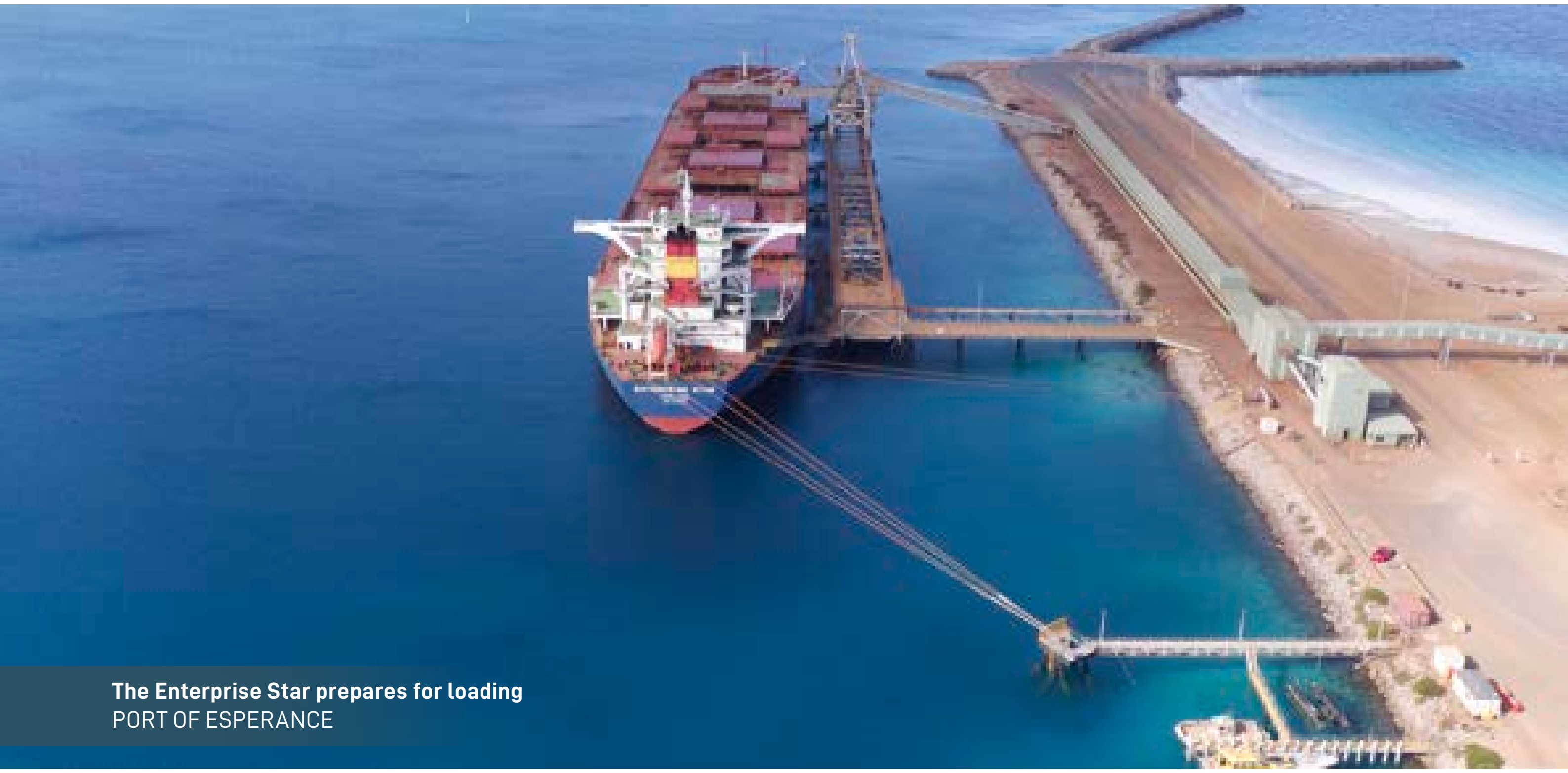
COVID-19 safety measures remain in place
PORT OF ALBANY

EXECUTIVE SUMMARY

ORGANISATIONAL OVERVIEW

BUSINESS PERFORMANCE & TOPLINE FIGURES

During 2020-21 Southern Ports facilitated the trade of over 35.36 million tonnes of product through the Ports of Albany, Bunbury and Esperance. This cargo is then transported over the globe, predominately to China, Asia and the Middle East.



The Enterprise Star prepares for loading
PORT OF ESPERANCE

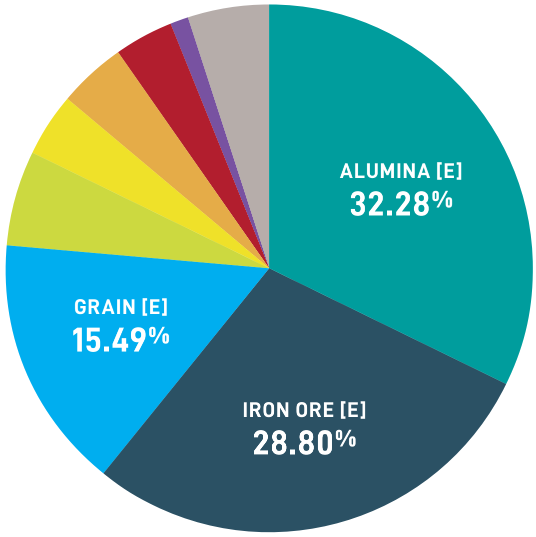
	FY21	FY20
Lost time injury frequency rate	7.9	8.5
Total recordable injury frequency rate	21	14.2
Total trade (Tonnes)	35,369,876	32,229,744
Ship visits	771	788
Operating profit before income tax (millions)	$65.304	$55.847
Rate of return	9.9%	6.5%

PER CENT OF TRADE
COMBINED PORTS

PER COMMODITY

Commodity	Per cent
Alumina [E]	32.28%
Iron Ore [E]	28.80%
Grain [E]	15.49%
Woodchips [E]	5.67%
Caustic Soda [I]	4.12%
Spodumene [E]	4.02%
Mineral Sands [E+I]	3.61%
Silica Sands [E]	1.20%
Other [E+I]	4.81%

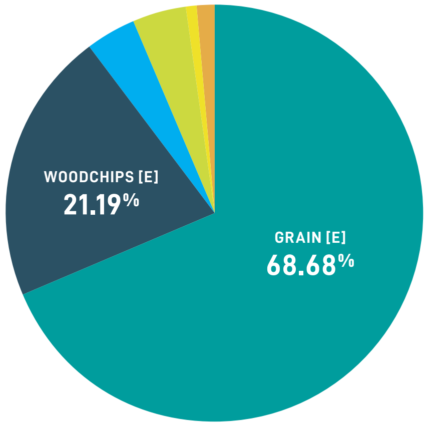
[E] = Export
[I] = Import



PER CENT OF TRADE
ALBANY

PER COMMODITY

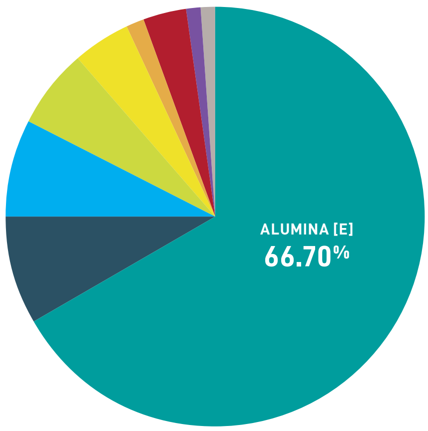
Commodity	Per cent
Grain [E]	68.68%
Woodchips [E]	21.19%
Silica Sands [E]	3.75%
Fertiliser [I]	4.29%
Oil / Petroleum [I]	0.93%
Timber Products [E]	1.16%



PER CENT OF TRADE
BUNBURY

PER COMMODITY

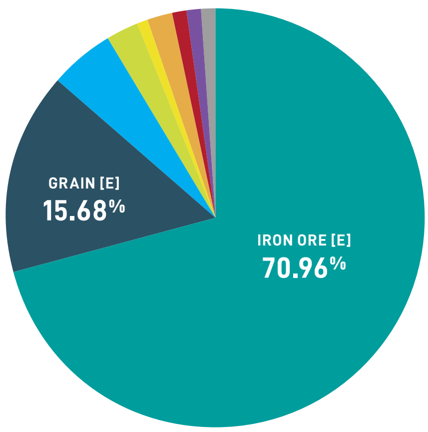
Commodity	Per cent
Alumina [E]	66.70%
Caustic Soda [I]	8.52%
Mineral Sands [E+I]	7.46%
Woodchips [E]	6.17%
Spodumene [E]	4.21%
Silica Sands [E]	1.62%
Grain [E]	3.23%
Copper Cons [E]	1.14%
Other [E+I]	0.95%



PER CENT OF TRADE
ESPERANCE

PER COMMODITY

Commodity	Per cent
Iron Ore [E]	70.96%
Grain [E]	15.68%
Spodumene [E]	4.90%
Oil /Petroleum [I]	2.41%
Woodchips [E]	0.87%
Sulphur [I]	1.88%
Fertiliser [I]	1.31%
Nickel [E]	1.00%
Other [E+I]	0.99%



EXECUTIVE SUMMARY

ORGANISATIONAL OVERVIEW

ROLE & LEGISLATIVE FRAMEWORK

ALBANY

35°03'S 117°89'E

MODEL: LANDLORD
LAND HOLDING: 106.5HA

KEY ACTIVITIES

- Leasing land to port-related industries and providing access to port infrastructure and facilities.
- Services such as towage and stevedoring are outsourced to the private sector.

BERTH	GOODS	LENGTH	DEPTH	MAX DRAFT
Berth 1	General Purpose	209m	10.2m	9.8m
Berth 2	General Purpose	172m	10.2m	9.8m
Berth 3	Grain	227m	12.2m	11.7m
Berth 6 (Dolphin)	Woodchips	216m	12.5m	11.7m

Southern Ports is a Government Trading Enterprise that operates under the Port Authorities Act 1999. We facilitate trade through the commercial management of efficient, safe, sustainable and customer-focused ports, returning a dividend to the Government of Western Australia, our sole shareholder.

BUNBURY

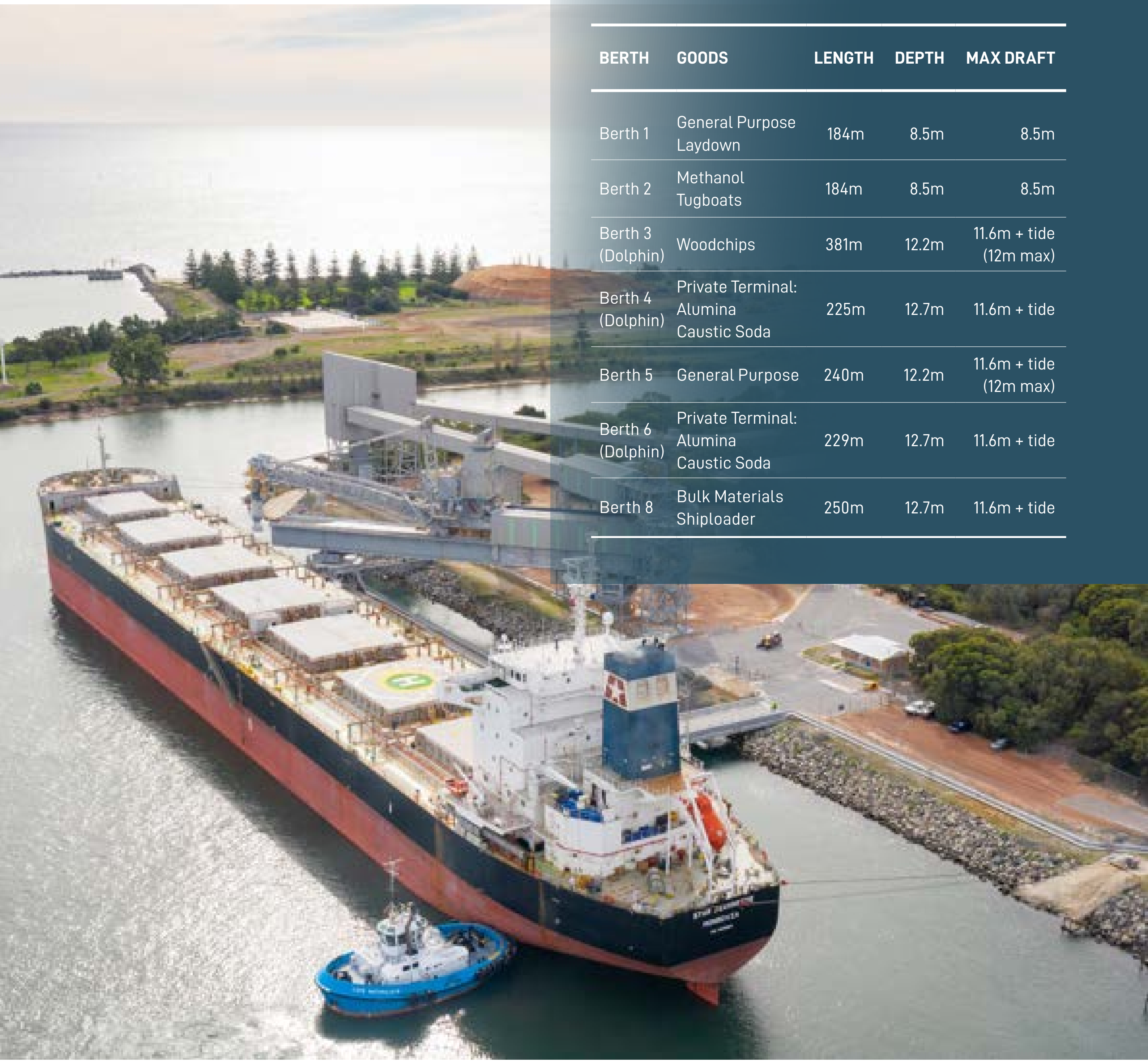
32°32'S 115°66'E

MODEL: LANDLORD
LAND HOLDING: 482HA

KEY ACTIVITIES

- Leasing land to port-related industries and providing access to port infrastructure and facilities.
- Services such as towage and stevedoring are outsourced to the private sector.

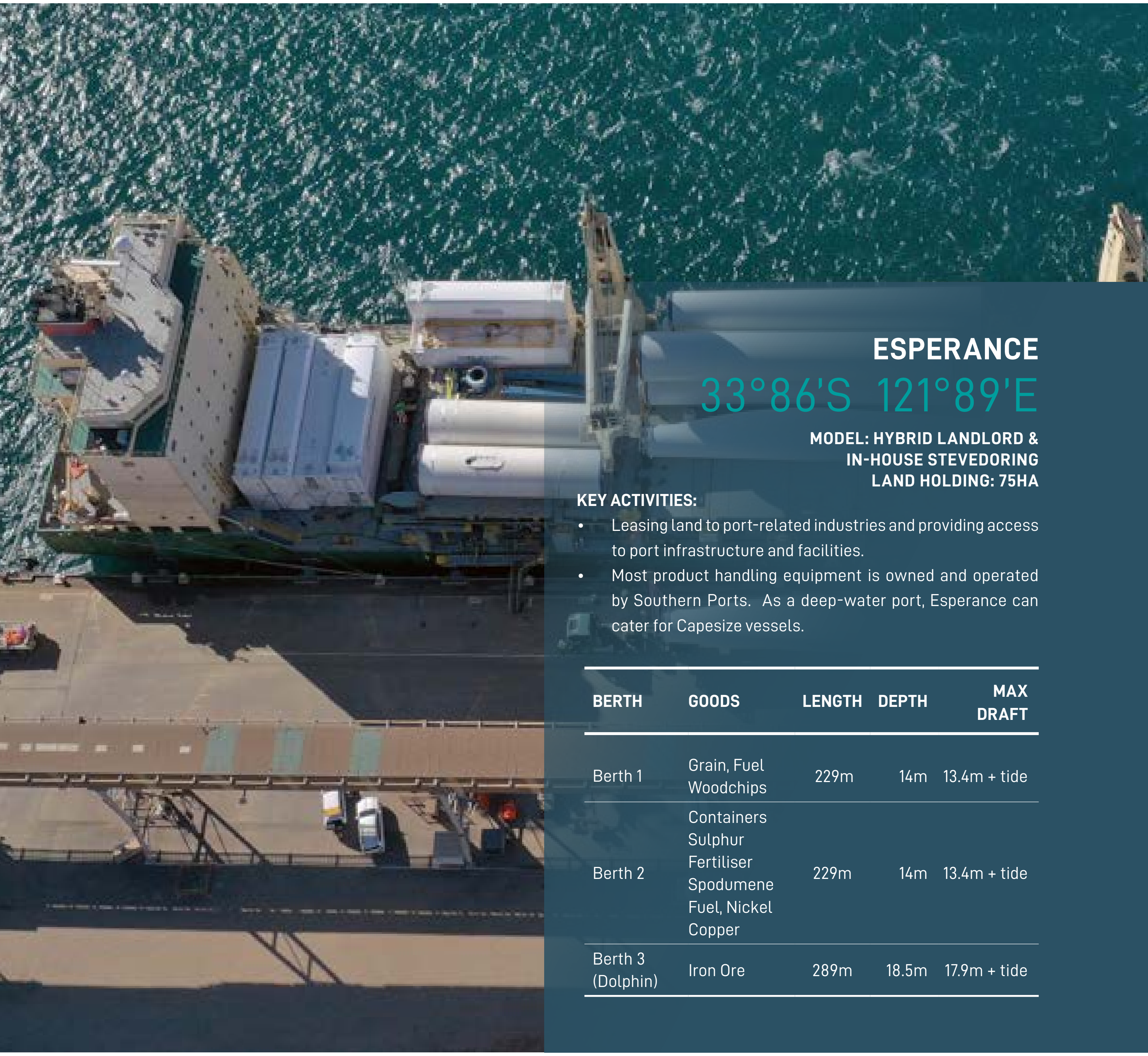
BERTH	GOODS	LENGTH	DEPTH	MAX DRAFT
Berth 1	General Purpose Laydown	184m	8.5m	8.5m
Berth 2	Methanol Tugboats	184m	8.5m	8.5m
Berth 3 (Dolphin)	Woodchips	381m	12.2m	11.6m + tide (12m max)
Berth 4 (Dolphin)	Private Terminal: Alumina Caustic Soda	225m	12.7m	11.6m + tide
Berth 5	General Purpose	240m	12.2m	11.6m + tide (12m max)
Berth 6 (Dolphin)	Private Terminal: Alumina Caustic Soda	229m	12.7m	11.6m + tide
Berth 8	Bulk Materials Shiploader	250m	12.7m	11.6m + tide



EXECUTIVE SUMMARY

ORGANISATIONAL OVERVIEW

ROLE & LEGISLATIVE FRAMEWORK CONT.



ESPERANCE

33°86'S 121°89'E

MODEL: HYBRID LANDLORD & IN-HOUSE STEVEDORING
LAND HOLDING: 75HA

KEY ACTIVITIES:

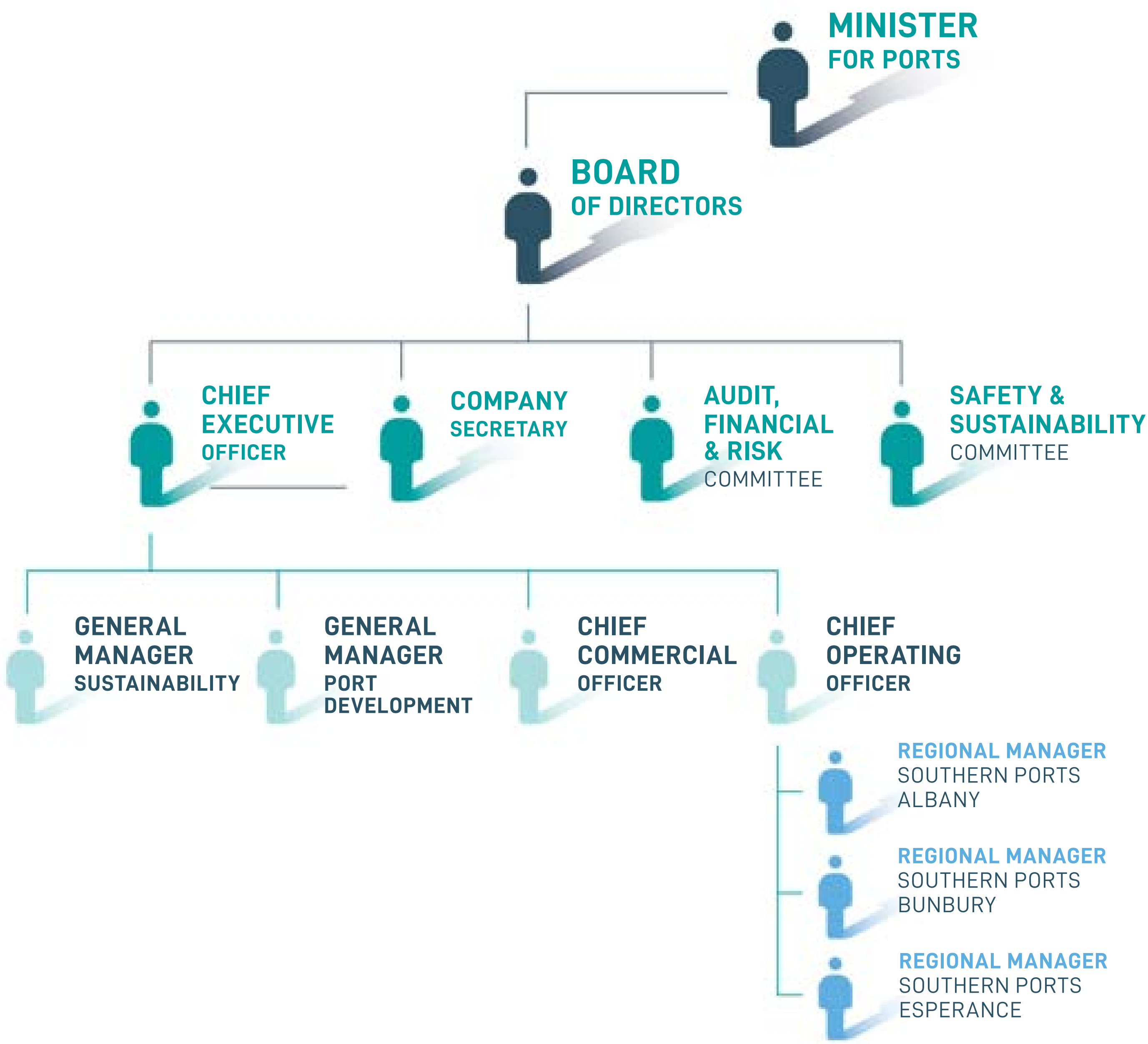
- Leasing land to port-related industries and providing access to port infrastructure and facilities.
- Most product handling equipment is owned and operated by Southern Ports. As a deep-water port, Esperance can cater for Capesize vessels.

BERTH	GOODS	LENGTH	DEPTH	MAX DRAFT
Berth 1	Grain, Fuel Woodchips	229m	14m	13.4m + tide
Berth 2	Containers Sulphur Fertiliser Spodumene Fuel, Nickel Copper	229m	14m	13.4m + tide
Berth 3 (Dolphin)	Iron Ore	289m	18.5m	17.9m + tide

EXECUTIVE SUMMARY

ORGANISATIONAL OVERVIEW

ORGANISATIONAL CHART



EXECUTIVE SUMMARY

CURRENT DIRECTORS

Southern Ports' Board of Directors is the governing body as detailed in the Port Authorities Act 1999. Members are appointed by the Minister for Ports and are tasked with determining the policies and controlling the affairs of Southern Ports.

IAN SHEPHERD, BOARD CHAIR

Assoc. Civic Engineering, Grad. Dip. Business, Harvard Advanced Management Program, Hon. Fellow IE Aust, MAICD

APPOINTED 1 February 2020, term ends 31 December 2021

As an experienced CEO and Director, Ian brings varied and direct experiences in governance and business, finance, leadership, risk and public relations. In addition, he has an understanding of the importance of board dynamics and culture.

Ian spent 17 years as a Director and eight years as CEO/Managing Director of GHD Group Pty Ltd, an infrastructure services company operating across all facets of planning, project management and engineering. With operations across 10 countries, Ian brings international knowledge and awareness of key issues. He has strong commercial and strategic capabilities in relation to company growth and transformational changes. Ian is also a Director of the Perth Children's Hospital Foundation.

GAYE MCMATH, DEPUTY CHAIR

BComm Melbourne University, MBA, AMP HBS, FAICD, FCPA

APPOINTED DEPUTY CHAIR 1 July 2018, term ends 30 June 2022

Gaye has extensive experience in mining, resources, infrastructure, energy, financial services, treasury, property and higher education. Her executive experience includes senior executive finance and commercial roles over 23 years with BHP and over 12 years with the University of Western Australia.

Gaye held the position of Deputy Chair of Commissioners of the City of Perth. Gaye's board experience spans 20 years across a diverse range of organisations including Listed Companies, Government Trading Enterprises and Not-for Profit organisations.

SPECIAL RESPONSIBILITIES

Chair Audit, Finance and Risk Committee

JOHN BARRATT

BBus (Accounting) WACAE (now Edith Cowan University) Churchlands, FCPA

APPOINTED 1 January 2019, term ends 30 June 2023

John brings over 23 years' experience in senior management roles to Southern Ports including as Chief Financial Officer. John has a particular focus on external statutory reporting and risk management and has extensive knowledge of port financial management, operations and contract management.

His previous board experience includes Directorships with the Bunbury Water Corporation (trading as Aqwest) and with the Collie Miners Credit Union where he was Chair of the Audit and Risk Management Committee and member of the Remuneration Committee. John is currently appointed as a Community Member on the City of Bunbury Audit Committee in a voluntary capacity.

SPECIAL RESPONSIBILITIES

Member of Audit, Finance and Risk Committee

JANE CUTLER

BE (Chem & Mat), M Env Stu, MBA, FIChemE, FAICD

APPOINTED 1 February 2020, term ends 31 December 2021

Jane brings more than 30 years of board level and senior executive experience from across the public, commercial and not for profit sectors. Jane has particular experience in the resources, oil and gas, financial services, maritime, environment and technology industries. Jane has served on a number of board subcommittees as a member and also as Chair including audit and risk, finance, investment, selection, diversity and events committees.

Jane was previously Chief Executive Officer of the National Offshore Petroleum Safety and Environment Management Authority. Jane is currently a Director of the Australian Maritime Safety Authority. She is Deputy President of the Institution of Chemical Engineers and a member of the WA Division Council of the Australian Institute of Company Directors.

SPECIAL RESPONSIBILITIES

Chair Safety and Sustainability Committee

DR WIEBKE EBELING

PhD (Neuroscience) ANU

APPOINTED 13 July 2020, term ends 30 June 2022

Wiebke has a background in the biological sciences and workshop facilitation, and has held roles in science communication, education and outreach in various scientific disciplines (vision science, marine science, astrophysics, ocean engineering) over the past 10 years.

She established the headquarters of The University of Western Australia - Wave Energy Research Centre in Albany in early 2018 and manages the Centre operations across the Albany and Perth nodes, as well as the new Great Southern Marine Research Facility in Albany. Wiebke leads stakeholder engagement across a range of sectors, including State Government, schools and the general public, and is also an Executive Member of the Great Southern Science Council.

SPECIAL RESPONSIBILITIES

Member of Safety and Sustainability Committee; and Audit, Finance and Risk Committee

EXECUTIVE SUMMARY

CURRENT DIRECTORS CONT.

ROBYN FENECH

APPOINTED 1 July 2021, term ends 31 December 2022
Robyn's background is in regional economic development across many sectors, including tourism, agriculture and infrastructure planning.

Through her professional experience and 20 years running her own consultancy practice, Robyn has been involved in strategy development and delivery within the South West region, including strategic planning, governance, and industry and community consultation. Robyn is currently the Chair of the Bunbury Development Committee.

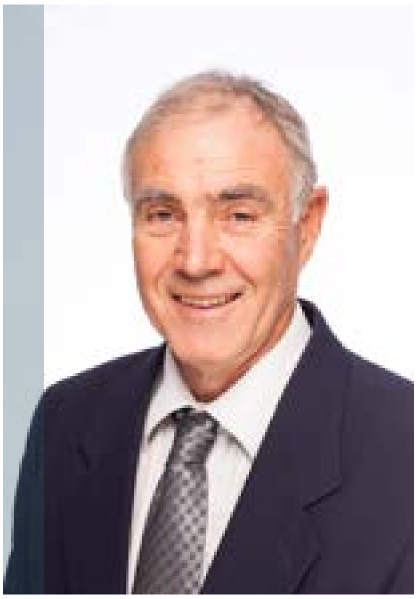
CHRIS SUTHERLAND

APPOINTED 1 July 2021, term ends 31 December 2022
Chris is an experienced executive and director, having spent 20 years in various engineering and management roles with leading engineering companies including Clough and WorleyParsons.

Chris was appointed Managing Director and Group CEO of Programmed from January 2008 until his retirement in September 2019. He is currently a non-executive Director of Matrix Engineering & Composites and non-executive Chairman of Copper Search Ltd, Remsense Technology Ltd and Stelect Pty Ltd.

EXECUTIVE SUMMARY

RETIRED DIRECTORS



DR PHILLIP CHALMER

BSc (Hons), PhD (University of Western Australia)

APPOINTED 1 September 2014, term ended 31 March 2021

Phil has been a Director with port authority boards since 2007. Phil's research in the late 1970's on the ecology of marine fouling at the Stirling Naval Base earned him a doctorate and considerable experience, later working as director of a marine environmental consultancy for a decade.

Phil has worked on many major projects along the WA coast and abroad, including port developments, dredging programs and marina developments.

SPECIAL RESPONSIBILITIES

Member of Safety and Sustainability Committee

JANE ANDEL

Bachelors in HR and IR, Business Cert in Leadership (BCL)

APPOINTED 1 January 2019, term ended 30 June 2021

Jane brought to Southern Ports more than 20 years' experience as a Human Resources Manager, Non-Executive Director, Business Partner and trusted adviser both locally and internationally.

She is the owner and Director of Human Resources South West, focused on leading organisational cultural change and leadership programs and Vice Chair of the Bunbury Regional Entertainment Centre. Prior to moving to the South West of WA, Jane worked with GlaxoSmithKline in London, Woodside Energy in Africa and Perth, Moran Furniture Melbourne and with Western Power, Amana Living and Lion Nathan in Perth.

SPECIAL RESPONSIBILITIES

Member of Safety and Sustainability Committee

OUR VISION

Strong regional ports, strong regions.

Sun rises over the
PORT OF ESPERANCE

EXECUTIVE SUMMARY

STRATEGIC THEMES

We have a targeted strategic plan that centres on building the capability and capacity of our ports to facilitate trade, strengthen supply chain links to and from our ports, plan the development of our ports, build solid asset management practices and be innovative and future focused on emerging technology.

With our strategic themes underpinning all our activities throughout 2020-21, we have been focused on ensuring all our operations help us realise our vision.

Our achievements and our clear strategy are driven through teamwork and collaboration.

SOUTHERN PORTS VALUES

- Safety
- Integrity
- Teamwork
- Future Focus
- Accountability

SOUTHERN PORTS STRATEGY

Southern Ports has identified three key themes of strategy that will define and drive how we build our business. (figure below)

SOUTHERN PORTS KEY THEMES

- Trade Facilitation
- Supply Chain Optimisation

- Sustainability
- Innovation
- Port Development

- Workforce Development
- Operational Excellence
- Information Technology

Two ships prepare for loading
PORT OF ALBANY

02.

BUILD TRADE

KEY PERFORMANCE INDICATORS

FINANCIAL INDICATORS

- CONSOLIDATED TRADE
- ALBANY
- BUNBURY
- ESPERANCE

SUPPLY CHAIN OPTIMISATION

TRADE FACILITATION

BUILD TRADE

KEY PERFORMANCE INDICATORS

Southern Ports' Key Performance Indicators (KPIs) are used to measure the growth and improvements across all facets of our operations.

Ongoing assessment against the KPIs help us celebrate our successes, while identifying areas for growth and development.

CATEGORY	KEY PERFORMANCE INDICATOR	FY21 TARGET	FY21 RESULT	STATUS
HSES	Lost Time Injury Frequency Rate	30 or 10% reduction from FY20	7.9	×
	Number of Medical Treatment Injuries for the Period	30 or 10% reduction from FY20	13.2	×
	Number of Significant Injuries for the Period	30 or 10% reduction from FY20	0	✓
	Number of Fatalities/Disabling Injuries	0	0	✓
Culture and People	Staff culture survey results	Improved entropy score from FY20	31	✓
Stakeholder Engagement	Corporate Reputation Stakeholder Survey	Improved corporate reputation index from FY19 (FY20 survey delayed due to COVID-19)	61	✓
	Number of complaints from stakeholders	0 or 10% reduction of substantiated complaints received from FY20	5	✓
Trade Growth and Improved Facilitation	Continuous Growth in Trade Throughput	Per centage of throughput increased from FY20	9.8%	✓
Port Development	Infrastructure projects consistent with long term port development master plan	8	2	Master planning has commenced, results will be determined when plans are completed
Operationally Excellent, Sustainable and Innovative Ports	Rate of return	7.4%	9.9%	✓
	Earnings Before Interest and Tax	$43.412m	$65.453m	✓

> Our KPIs are aligned to the actions which are critical to the success of our business and have been developed to drive our strategy for 2021 and beyond.

INDICATIVE KPI HIGHLIGHTS

SAFETY

During the last reporting period we fell just short (7.9 per cent) of our 10 per cent reduction (7.65 per cent) from FY20. Safety is still Southern Ports priority value and our staff continue their determined effort to improve our safety and wellbeing.

CULTURAL ENTROPY

The outcome of the latest staff survey saw a 47 per cent improvement on the last survey, reflecting the combined efforts of management and staff in building stronger working relationships and environments, and working together to enable the capability of our workforce to develop and grow our operations.

TRADE GROWTH

Despite the ongoing challenges of the global COVID-19 pandemic, in FY21 we increased trade throughput by 9.8 per cent. This was a direct outcome of the collaboration between our operations teams, customers, and port users.

RATE OF RETURN ON ASSETS

Our budgeted rate of return of 7.4 per cent was achieved in this period.

EARNINGS BEFORE INTEREST AND TAX

The EBIT increase of 51 per cent in the reporting period was favourable, and largely attributed to increased revenue from iron ore.

BUILD TRADE

FINANCIAL INDICATORS

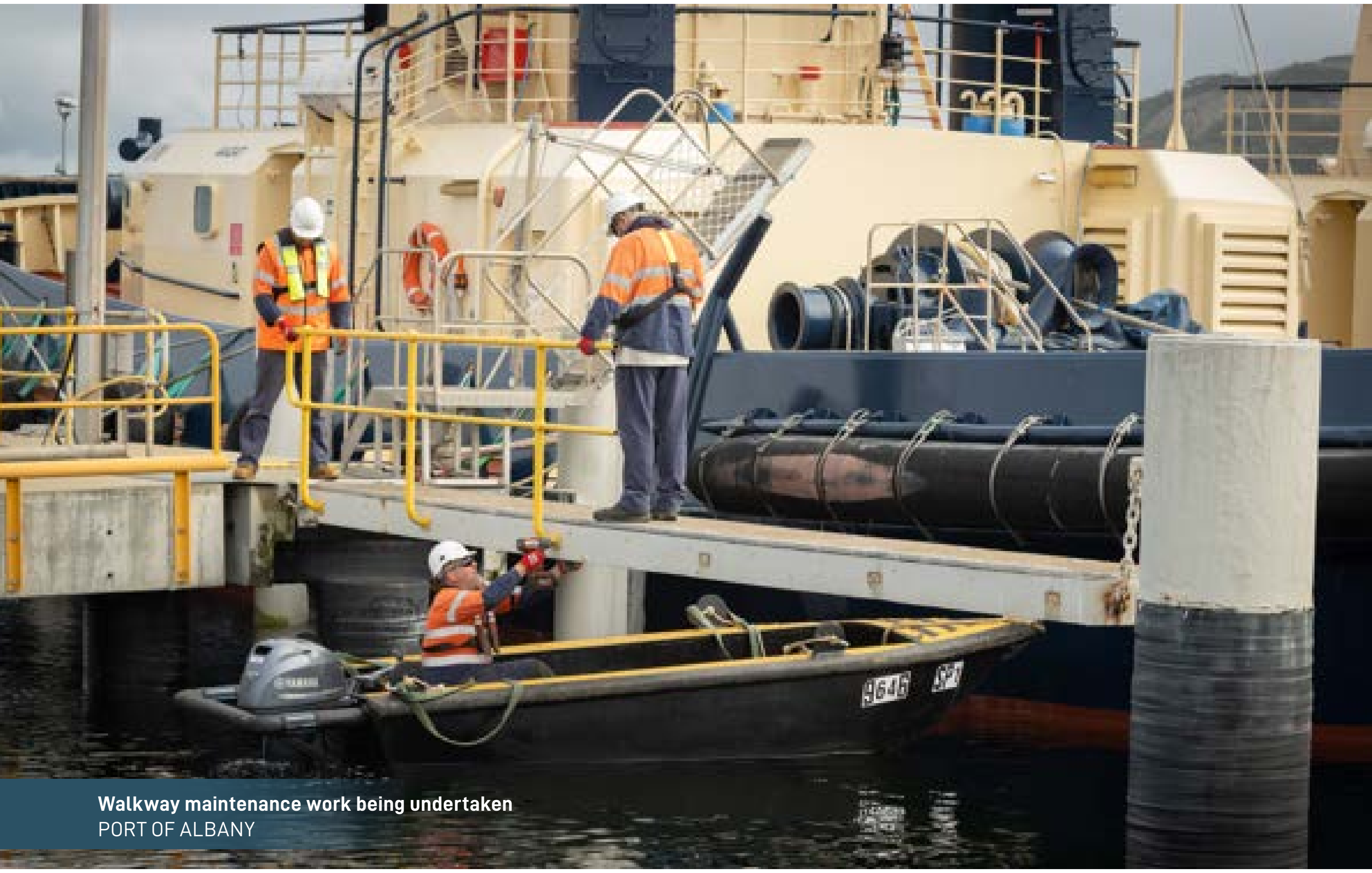
CONSOLIDATED TRADE RESULTS FOR THE YEAR ENDED 30 JUNE 2021

In 2020-21 Southern Ports saw an increase in trade of 10 per cent, from 32.2 million tonnes to 35.4 million tonnes. Imports increased by 11 per cent from the previous year, assisted by increased caustic soda, sulphur and fertiliser imports, which were at records, exceeding the previous high in FY17 by 77,919 tonnes.

Exports increased by 10 per cent from FY20, with the largest contributor being iron ore. This increased by 2.9 million tonnes as producers ramped up production.

Alumina registered a record trade of 11.4 million tonnes in FY21, an increase of 244,333 tonnes on the previous record set in FY20. Spodumene also saw a record trade of 1.4 million tonnes, an increase of 196,388 tonnes on the previous record. Silica sand and woodchip exports contracted by 34 per cent and 17 per cent respectively during the period.

“Our trade increased by 10 per cent in FY21, driven by increased caustic soda, sulphur and fertiliser imports.”



Walkway maintenance work being undertaken
PORT OF ALBANY

IMPORTS	2021	2020	2019	2018	2017
COMMODITY					
Caustic Soda	1,458,088	1,312,148	1,373,526	1,362,935	1,353,215
Coal	81,968	101,356	95,991	98,516	97,996
Fertiliser	377,091	292,555	257,810	262,139	291,093
Mineral Sands	293,104	352,762	336,560	476,016	316,456
Nickel	0	0	0	0	9,171
Oil/Petroleum	393,384	370,052	367,329	390,042	351,201
Sulphur	269,908	176,228	0	0	411,080
Sundry	52,484	47,108	14,475	11,951	24,117
Timber Products	12,107	0	11,003	7,487	5,886
TOTAL IMPORTS	**2,938,133**	**2,652,209**	**2,456,694**	**2,609,086**	**2,860,214**

EXPORTS	2021	2020	2019	2018	2017
COMMODITY					
Alumina	11,417,470	11,173,137	10,862,697	10,744,052	10,933,102
Bauxite	0	0	0	145,698	0
Copper Concentrate	237,645	229,066	289,737	289,000	268,842
Grain	5,480,372	5,238,337	5,523,629	5,560,037	6,147,887
Iron Ore	10,186,370	7,378,420	3,156,445	8,206,916	11,247,090
Mineral Sands	984,603	955,909	823,637	823,245	960,885
Nickel	143,318	119,323	177,908	165,350	99,613
Oil/Petroleum	0	0	5,189	14,891	12,789
Silica Sand	423,059	636,839	575,726	600,335	501,625
Spodumene	1,423,477	1,227,089	1,181,238	884,630	634,203
Sundry	83,850	122,953	36,795	49,405	89,585
Timber Products	45,005	76,843	50,993	88,630	74,865
Woodchips	2,006,574	2,419,619	3,373,507	3,389,029	3,500,915
TOTAL EXPORTS	**32,431,743**	**29,577,535**	**26,057,501**	**30,961,218**	**34,471,402**
Fuel Oil (Bunkers)	0	0	20	0	0
TOTAL TRADE	**35,369,876**	**32,229,744**	**28,514,215**	**33,570,304**	**37,331,616**
SHIPPING					
Gross Registered Tonnage	27,070,480	26,357,535	25,334,052	28,535,759	30,202,407
NUMBER OF VESSELS					
Trade Vessels	762	764	746	784	809
Other Vessels	9	24	37	40	32
TOTAL NUMBER OF VESSELS	**771**	**788**	**783**	**824**	**841**

BUILD TRADE

FINANCIAL INDICATORS

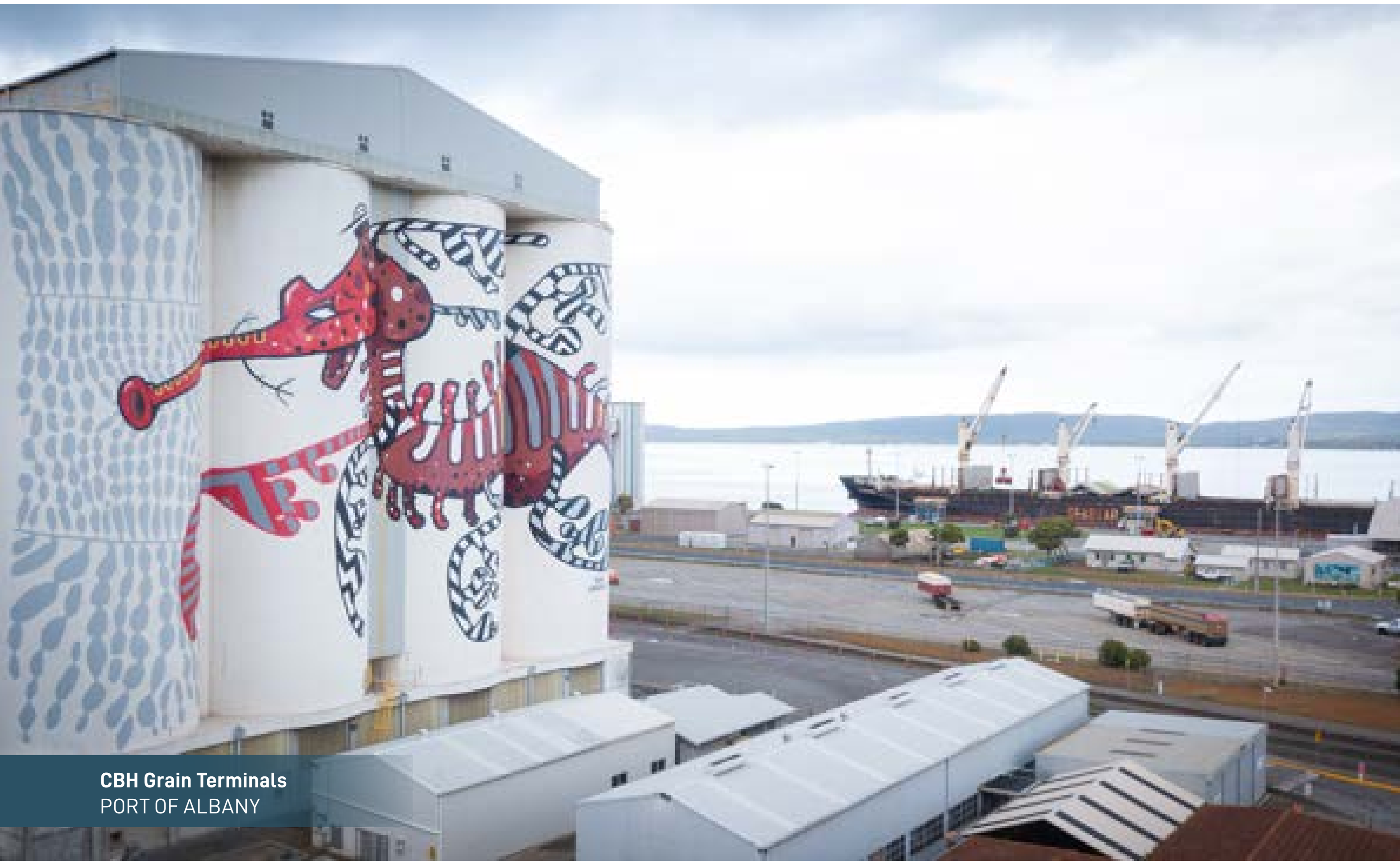
ALBANY TRADE RESULTS FOR THE YEAR ENDED 30 JUNE 2021

Total trade for the Port of Albany reached 3.9 million tonnes, down by 99,027 tonnes from the previous reporting period. Exports were 3.7 million tonnes, down by 125,379 tonnes on the previous years' levels. In contrast, total imports were at record levels, up 26,352 tonnes from FY20 to reach a total of 203,015 tonnes.

During FY21 grain exports were up 2.2 per cent to 2.7 million tonnes, while fertiliser imports exceeded the previous record of 134,346 tonnes in FY20 by 24.3 per cent to 166,965 tonnes.

Vessel numbers were down from 151 in the previous reporting period to a total of 131 primarily due to a reduction in cruise vessels from 13 to zero, the industry being severely impacted by COVID-19.

> **"Fertiliser imports at the Port of Albany increased by 24.3 per cent, contributing to a record level of total imports in FY21."**



CBH Grain Terminals
PORT OF ALBANY

BERTH CAPACITY UTILISATION – ALBANY

BERTH	FY21 RESULT	FY20 RESULT	COMMENT
Berth 1	10%	9%	No cruise ships offset by additional cargo vessels
Berth 2	13%	17%	Fertiliser, timber products and fuel vessels
Berth 3	57%	50%	Trade steady - product trucking delays
Berth 4	16%	17%	Reduced trade

IMPORTS	2021	2020	2019	2018	2017
COMMODITY					
Fertiliser	166,965	134,346	125,764	120,846	123,048
Oil/Petroleum	36,050	42,317	47,723	35,229	42,394
Sundry	0	0	0	0	0
TOTAL IMPORTS	**203,015**	**176,663**	**173,487**	**156,075**	**165,441**
EXPORTS	**2021**	**2020**	**2019**	**2018**	**2017**
COMMODITY					
Grain	2,676,202	2,619,382	2,684,847	2,783,882	2,912,127
Silica Sand	146,360	199,458	225,145	220,860	228,151
Timber Products	45,005	38,305	50,993	58,079	48,777
Woodchips	825,831	961,632	1,537,051	1,595,715	1,752,556
TOTAL EXPORTS	**3,693,398**	**3,818,777**	**4,498,036**	**4,658,536**	**4,941,611**
Fuel Oil (Bunkers)	0	0	20	0	0
TOTAL TRADE	**3,896,413**	**3,995,440**	**4,671,543**	**4,814,611**	**5,107,052**
SHIPPING					
Gross Registered Tonnage	3,744,532	4,599,502	5,212,999	5,251,119	5,727,315
NUMBER OF VESSELS					
Trade Vessels	127	131	146	140	158
Other Vessels	4	20	22	21	16
TOTAL NUMBER OF VESSELS	**131**	**151**	**168**	**161**	**174**

BUILD TRADE

FINANCIAL INDICATORS

BUNBURY TRADE RESULTS FOR THE YEAR ENDED 30 JUNE 2021

Total trade for the Port of Bunbury set a new record of 17.1 million tonnes, up 303,626 tonnes, or 1.8 per cent, on the previous reporting period, and 186,234 tonnes, or 1.1 per cent, on the previous record set in FY18.

Exports of alumina totalled 11.4 tonnes, up by 244,333 tonnes or 2.2 per cent. Grain exports increased by 181,960 tonnes, or 49.1 per cent.

Caustic soda imports and spodumene exports were up by 145,940 tonnes or 11.1 per cent and 77,579 tonnes or 12.1 per cent, respectively. Silica sand exports were down 160,682 tonnes or 36.7 per cent, and woodchip exports also decreased by 123,155 tonnes of 10.4 per cent.

"The Bunbury Port experienced a record trade year in FY21, supported by strong grain exports and increased spodumene imports, breaking the previous record set in FY18."

Pilot prepares for shipping movement
PORT OF BUNBURY

BERTH CAPACITY UTILISATION – BUNBURY

BERTH	FY21 RESULT	FY20 RESULT	COMMENT
Berth 1	21%	2%	Lay-up vessel
Berth 2	10%	8%	Three methanol vessels and three non-cargo vessels
Berth 3	41%	36%	Increased grain throughput
Berth 4	73%	76%	Increased loading rate
Berth 5	61%	66%	Reduced project cargo vessels
Berth 6	72%	71%	Increased loading rate
Berth 8	53%	56%	Reduced trade

IMPORTS	2021	2020	2019	2018	2017
COMMODITY					
Caustic Soda	1,458,088	1,312,148	1,373,526	1,362,935	1,353,215
Coal	81,968	101,356	95,991	98,516	97,996
Fertiliser	22,754	20,177	21,950	20,701	29,138
Mineral Sands	293,104	352,762	336,560	476,016	316,456
Oil/Petroleum	10,921	6,870	11,148	11,905	11,812
Sundry	8,618	7,485	348	1,029	1,450
Timber Products	12,107	0	11,003	7,487	5,886
TOTAL IMPORTS	**1,887,560**	**1,800,798**	**1,850,526**	**1,978,589**	**1,815,953**

EXPORTS	2021	2020	2019	2018	2017
COMMODITY					
Alumina	11,417,470	11,173,137	10,862,697	10,744,052	10,933,102
Bauxite	0	0	0	145,698	0
Copper Concentrate	194,568	184,916	239,845	261,260	263,225
Grain	552,521	370,561	322,655	283,353	273,849
Mineral Sands	984,573	955,909	823,637	823,245	960,885
Oil/Petroleum	0	0	5,189	14,891	12,789
Silica Sand	276,699	437,381	350,581	379,475	273,474
Spodumene	720,748	643,169	766,960	682,975	579,531
Sundry	28,066	31,054	29,835	31,807	29,036
Timber Products	0	38,539	0	26,845	26,088
Woodchips	1,055,366	1,178,481	1,473,074	1,559,147	1,543,783
TOTAL EXPORTS	**15,230,011**	**15,013,147**	**14,874,473**	**14,952,748**	**14,895,762**
Fuel Oil (Bunkers)	0	0	0	0	0
TOTAL TRADE	**17,117,571**	**16,813,945**	**16,724,999**	**16,931,337**	**16,711,715**
SHIPPING					
Gross Registered Tonnage	13,481,101	13,137,838	13,361,658	13,704,485	13,646,656
NUMBER OF VESSELS					
Trade Vessels	439	440	425	453	441
Other Vessels	5	3	4	7	5
TOTAL NUMBER OF VESSELS	**444**	**443**	**429**	**460**	**446**

BUILD TRADE

FINANCIAL INDICATORS

ESPERANCE TRADE RESULTS FOR THE YEAR ENDED 30 JUNE 2021

Total trade for the Port of Esperance was 14.4 million tonnes, up 2,935,532 tonnes or 25.7 per cent, largely attributed to an increase in iron ore exports. Increased fertiliser and sulphur imports, as well as spodumene exports, also contributed to the increased trade.

Iron ore exports were up 2,807,950 tonnes, or 38.1 per cent, while spodumene exports were up 118,809 tonnes, or 20.3 per cent. Fertiliser imports and sulphur imports both increased, 49,339 tonnes or 35.7 per cent and 93,680 tonnes or 53.2 per cent, respectively.

Container trade also grew, increasing 1,574 TEUs, or 18.6 per cent.

> **The Port of Esperance continued to experience an increase in iron ore, grain and nickel exports in FY21.**

Berth 3 facilitates iron ore trade
PORT OF ESPERANCE

BERTH CAPACITY UTILISATION – ESPERANCE

BERTH	FY21 RESULT	FY20 RESULT	COMMENT
Berth 1	44%	46%	Reduced trade
Berth 2	46%	40%	Increased trade
Berth 3	68%	50%	Increased trade

IMPORTS	2021	2020	2019	2018	2017
COMMODITY					
Fertilisers	187,372	138,033	110,096	120,592	138,906
Nickel	0	0	0	0	9,171
Oil/Petroleum	346,413	320,864	308,458	342,908	296,995
Sulphur	269,908	176,228	0	0	411,080
Sundry	43,865	39,623	14,127	10,922	22,667
TOTAL IMPORTS	**847,558**	**674,748**	**432,681**	**474,422**	**878,819**

EXPORTS	2021	2020	2019	2018	2017
COMMODITY					
Copper Concentrate	43,077	44,150	49,892	27,740	5,617
Grain	2,251,649	2,248,394	2,516,127	2,492,802	2,961,912
Iron Ore	10,186,370	7,378,420	3,156,445	8,206,916	11,247,090
Nickel	143,318	119,323	177,908	165,350	99,613
Spodumene	702,729	583,920	414,278	201,655	54,672
Sundry	55,814	91,899	6,960	17,598	60,549
Timber Products	0	0	0	3,706	0
Woodchips	125,377	279,506	363,382	234,167	204,576
TOTAL EXPORTS	**13,508,334**	**10,745,612**	**6,684,992**	**11,349,934**	**14,634,030**
TOTAL TRADE	**14,355,892**	**11,420,360**	**7,117,673**	**11,824,356**	**15,512,849**
TEUs In	5,558	4,169	3,679	3,398	5,381
TEUs Out	4,470	4,285	3,273	4,668	5,821
TOTAL TEUs	**10,028**	**8,454**	**6,952**	**8,066**	**11,202**
SHIPPING					
Gross Registered Tonnage	9,844,847	8,595,410	6,759,395	9,580,155	10,828,436
NUMBER OF VESSELS					
Trade Vessels	196	192	175	191	210
Other Vessels	0	1	11	12	11
NUMBER OF VESSELS	**196**	**193**	**186**	**203**	**221**

BUILD TRADE

SUPPLY CHAIN OPTIMISATION

During FY21 Southern Ports undertook a supply chain study to better understand the opportunities and constraints of the road and rail freight networks that connect to our ports. This work gave us a clearer understanding of current and future trade customers, identified pathways to port via road and rail, and gave us a better appreciation of infrastructure requirements beyond our port boundaries and into the respective hinterland catchment areas.

These results are being used as key inputs into the master planning work being undertaken at each port. It is important we continue to focus any further development of our ports trade capability on sound data, including the understanding of future trade and potential infrastructure needs, and supply chain infrastructure in the wider regions.

Iron ore travels by rail from site to ship
PORT OF ESPERANCE

SOUTHERN PORTS
SUPPLY CHAIN MAP

REVIEW OF EXPORTS

> Optimising our supply chain is key to the sustainable development of our ports.

- Southern Ports: Port Locations
- Export Customers: 7,500,001 - 10,000,000 tonnes
- Export Customers: 5,000,001 - 7,500,000 tonnes
- Export Customers: 2,500,001 - 5,000,000 tonnes
- Export Customers: 10,001 - 2,500,001 tonnes
- Export Customers: 999 - 10,000 tonnes
- Key Locations / Cities
- Export Roads
- Export Rail

BUILD TRADE

TRADE FACILITATION

The main function of a port is the facilitation of trade through the port and to plan for long term future growth and development. Southern Ports facilitates and encourages the development of trade and commerce using port and related facilities through:

- Managing ports by overseeing and providing cost effective services and facilities
- Long-term planning of infrastructure, services and facilities to accommodate trade growth
- Liaising with industry and relevant government agencies to plan for and protect port access corridors and other port related facilities
- Ensuring a sustainable approach to port management and development with due consideration to the concerns of the community and other key stakeholders; and
- Marketing of ports to promote trade and development.

The attraction of trade and investment to the regions served by Southern Ports is central to the customer-focus and operations of our three ports.

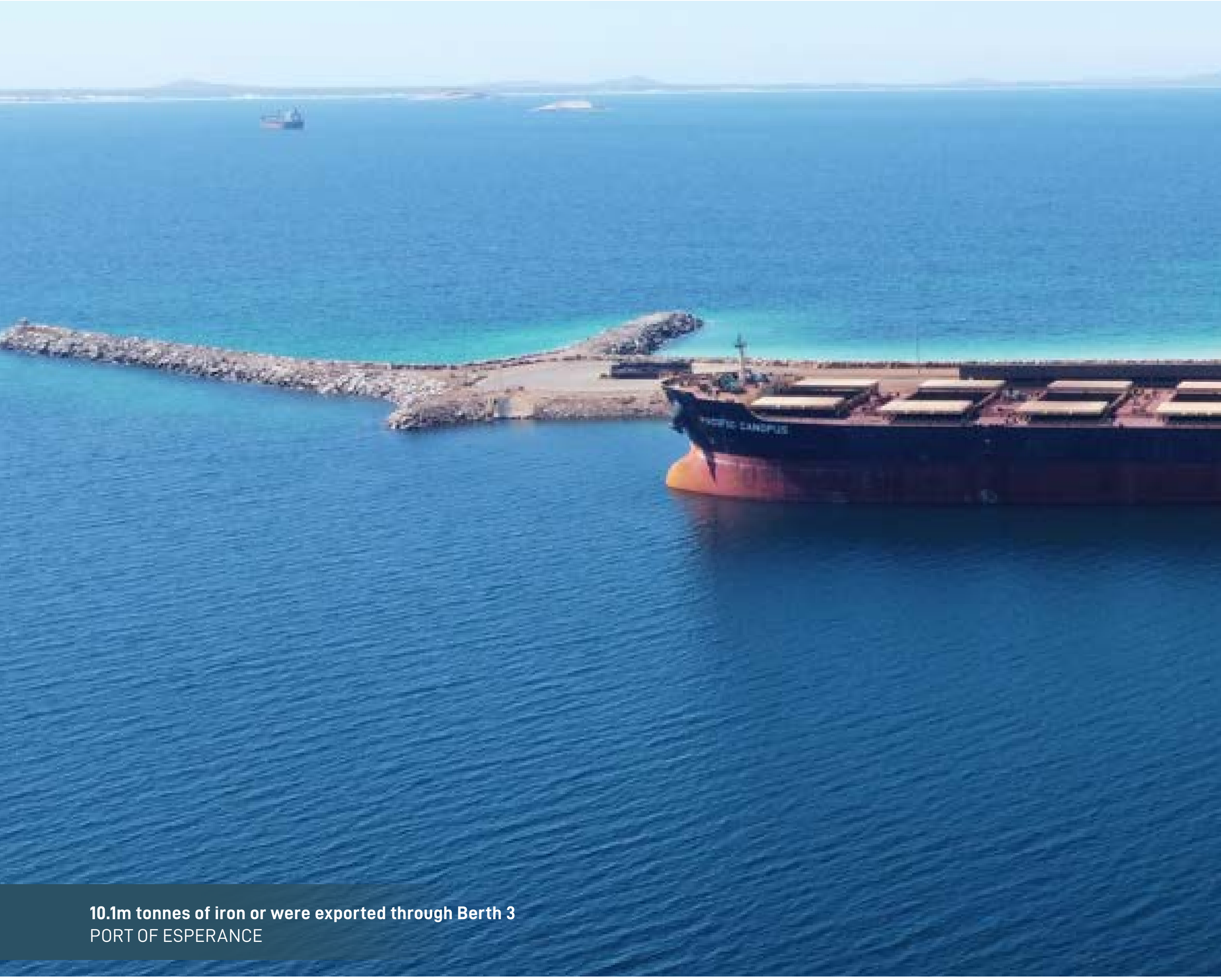
Some highlights for the year included:

- Working with proponents on a number of trade proposals delivered in each port, of which there was at least one new supply chain or commodity not currently handled by Southern Ports
- Facilitated several unusual project cargoes throughout the year including the importation of wind farm modules through Esperance to support the new Horizon Power renewables project
- Signed several new leases for new trades or commodities and seven lease renewals for existing customers
- Southern Ports entered a development MOU with an iron ore explorer to progress design of a logistics path through Esperance
- We issued Expressions of Interests in Albany for vacant land and for the Bunbury Shed 5 to generate trade interest
- We have representation on the newly created WA Midwest Yilgarn Infrastructure Group (WAMYIG) committee
- We also set up a working group with CBH to consider opportunities for higher trade volumes

A 74m wind turbine blade is offloaded
PORT OF ESPERANCE

TRADE FACILITATION

"The attraction of trade and investment is central to the customer-focus of our ports."



10.1m tonnes of iron or were exported through Berth 3
PORT OF ESPERANCE

03.

BUILD RESILIENCE

SUSTAINABILITY

- SPONSORSHIP & COMMUNITY SUPPORT
- PORT COMMUNITY CONSULTATIVE COMMITTEE REPORTS
- CORPORATE REPUTATION SURVEY

PORT DEVELOPMENT

BUILD RESILIENCE

SUSTAINABILITY

SPONSORSHIP & COMMUNITY SUPPORT

Southern Ports' Community Sponsorship Program continued to provide welcomed support to regional organisations and grassroots community groups in Albany, Bunbury and Esperance, by contributing more than $267,622 in sponsorship funding for over 100 events or projects in FY21.

The Sponsorship Program continues to play an integral role in aiding us to deliver our vision – Strong Regional Ports, Strong Regions – by facilitating the sustainable support of regional organisations and community groups.

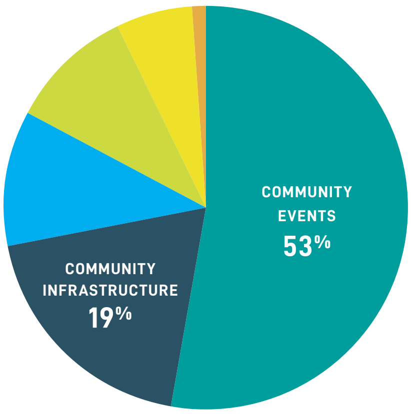
Sponsorship funding is analysed against a number of criteria, where a single application may include one or more of these categories, and resulted in events or projects which focused on:

Community Events	53%
Community Infrastructure Projects	19%
Maritime Events	11%
Education-related Events or Projects	10%
Indigenous Events or Projects	6%
Sustainable Focus Projects	1%

ALBANY PORT OPEN DAY

We welcomed over 1,500 people to the Albany Port on Saturday 24 April 2021. The day was a huge success, with locals and visitors to the region flocking to the Port to learn more about our activities, our customers and to check out the HMAS Collins submarine.

Open Days are a valuable opportunity to connect with our regional communities and share an insider view of our operations.



Condingup Fair
ESPERANCE

> We are proud to continue to support the communities we live and operate in.

SPONSORSHIP HIGHLIGHTS
ALBANY

EVENTS & PROJECTS SUPPORTED:

- Albany Community Hospice – Tilting Shower Chair Project
- Albany Surf Club – Albany Harbour Swim
- City of Albany – 2020 New Year's Eve Family Picnic and Fireworks Festival
- City of Albany – 2021 Middleton Beach Festival
- Ocean Heroes Australia – South Coast Denmark Surf Program (for persons living with Autism)

Middleton Beach Festival 2021
ALBANY

BUILD RESILIENCE
SUSTAINABILITY

SPONSORSHIP & COMMUNITY SUPPORT CONT.

SPONSORSHIP HIGHLIGHTS BUNBURY

EVENTS & PROJECTS SUPPORTED:

- Bunbury Chinese New Year Festival 2021
- City of Bunbury – Christmas in the City 2021
- City of Bunbury – 2021 Summer Scenes – Australia Day Celebrations
- FAWNA Inc. – FAWNA Flight Academy – Black Cockatoo Enclosure
- South West Academy of Sports – Athlete Development Program
- Undalup Association – Wadandi Surf Academy

SOUTHWEST ACADEMY OF SPORTS
ATHLETE DEVELOPMENT PROGRAM

OCEAN HEROES AUS.
SURF PROGRAM

FOR PERSONS LIVING WITH AUTISM, ESPERANCE

SPONSORSHIP HIGHLIGHTS
ESPERANCE

EVENTS & PROJECTS SUPPORTED:

- Esperance Deep Sea Angling Club – Rock Bolt Safety Program
- Munglinup Bushmen's Association – 2021 Munglinup Campdraft
- Ocean Heroes Australia – Esperance Surf Program (for persons living with Autism)
- Rotary Club of Esperance Bay Inc – 2020 Esperance Foreshore and Fireworks Festival
- Condingup Primary School P & C – Condingup Fair
- Shire of Esperance – 2020 Edge of the Bay Festival
- Shire of Esperance – Coastal Safety Workgroup – 2020 Summer Campaign

BUILD RESILIENCE

SUSTAINABILITY

PORT COMMUNITY CONSULTATIVE COMMITTEES

ALBANY

With COVID-19 still impacting everyone, it is sometimes difficult to not only have regular meetings but to engage with the community. Nevertheless, the Albany PCCC has continued to engage.

Port Open Days have always been a highlight, and the huge numbers which turned up to this year's Open Day demonstrates once again, how the Albany community recognises the importance of the Port to its local economy and ethos. The Port is involved in the planning and delivery of a number of projects, such as the Albany Ring Road and the development of the Mounts parks, which will enhance the experience of visitors to our beautiful region.

Record harvests have been handled this year, and traffic improvements will make that task much easier. As a gateway for the Great Southern, the Albany Port continues to play a vital role within the region, and the manner in which Southern Ports interacts with Local Government and the wider community is paramount.

The master planning process for the Port of Albany is both exciting and reassuring. It is a credit to the CEO and his team that the community is actively engaged in the future of the Port.

Increased nominations for PCCC membership is evidence of locals wanting to be part of the success of the Albany Port and my thanks and appreciation goes to all those involved.

In closing, I would like to recognise our previous Chair, Chris Gunby. Chris' zeal and dedication made it easy for others to be part of the Committee. I'd also like to thank CEO Steve Lewis and the team in Albany for their professionalism, excitement and hard work.

Graham Foster
Chair - Albany

New Albany PCCC members were taken on a tour of the Port, including visiting the historic Pilot Cottages

BUNBURY

In my report last year, I referred to the impact of COVID-19, hoping that it would soon be a thing of the past. Unfortunately, it is still with us and looks like it will continue so for the foreseeable future. What has been pleasing to see and hear is how Southern Ports and the team in Bunbury has adapted to the new world, to even increase shipping, and at the same time keeping their staff, and the community, safe.

The Bunbury PCCC has been keen to recommence Port tours for the public, and we are continuing to support the Port in making this happen. The PCCC undertook a tour of the Port and it was amazing to see the growth and development since our last tour.

The PCCC have a great relationship with the Regional Manager and CEO, who are both proactive in listening to our feedback and offering items of interest to the committee.

We have been working with the other PCCCs to finalise our Charters, which will be a valuable document for us all, providing a structured framework to work with.

We were pleased to be able to network with Port users, stakeholders and the Board throughout the year, and we hope this will continue in the future.

Mike Ansell
Chair - Bunbury

ESPERANCE

In 2020 the Minister for Ports visited Esperance and announced funding for a number of works, including sealing internal roads within the Port. This will significantly assist in reducing dust and was a welcomed announcement by all.

Throughout the year the PCCC has enjoyed learning more about the various operations of the port, including the marine pilot function and the Emergency Response Team. We were pleased to have the opportunity to meet with the Board in May and to continue our regular meetings with the CEO.

The Port of Esperance commenced master planning in late 2020, and the PCCC were pleased to be actively engaged in this process. The future looks bright for Southern Ports!

In closing, I would like to thank outgoing PCCC member Brett Thorp for his contribution to the PCCC over many years, and to all committee members for their ongoing commitment.

Stephen Francis
Chair - Esperance

Bunbury PCCC

BUILD RESILIENCE

SUSTAINABILITY

CORPORATE REPUTATION STAKEHOLDER SURVEY 2020

The 2020 Stakeholder Survey saw Southern Ports overall corporate reputation reach an all time high, achieving a score of 61, nine points higher than the previous high in 2017.

A total of 427 interviews were conducted by an independent research firm, incorporating 125 stakeholders and 302 community representatives.

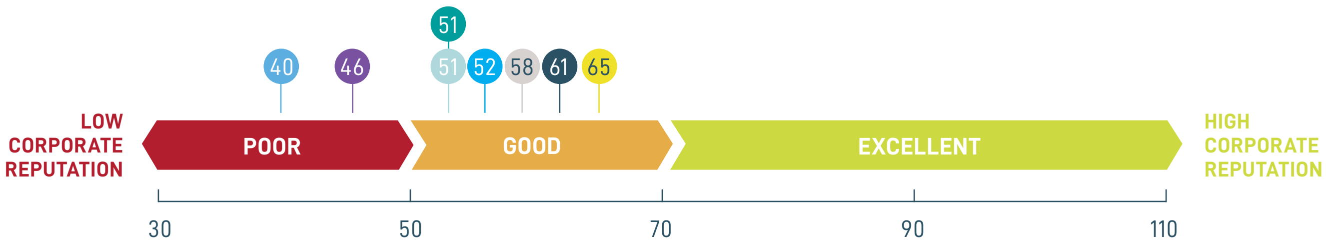
Both senior and junior stakeholders said their satisfaction with Southern Ports overall reputation had improved significantly since 2019, with perceptions of corporate reputation improving across all sites and growing to record levels in Bunbury and Esperance.

Community representatives in each region consider Southern Ports to be efficient and well managed, with significant increases in overall reputation across each site.

Feedback from the survey found that stakeholders felt new management and increased communication was having a positive impact on their relationship with Southern Ports, while community representatives considered Southern Ports to be a good employer within their town.

While the overall survey was very favourable, opportunities for improvements were identified and Southern Ports will be implementing measures to make enhancements in these areas.

"Community representatives in each region consider Southern Ports to be efficient and well managed."



TRI*M™ CORPORATE REPUTATION INDEX

- **Western Australian (WA) Ports Norm = 65**
  Combines all reputation scores from previous WA Port Authority clients. These have been collected across the Pilbara Ports Authority, Southern Ports and Mid West Ports Authority.
- **All Australian Average = 46**
- **Global Public Sector Average = 58**

SOUTHERN PORTS REPUTATION SCORES

- **2020: Score = 61**
- **2019: Score = 51**
- **2018: Score = 51**
- **2017: Score = 52**
- **2016: Score = 40**

BUILD RESILIENCE

SUSTAINABILITY

> **A dedicated position has been created to contribute towards our long-term sustainability voyage.**

Southern Ports commenced developing our sustainability pathway and strategy in June 2021, which will include a gap analysis, materiality assessment, communication plan and strategy development.

The methodology is centred on the industry-based Ports Australia Sustainability Strategy Development Guidelines and will be adapted to suit the needs of Southern Ports. The strategy will provide a modern governance framework, add value to the organisation and our people, and articulate a series of sustainability goals for Southern Ports to work towards.

A dedicated position has been created to assist with the sustainability strategy and act as a conduit for collaborative projects and practices that contribute towards our long-term sustainability voyage.

The Albany Port continues to lead Southern Ports' sustainability journey, progressing a number of key projects throughout the year, including partnering with the UWA Design School (Architecture) to facilitate their summer school studio field component. Students worked intensively to create future design concepts for the heritage listed Albany Pilot Station and the designs will be considered during further planning for the site.

An organisation-wide program was implemented aimed at increasing the health and wellbeing of Southern Ports, by creating a strong and sustainable workforce that are integral to our organisational success.

Southern Ports representatives with UWA students and staff

“ **PORT DEVELOPMENT**
sees an enhanced focus on strategic asset management, development planning and engineering services. ”

BUILD RESILIENCE

PORT DEVELOPMENT

The first full year of the newly created Port Development department has seen port development become embedded within the business, creating value through an enhanced focus on strategic asset management, development planning and engineering services.

ASSET MANAGEMENT

Southern Ports has an ambitious multi-year plan to pursue ISO 55000 aligned best practice management systems. The overarching agenda has been the delivery of a revitalised asset management system within the organisation, which includes entrenching 'whole of life' thinking, developing proof of concept models and utilizing strategic new technologies such as 3D photogrammetry and mixed reality devices.

Significant effort has gone into organisational engagement and training, with formal Asset Management training being conducted to facilitate the development of the asset management user requirements.

ENGINEERING SERVICES

Over the last 12 months Southern Ports has prioritised enhancing internal capability to provide high quality engineering outcomes for the organisation to ensure we continue to deliver a quality service to our customers.

Maintaining safe infrastructure that operates at its optimal capacity is integral, and developing an internal reliability capability, clearly defining the organisation's asset capacities and better utilising technologies, will facilitate this.

Berth maintenance inspections are regularly undertaken
PORT OF BUNBURY

BUILD RESILIENCE

PORT DEVELOPMENT - CONT.

MASTER PLANNING

Master planning commenced across all three ports to provide high-level analysis of potential trade growth scenarios and the associated infrastructure required to accommodate this growth over a 30-year planning horizon.

The Master Plans will be complemented by Port Maximisation Plans, working documents that will consider potential improvement projects for the next five to 15 years, to facilitate increasing throughput and efficiencies within the existing port footprint.

KEY COMPLETED PROJECTS ALBANY

KEY ACTIVITIES 2020-21

- Purchase of two new electric vehicles, commencing the transition to a greener vehicle fleet in alignment with the Albany Port's strategic sustainability initiative
- Upgrades to the administration building to alleviate capacity pressures on the current building and improve staff working conditions

Albany continue to implement sustainable initiatives
PORT OF ALBANY

The Port operates closely with the Bunbury community
PORT OF BUNBURY

KEY COMPLETED PROJECTS

BUNBURY

KEY ACTIVITIES 2020-21

- Major roof repair works on Shed 8-3 to increase the residual design life of the asset
- Installation of new storm bollards on Berth 3, which will improve the safety of vessels berthed during storm conditions by reducing the risk of vessels breaking their moorings

ESPERANCE

KEY ACTIVITIES 2020-21

- Major relocation of valve work associated with the diesel pipeline into an underground chamber on Berth 2, freeing up valuable hard standing space and improving safety in a highly utilised area
- Installation of a biosecurity washbay, securing compliance with biosecurity regulations regarding the import and export of sea container trade

CBH's grain terminal
PORT OF ALBANY

04.

BUILD CAPACITY

WORKFORCE DEVELOPMENT

- PEOPLE & CULTURE

OPERATIONAL EXCELLENCE

- HEALTH, SAFETY & SECURITY
- HEALTH & WELLBEING
- ENVIRONMENT
- INFORMATION TECHNOLOGY

BUILD CAPACITY

WORKFORCE DEVELOPMENT

PEOPLE & CULTURE

In late 2020 Southern Ports conducted a Barrett Values survey across the organisation to gauge our people's view on the organisation's culture. The results of the survey showed that Southern Ports is well into its journey of cultural improvement, with an improved result from previous surveys. The results of the survey showed that our people believe Southern Ports culture reflects its values more than in previous years, and that the desired culture of Southern Ports is more aligned with the values of its people.

Southern Ports is committed to growing the capability of WA's marine sector by developing new talent in the key area of marine pilotage. In 2020-21 we employed two trainee marine pilots with no formal marine pilot experience in Bunbury and Esperance. One has successfully completed their traineeship and was awarded their unrestricted pilot's licence for the Bunbury Port, while the other is on track to successfully complete their traineeship in Esperance in the coming year.

65 roles within Southern Ports have cross-organisational accountability, that sit across all operational sites of the business. Of these roles, 42 are based in the regional hubs of Albany, Bunbury and Esperance.

During the reporting period, we supported a total of 10 apprentices, two trainees and 10 work placement students across the organisation, providing opportunities for young members of the community to gain rewarding experiences in the fields of their interest. Two apprentices successfully completed their trade during this time.

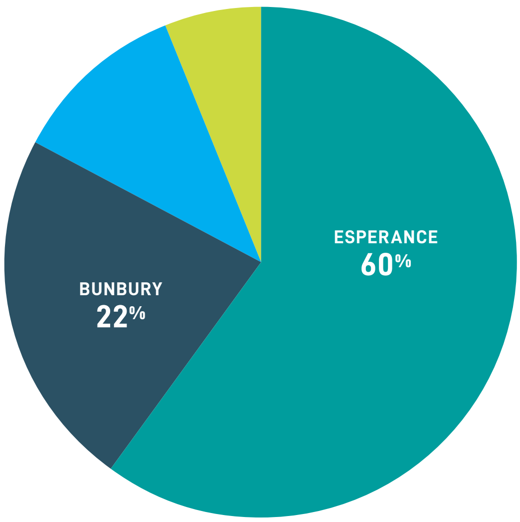
EMPLOYEE DEMOGRAPHICS

As at 30 June 2021, Southern Ports employed 246 direct employees. Of those:

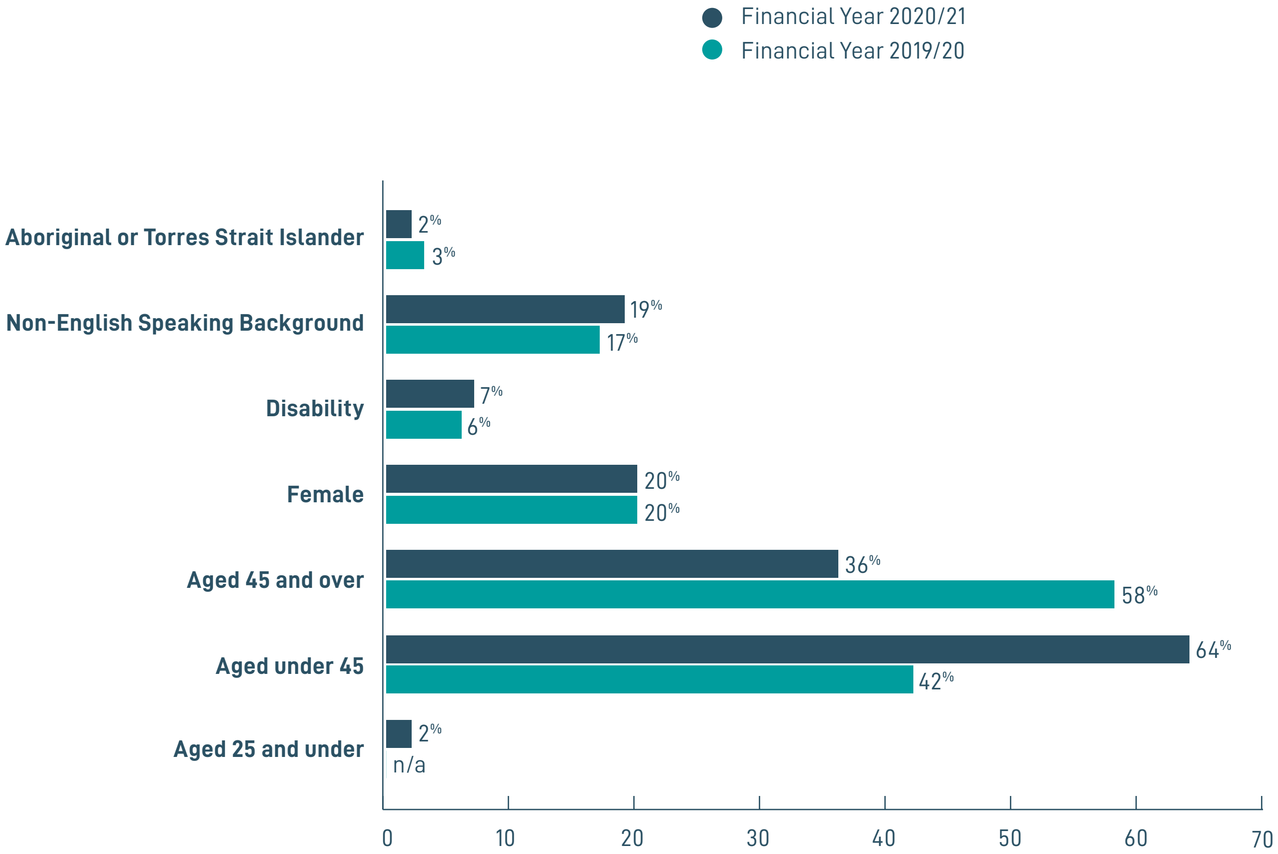
- 60% were based in Esperance
- 22% were based in Bunbury
- 13% were based in Albany
- 5% were based in West Perth
- 2% Aboriginal or Torres Strait Islander
- 19% Non-English speaking background
- 7% Disability
- 20% Female
- 36% aged 45 and over
- 64% aged under 45
- 2% aged 25 and under

SOUTHERN PORTS STAFF BY LOCATION

Esperance	60%
Bunbury	22%
Albany	13%
West Perth	5%



SOUTHERN PORTS STAFF
DEMOGRAPHICS



TRAINING

The Southern Ports training function is structured to ensure our workforce is capable, balanced, self-motivated, and have skills that align with the future needs of the organisation. Learning opportunities can range from competency-based qualifications to support operational needs, personal development and wellbeing, technical knowledge, through to leadership skills.

Learning and development opportunities at Southern Ports are paramount to ensuring staff are reaching their full potential. We have a responsibility to our staff in assisting them in their development and growth by encouraging and supporting learning goals.

FY21 TRAINING FIGURES	TOTAL EMPLOYEE NUMBERS
Total Training Events	**1,530**
VOC (Verification of Competency)*	226
Working Safely at Heights & Confined Space	55
First Aid Training	29
ICAM Investigator and 5 Whys	35
My Digital Workplace	113
Asset Management Foundation Award	50
Leadership Mindset	34
Safety Essentials for Leaders	84
Safety Essentials Induction	225

* Employees complete numerous Verification of Competencies for each task.

BUILD CAPACITY

WORKFORCE DEVELOPMENT

PEOPLE & CULTURE CONT.

EMPLOYEE RELATIONS

Four enterprise agreements have reached their nominal expiry date and the status of bargaining is described below. Enterprise agreements are being negotiated in accordance with the State Government's wages policy.

EXPIRED ENTERPRISE AGREEMENTS	EXPIRY DATE	STATUS OF BARGAINING
Southern Ports Authority, Port of Albany Marine Pilots Agreement 2015	30 June 2019	In progress
Southern Ports Authority, Esperance Shift Superintendents Enterprise Agreement 2018	31 December 2020	In progress
Southern Ports Authority, Esperance Operations & Maintenance Enterprise Agreement 2018	31 December 2020	In progress
Southern Ports Authority, Bunbury Maintenance Enterprise Agreement 2020	30 June 2021	In progress

One enterprise agreement was approved by the Fair Work Commission and took effect during the year. The enterprise agreement was negotiated in accordance with the State Government's wages policy.

APPROVED ENTERPRISE AGREEMENTS	FWC APPROVAL	EXPIRY DATE
Southern Ports Authority, Port of Esperance Administration Enterprise Agreement 2021	19 May 2021	13 November 2023

The following enterprise agreements were in operation during the year:

OPERATIONAL ENTERPRISE AGREEMENTS	COMMENCEMENT	EXPIRY DATE
Southern Ports Marine Pilots Port of Bunbury and Port of Esperance Enterprise Agreement 2020 - 2022	15 April 2020	30 June 2022
Southern Ports Authority, Port of Albany Maintenance & Operations Agreement 2020	30 March 2020	31 August 2022

The pilot boat transfers marine pilots between vessels
PORT OF BUNBURY

The Port operates 24/7
PORT OF ESPERANCE

BUILD CAPACITY

OPERATIONAL EXCELLENCE

HEALTH, SAFETY & SECURITY

The health and safety of our workforce, customers, users and stakeholders is paramount in how we deliver our operations. There has been a significant push throughout the organisation encouraging the 'Stop Work Authority' mentality, empowering staff to stop any work they may consider unsafe until further investigation is held, aiding in reducing risk and developing proactive risk-mitigation strategies.

Open and ongoing communication regarding health and safety matters is integral, with each port actively engaging with their stakeholders to ensure Southern Ports is a safe workplace. We also proactively contribute to the safety management of our communities, through involvement with Local Emergency Management Committees and participating in desktop emergency scenarios with the Department of Health and other stakeholders in preparation for potential shipping-related COVID-19 emergencies.

ALBANY

The Albany Port Safety and Security Advisory Group was formed in early 2021 and offers an opportunity for Southern Ports and Albany stakeholders to positively share safety information and deliver ideas for collaboration to enhance safety and security outcomes. Safety representatives were doubled at the Albany Port and monthly meetings are held to encourage a collective approach to safety management.

Ongoing enhancements were made to security infrastructure, including gates, fencing, signage and CCTV. Southern Ports continues to actively engage with law enforcement agencies to support a strong border response, particularly in respect to identity checks and crew desertions.

Health, Safety and Security staff undertook training in drug and alcohol sampling, safety essentials, leadership development, records management and ICAM.

BUNBURY

The Bunbury Port undertook quarterly respiratory PPE fit testing and occupational exposure monitoring in accordance with their Health and Hygiene Management plan. Random monitoring is regularly undertaken to gain an indicative understanding of the particulate concentration in the air during loading and to gauge the effectiveness of the PPE worn by Port personnel.

A security compliance audit was completed by the Department of Home Affairs, reviewing the security measures and procedures in place to protect security areas and zones established under the approved maritime security plan. No non-compliances were identified during the audit.

ESPERANCE

The Esperance Health, Safety and Security team undertook a number of safety and security drills and audits throughout FY21, with no reportable deficiencies being recorded. These drills included a facilitated emergency response exercise where the Incident Management Team and Emergency Response Team were activated to respond to multiple simultaneous events. This training provided a valuable opportunity for the two teams to work together and prepare for any real life emergency situations that may arise.

The Emergency Response Team (ERT) took possession of a new fire appliance and enhanced rescue and response equipment that will improve the Team's capacity to respond effectively to emergency incidents, including fire in a ship's hold and conveyor galleries. The equipment also enables the ERT to provide greater support to local emergency services units in line with the Mutual Aid Agreement.

> **Through FY21 Southern Ports has focused heavily on safety, empowering staff to stop work when they have safety concerns.**

BUILD CAPACITY

OPERATIONAL EXCELLENCE

HEALTH & WELLBEING

In 2020 Southern Ports developed a health and wellbeing strategy to drive organisation wide initiatives to support a healthy and active workforce. Initiatives implemented throughout the year included:

- Actively participating in the 16 Days in WA campaign to raise awareness of domestic violence, including running free self defence classes for women in Albany, Bunbury and Esperance
- Free skin cancer checks for staff and free influenza vaccinations for employees and their families
- Promoting 'RUOK?' Day activities throughout the organisation
- Supporting national and state awareness programs including Prostate Cancer Awareness Week, International Women's Day, and Clean Up Australia Day
- Publishing of a safety calendar featuring employees families, reinforcing messaging about returning home safe and unharmed
- Advocating for the Australian Rotary Health Lift the Lid on Mental Illness campaign by supporting their commemorative tree planting program in Bunbury
- Staff members' children participated in a safety themed colouring and drawing competition, with entries being turned into calendars and posters to be displayed around the business

Southern Ports staff raising awareness of domestic violence
PORT OF ESPERANCE

Ensuring our staff return home to their families safely is paramount
PORT OF BUNBURY

BUILD CAPACITY

OPERATIONAL EXCELLENCE

ENVIRONMENT: ALBANY

> **Southern Ports takes its environmental management responsibilities seriously, implementing a number of mitigation and prevention measures, while undertaking ongoing monitoring across all sites and key locations.**

ENVIRONMENTAL LICENCING AND CONDITIONS

The Albany Port is not currently required to hold an environmental licence.

DUST MONITORING

The Albany Port chooses to undertake 24/7 PM10 monitoring of respirable dust, reporting no exceedances of the National Environmental Protection Measure in FY21.

NOISE AND VIBRATION MONITORING

Albany Port maintained its strong noise management record with no community concerns recorded during the year from port operations.

PEST SURVEILLANCE

In conjunction with other WA Ports and the Department of Primary Industries and Regional Development, Albany Port was recognised for its work in the State-Wide Array Sampling Program by the Institute of Public Affairs WA. No evidence of introduced marine species was detected at the Albany Port during FY21.

The Albany Port hosted a highly successful community event to aid in the removal of Sydney Golden Wattle from port areas, which is a pest species in the region.

OTHER ACHIEVEMENTS

Albany Port took delivery of two electric vehicles throughout FY21, a Nissan Leaf and a utility cart. Expanding an electric vehicle fleet is part of the Albany Port's sustainability project.

Our operations interact closely with local wildlife
PORT OF ALBANY

BUILD CAPACITY

OPERATIONAL EXCELLENCE

ENVIRONMENT: BUNBURY

> **Several audits were undertaken in the Port of Bunbury during FY21, confirming our environmental management systems are robust and compliant.**

ENVIRONMENTAL LICENCING AND CONDITIONS

The Bunbury Port continues to hold a Part V Licence L6744/1996/12 for Category 58 and 58A products under the Environment Protection Act. The licence now allows the Port to use the 30-day trial notification licence amendment process for the import or export of new products.

Bunbury also hold a Sea Dumping Permit under the Environment Protection (Sea Dumping) Act 1981, allowing for the disposal of up to 700,000 m3 of dredged material each year. Southern Ports has commenced the required process to apply for a new 10 year permit.

DUST MONITORING

An independent third-party review of the Bunbury Port's particulate (dust) monitoring determined that data recovery was considered satisfactory and the quality of data was fit for the purpose of monitoring the likely contribution of Port operations on the particulate levels at monitoring stations.

Exceedances of the 24-hour PM10 Ambient Air Quality NEPM criteria were recorded at one or more monitoring stations on 18 days, and Port operations were considered likely to have contributed to these on only four occasions. The other likely sources can be attributed to smoke impacts from controlled burns in the region and dust lift off from areas of farmland inland to the east of the Port under strong South South-East to East winds during the summer period.

NOISE AND VIBRATION MONITORING

The proximity of the Inner Harbour operations to the residential community of East Bunbury continues to present challenges in certain weather conditions. The Port continually liaises with its Stevedores and lease holders to maintain a focus on noise mitigation.

WATER MANAGEMENT

Six monthly monitoring of ground water and shallow aquifers found no contamination issues in FY21.

PEST SURVEILLANCE

The Bunbury Port has partnered with multiple agencies to manage a comprehensive bee surveillance program to detect any imported bee diseases. During the year four feral bee colonies near the Inner Harbour were identified and treated.

A private contractor has been engaged to cull pest animals and birds within the Port perimeter, and this work is undertaken in conjunction with the City of Bunbury and by approval from the Department of Biodiversity, Conservation and Attractions (DBCA).

OTHER ACHIEVEMENTS

An annual surveillance audit of the Port's ISO 140001:2015 Certified Environmental Management System found the Port has established and maintained its management system in line with the requirements of the standard(s) and has achieved requirements for products and services to ensure its policy, objectives and legal compliance obligations are met.

Over 1 million tonnes of wood products were exported in FY21
PORT OF BUNBURY

BUILD CAPACITY

OPERATIONAL EXCELLENCE

ENVIRONMENT: ESPERANCE

> **"The Port of Esperance continued to proactively implement dust mitigation measures to minimise risk of any dust related incidents."**

ENVIRONMENTAL LICENCING AND CONDITIONS

The Esperance Port was granted a Licence Amendment to export bulk spodumene across Berth 3 on an ongoing basis, based on minimal emissions during a 12 month trial. Esperance was the first Port in WA to complete the 30 day trial notification-licence amendment process. To further facilitate trade, negotiations with Department of Water and Environmental Regulation, Midwest Ports Authority and Fremantle Ports Authority have seen the trial notification process broadened to include new handling methods, as well as new bulk products.

DUST MONITORING

The Esperance Port holds a Part V Environmental Licence and additional Ministerial requirements to control dust emissions. A review of iron-ore dust controls in the enclosed loading circuit leading to the open ship loader will be conducted and practical measures will be implemented to minimise risks of iron dust emissions.

Esperance Port introduced additional controls for dust management for woodchips and sulphur during FY21. These included increased conveyor circuit water sprays, mist fan sprays on the vessel, enclosing conveyor transfer points and working with our customers to improve the quality of their product.

NOISE AND VIBRATION MONITORING

The Esperance Port remains subject to its 2009 Regulation 17 approval until a change notification by DWER. The current approval allows higher emissions of noise subject to the Port implementing management controls, which include provision of an annual monitoring report to DWER with summaries of investigations into non-compliance and community complaints.

PEST SURVEILLANCE

No new evidence of new pest species were detected during the reporting period.

Under the First Point of Entry requirements of the Biosecurity Act (2015) the Esperance Port has been approved against the Containers Standard. The Port and its stevedores are now responsible for inspecting containers for biosecurity risks and reporting any biosecurity materials such as soil and insects to the Department of Agriculture, Water and Environment. This also allows the Esperance Port to accommodate international containers.

OTHER ACHIEVEMENTS

Investigative works on a historical underground fuel tank were completed, finding low risks of contamination, allowing the tank to be cleaned, filled with concrete and remain in situ, avoiding the removal of community infrastructure which had been built on the site.

An excavator prepares to offload fertiliser
PORT OF ESPERANCE

KEY FOCUS

Improving our IT infrastructure and solutions is a key focus as we move towards a digital future

Over 10,000 containers were moved through the Port in FY21
PORT OF ESPERANCE

BUILD CAPACITY

OPERATIONAL EXCELLENCE

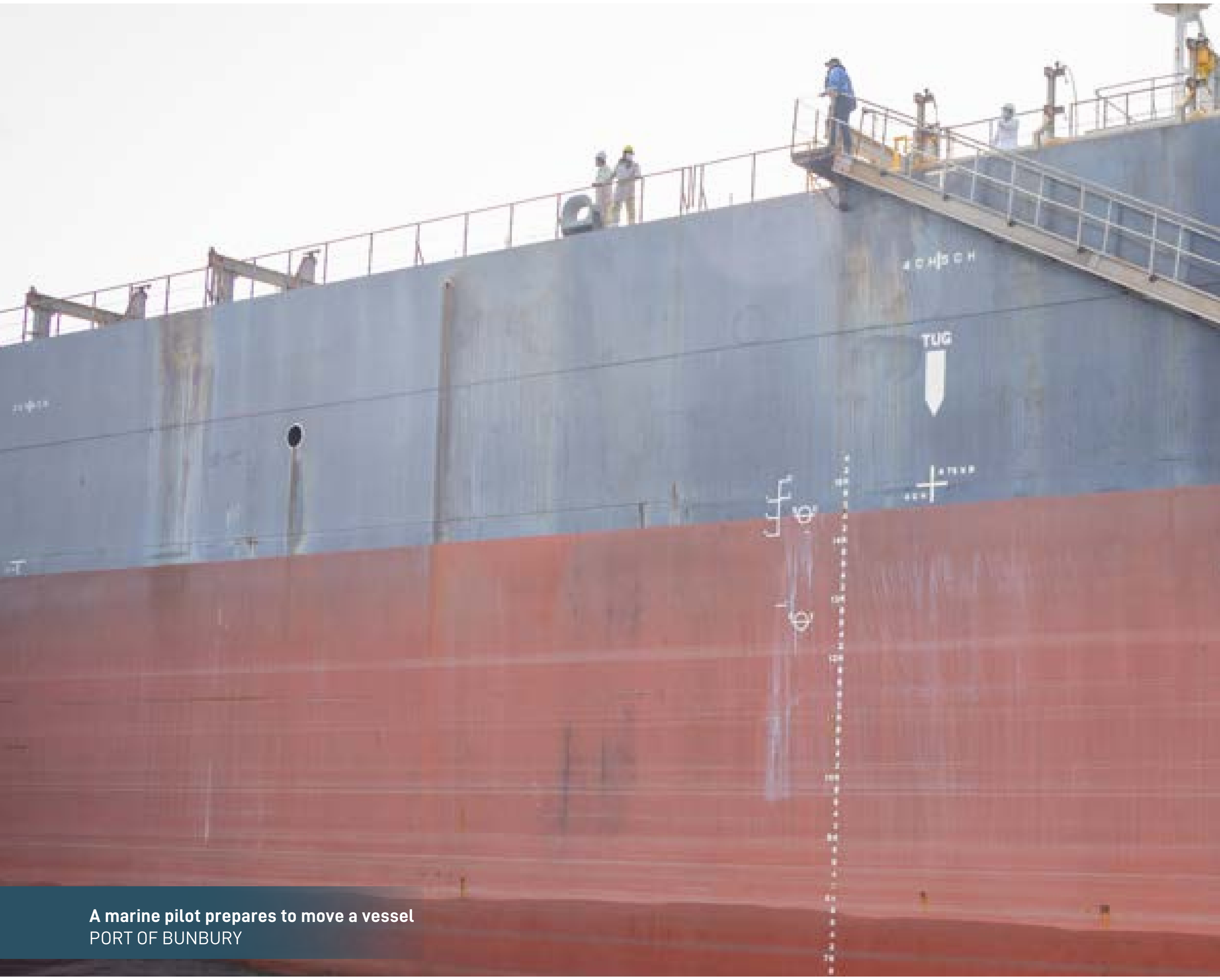
INFORMATION TECHNOLOGY

Southern Ports has focused on stabilising and enhancing our IT infrastructure and solutions to provide an improved technology experience for end users. Strategically, our IT team has been focused on establishing capabilities to support a digitally enabled Southern Ports, an important element of our sustainable future.

Key IT projects over the last 12 months have included:

- Completing a significant infrastructure stabilisation project, which replaced ageing and end of life equipment and systems, and standardised technology services across our sites
- Delivering a modern Information and Records Management solution, which included comprehensive training to the workforce
- Establishing the foundations of our digitalisation strategy, where data is fed into a central information repository from all systems and sources in the Southern Ports digital landscape
- Commencing a significant cyber security project, which will improve our overall security maturity based on the ACSC Essential 8 and SECC 6 maturity models

Environmental monitoring is constantly undertaken
PORT OF ESPERANCE



A marine pilot prepares to move a vessel
PORT OF BUNBURY

05.

DISCLOSURE AND LEGAL COMPLIANCE

DIRECTORS REPORT

GOVERNANCE & LEGAL COMPLIANCE

DISCLOSURE & LEGAL COMPLIANCE

DIRECTORS REPORT

REVIEW OF OPERATIONS

As a Government Trading Entity reporting to the Minister for Ports, the primary role of Southern Ports is to operate as a commercial enterprise to facilitate trade through the Ports of Albany, Bunbury and Esperance, aligned with the vision of "Strong Regional Ports, Strong Regions". Our operations and financial year end results reflect the commitment and drive of the organisation to attain the vision.

The 2020-21 period provided profit before income tax of $65.304 million [2019-20: $55.847 million].

The income tax attributable for the financial year was $19.915 million [2019-20: $16.808 million].

The following table is a summary of Southern Ports' results for the financial year 2020-21:

SUMMARY OF RESULTS For the year ended 30 June 2021	**2021 ($'000)**	**2020 $,000**
Profit before income tax	**65,304**	**55,847**
Income tax expense	(19,915)	(16,808)
Profit for the period	**45,389**	**39,039**
Other comprehensive income/(loss)	21	(57)
Total comprehensive income for the year	**45,410**	**38,982**
Retained earnings at 1 July	138,607	105,990
Changes in accounting policy	-	-
Dividends paid in the financial year	(38,982)	(6,365)
Retained earnings at 30 June	**145,035**	**138,607**

STATE OF AFFAIRS

There were no significant changes in the state of affairs of Southern Ports during the financial year under review.

PRINCIPAL ACTIVITIES

The principal activity of Southern Ports during the year was the provision of port services and facilities. There were no significant changes to those activities during the reporting period.

EVENTS SUBSEQUENT TO REPORTING DATE

During the period ended 30 June 2021 and the date of this report, there has not been any item, transaction or event of material and unusual nature, likely in the opinion of the Directors of Southern Ports to significantly affect the operation, the results of those operations or the state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Southern Ports will continue to work closely with our customers and stakeholders to fulfil our trade facilitation role and meet the needs of our current and future customers.

ENVIRONMENTAL REGULATION

Under the Ports Authorities Act 1999, Southern Ports is required to "protect the environment of the port and minimise the impact of port activities on that environment". Our operations are subject to regulation under both Commonwealth and State environmental legislation applicable to any Australian commercial entity.

For more details on Southern Ports environmental management, please refer to page 63 within the report.

DIVIDENDS

Southern Ports are required to pay a 100 per cent dividend on after-tax profit, in line with State Government Financial Policy. The per centage may be amended from time to time by Government.

During 2020-21 Southern Ports paid [$38.982 million] representing the full dividends for the 2019-20 period.

No dividends were recommended and provided for 2020-21, during the reporting period.

DIRECTORS

At the time of publication, the Directors of Southern Ports were:

Ian Shepherd, Chair
Gaye McMath, Deputy Chair
John Barratt
Jane Cutler
Wiebke Ebeling
Robyn Fenech
Chris Sutherland

Directors whose term expired during the financial year were:

Phil Chalmer
Appointed 1 September 2014, term ended 30 March 2021

Jane Andel
Appointed 1 January 2019, term ended 30 June 2021

DIRECTORS MEETINGS

The Board schedules meetings to be held throughout the year for both the full Board and Board Committees. Occasionally special meetings are called to consider urgent matters. During the reporting period the Board called one special Board meeting.

The table below represents the number of meetings held during the financial year and the number of attendances by Directors at the respective meetings based on their membership.

Meetings were held from July 2020 to June 2021.

Meetings attended throughout the period were influenced by the following events:

- Robyn Fenech's term as Director commenced on 1 July 2021
- Chris Sutherland's term as Director commenced on 1 July 2021
- Phil Chalmer's term as Director expired on 31 March 2021
- Jane Andel's term as Director expired on 30 June 2021
- Jane Cutler was appointed Chair of Safety and Sustainability Committee effective August 2020

	Board	Audit, Finance and Risk Committee	Safety and Sustainability Committee
TOTAL MEETINGS HELD For the year ended 30 June 2021	**10**	**6**	**4**
Jane ANDEL	10		4
John BARRATT	10	6	
Phillip CHALMER	7		3
Jane CUTLER	10		4
Wiebke EBELING	10	5	4
Gaye McMATH	10	6	
Ian SHEPHERD	10		

DIRECTORS REPORT - CONT.

EMOLUMENTS

In accordance with clause 13(c) (ii) of Schedule 5 of the Port Authorities Act 1999, the nature and amount of each major element of remuneration of each Director of Southern Ports and each of the three named officers who received the highest remuneration for the reporting period are reported below.

DIRECTOR EMOLUMENTS

The Minister for Ports establishes the remuneration paid to Directors as per clause 10(1) Part 2 Division 2 of the Port Authorities Act 1999.

Details of emoluments provided to Directors (below):

DIRECTOR'S EMOLUMENT BREAKDOWN

For the year ended 30 June 2021

	Position Title	Type of Renumeration	Period of Membership	Term of Appointment	Board and Committee Fees $'000	Gross Renumeration $'000
Jane ANDEL	Director	Sitting Fee	12 months	Full Time	34	37
John BARRATT	Director	Sitting Fee	12 months	Full Time	34	37
Phillip CHALMER	Director	Sitting Fee	9 months	Full Time	29	32
Jane CUTLER	Director	Sitting Fee	12 months	Full Time	33	36
Wiebke EBELING	Director	Sitting Fee	11.5 months	Full Time	33	36
Gaye McMATH	Deputy Chair	Sitting Fee	12 months	Full Time	40	44
Ian SHEPHERD	Chair	Sitting Fee	12 months	Full Time	65	71
		Seasonal *	8 months	Part Time	4	4

*Ian Shepherd was remunerated during the reporting period, in accordance with the then Minister's approval of the Public Sector Commissioners recommended rates, as a member of the West Port Steering Committee.

Note – appointment ceased for Julie-Ann Gray on June 30 2020. Final emolument payment of $1,000 made in July 2020.

DIRECTOR'S BENEFITS

No Director of Southern Ports received or became entitled to receive any benefit by reason of a contract, with a firm or entity of which the Director is a member or has a substantial interest in (other than a benefit included in the total amount of emoluments received or due by Directors). Remuneration amounts for Directors is at the discretion of the Minister, with the Chair, Deputy Chair and Chair of Committee's receiving varying emolument values.

OFFICER EMOLUMENTS

The Board with the approval of the Minister and subject to the Salaries and Allowances Act 1975, determines the terms and conditions of employment, including the remuneration package of the Chief Executive Officer.

The Chief Executive Officer, together with the Board, determines the employment terms, conditions and remuneration packages of the senior executives. The Chief Executive Officer and senior executives' performance is monitored against agreed criteria.

The remuneration, terms and conditions of employment for other staff are delegated to the Safety and Sustainability Committee and Chief Executive Officer, who ensures such terms and conditions are not less than the National Employment Standards contained in the Fair Work Act 2009 (Cth) and the Minimum Conditions of Employment Act 1993 (WA).

Details of emoluments provided to Southern Ports three highest remunerated staff during 2019-20 are as listed opposite.

EMPLOYEE EMOLUMENTS
For the year ended 30 June 2021

	Salary $'000	Other $'000	Post Employment Benefits Superannuation $'000	Other Long Term Benefits Long Service Leave $'000	Total $'000
Robin LILEY *	398	18	38	10	464
Steve LEWIS	349	-	33	9	391
Vernon TURNER	303	5	28	10	346

* Employee emoluments understated by $101,000 in 2020. Salary in 2021 includes leave purchased of $105,000

ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

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

This report is made with a resolution of Directors on 30 August 2021.

Ian Shepherd
CHAIR
Perth, Western Australia

Gaye McMath
DEPUTY CHAIR
Perth, Western Australia

DISCLOSURE & LEGAL COMPLIANCE

GOVERNANCE

LEGISLATIVE FRAMEWORK

Southern Ports is the registered business name under which the Southern Ports Authority operates.

In accordance with the Port Authorities Act 1999 WA [the Act] Southern Ports carries out the duties to facilitate trade in a commercially responsible manner. The Act provides the accountability role with the State Government, as well as the powers to perform specific functions.

The Act adopts financial reporting provisions equivalent to those of Corporations Law and exempts Southern Ports from the Financial Management Act 2006, except for audit provisions, which means that the Auditor General continues to conduct annual audits.

While Southern Ports are exempt from the Public Sector Management Act 1994, we are required to put in place minimum standards, through the setting of a code of ethics and conduct, that reflect the principles of the Public Sector Management Act 1994 and to report annually on the adherence to those standards to the Public Sector Standards Commissioner.

BOARD OF DIRECTORS, ROLE AND ACTIVITIES

Directors to the Southern Ports Board are appointed by the Minister for terms of up to three years and Directors are eligible for reappointment. The Board consists of seven non-executive Directors and the Minister appoints the Chair and the Deputy Chair positions. The Board reports to the Minister regularly against Southern Ports' Strategic Plans and key operational items.

The Board is required to demonstrate a high level of ethical behaviour and responsibility to all stakeholders and meets throughout the year to consider strategic proposals and receive operational performance reports.

The Board preserves Southern Ports interests and fosters sustainable value creation while considering the reasonable interests of our stakeholders.

Information on Directors' experience and skills are outlined on pages 17-20.

BOARD CHARTER AND DIRECTORS CODE OF ETHICS AND CONDUCT

The Board Charter sets out the role, responsibilities, membership and processes of the Board of Southern Ports, in line with the corporate governance framework and is aligned with the ASX Corporate Governance Principles and Recommendations, 4th Edition.

The Director's Code of Ethics and Conduct incorporates elements of Southern Ports' Code of Conduct and Ethics and was guided by the Public Sector Commission's "Conduct Guide for Public Sector Boards and Committees". The Director's Code is subject to annual review.

Newly appointed Directors are provided a copy of the Board Charter and Directors Code of Ethics and Conduct within the induction pack.

INTERNAL AUDIT

Moore Australia has been engaged during the reporting period as an independent consultant, to undertake internal audits and provide assessment on the effectiveness of operations and control systems, risk management, governance processes and recommendations on attaining best practice.

Internal audits were undertaken in the areas of business continuity; emergency management; financial controls; fraud and corruption; leases, licences and agreements; and timesheet management during the reporting period.

EXTERNAL AUDIT

In compliance with the Port Authorities Act 1999, Southern Ports' financial report has been audited by the Auditor General. The external audit is outsourced to KPMG as appointed by the Office of the Auditor General.

RISK MANAGEMENT

Our Risk Management Framework implemented in 2019 has been embedded and the new system and program for the recording, assessment, management and reporting of risks established within the organisation. The Framework assists the Board and Management to meet our ongoing risk management need and establishes good business practices, governance structures, identification, assessment and management processes.

The Board's Audit, Finance and Risk Committee is responsible for the oversight and governance of Southern Ports' risk management.

DISCLOSURE & LEGAL COMPLIANCE

LEGAL COMPLIANCE

FINANCIAL MANAGEMENT

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

MINISTERIAL DIRECTIVES

Southern Ports did not receive a Ministerial directive during 2020-21.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

The Code of Conduct and Ethics [the Code] provides the expectations and standards for interacting with teammates, customers, suppliers and the general public. The Code further defines that all employees are accountable to behave respectfully, professionally and with integrity.

New employees receive information about the Code as part of their induction, and the Code is also available in offices and on the Intranet.

Annual staff performance reviews also include an area for feedback and assessment against the Code.

During 2020-21, we received reported allegations against five individuals, of behaviour that may have conflicted with the Southern Port's Code of Conduct and Ethics. After investigation, four of these allegations were identified as breaches of the Code of Conduct and action was taken appropriate to the level of the breach. One matter is still under investigation.

RECORD KEEPING PLAN

In accordance with section 19 of the State Records Act 2000 and State Records Commission Standard 2 [Principle 6] Southern Ports has a record keeping plan that provides an accurate reflection of how recorded information is created and managed within the organisation, and the plan must be complied with by our staff.

Southern Ports is currently reviewing its record keeping plan as required by Part 3 Division 4 of the State Records Act 2000 and updating the processes via an enterprise resource program, to capture our record keeping operations more effectively and efficiently. Existing staff have been trained in the new program and all new staff will be instructed on the record keeping procedures during the first weeks of their induction. Staff members are also reminded throughout the year of their record keeping responsibilities.

FREEDOM OF INFORMATION

The Western Australian Freedom of Information Act 1992 (WA) gives members of the community the right to apply for access to documents and information held by public sector agencies, such as Southern Ports.

Information, media releases and publications are available via Southern Ports website at www.southernports.com.au. Publications released during the reporting period were:

- The 2020 Annual Report

Our Freedom of Information Officer can be contacted via the following methods:

Postal: Freedom of Information Officer, Southern Ports
PO Box 992, BUNBURY WA 6231

Or email: FOI@southernports.com.au

During the reporting period there were two applications for personal or non-personal information. There was also one third party request for consultation for applications made to other government agencies during the period.

EXPENDITURE ON ADVERTISING & MARKETING

CATEGORY & COMPANY NAME	FY21 AMOUNT	FY20 AMOUNT
Advertising Agencies	Nil	Nil
Market Research Organisations	Nil	Nil
Polling Organisations	$78,750.00	Nil
Direct Mail Organisations	Nil	Nil
Media & Advertising Organisations	$16,910.14	$25,969
TOTAL	$95,660.14	**$25,969**

OTHER LEGAL COMPLIANCE

GOVERNMENT POLICY REQUIREMENTS

SUBSTANTIVE EQUALITY & DIVERSITY

We proudly support flexible arrangements in the workplace whereby employees can balance work and family commitments, offering a purchase of leave procedure to meet individual needs, paternity and maternity leave and part-time work opportunities.

Southern Ports are an inclusive and non-discriminatory employer that embraces diversity irrespective of race, age, sex, marital status, pregnancy, religious or political conviction, impairment, family responsibility or family status, gender, history or orientation.

The Equal Opportunity Act 1984 is referenced by Southern Ports to guide equality in employment. The skills, knowledge and abilities for all applications for employment are assessed, the assessment method is fairly and consistently applied, and decisions are transparent and capable of review. We are committed to improving diversity outcomes in the workforce.

The following data has been collated during the reporting period and provides a representation of staff diversity.

As at 30 June 2021 Southern Ports employed 246 direct employees:

- 60% in Esperance
- 22% in Bunbury
- 13% in Albany
- 5% in West Perth
- 2% Aboriginal or Torres Strait Islander
- 19% Non-English-speaking background
- 7% Disability
- 20% female
- 36% aged 45 and over
- 62% aged 26 - 44
- 2% aged 25 an under

CONTRACTS WITH DIRECTORS, EXECUTIVE & MANAGEMENT

At the date of reporting no Directors, Executive or Management or firms of which Directors, Executive or Management are members or entities in which Directors, Executive or Management have substantial interest had any interest in the existing or proposed contracts with Southern Ports other than normal contracts of employment service.

RECONCILIATION ACTION PLAN

Southern Ports vision and values support inclusive culture, particularly through teamwork and future focus, which reflects a greater understanding and awareness of the rich heritage and history of Western Australia's First Peoples. The Reconciliation Action Plan will continue the development of respectful and culturally aware practices, workplaces and communities within the organisation.

GIFTS AND BENEFITS

Included in the Code of Ethics and Conduct is the clear requirement for declaration of any gift or benefit received by a Director or staff member of Southern Ports.

A gifts and benefits procedure, which sets out requirements for responding to offers of gifts, benefits or hospitality has been implemented and a gifts and benefits register is in use and regularly reviewed by Executive.

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

It is a priority of the Board to provide a safe and healthy work environment for all people involved with port related activities within the areas controlled by Southern Ports. This extends to ensuring our injury management procedures address employees' work and non-work-related injuries to support their individual needs. Our Safety and Health Policy was reviewed and updated in July 2020. An excerpt follows:

We are committed to:

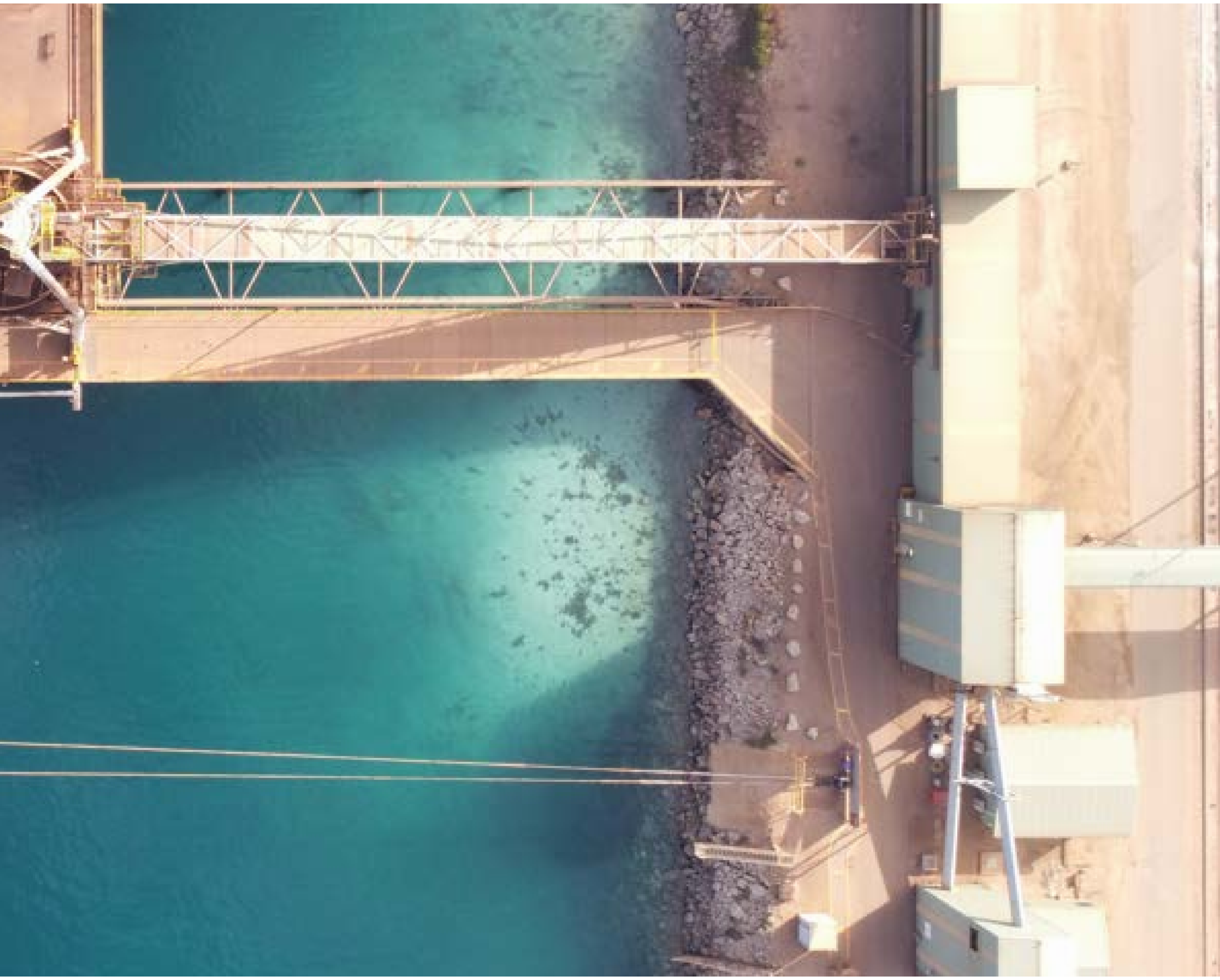
- Prioritising a physical and mentally healthy and safe workplace.
- Ensuring sustainable development of its port jurisdictions and areas of influence through the consideration of physical and mental health and safety matters in all aspects of the decision-making process.
- Ensuring employees understand their accountability and responsibility for their own personal safety and the safety of others.
- Empowering staff and supporting the decision to stop work if there is a risk, real or perceived, to the physical or mental health and safety of individuals undertaking activities.
- Promoting and upholding a positive culture that encourages everyone to report all hazards and incidents with honesty and integrity.
- Identifying and managing all health and safety hazards and risks to prevent work-related injury and illness.
- Being guided by ISO 45001 Occupational Health and Safety Management Systems and complying with all applicable health and safety legislation.
- Providing resources, training and support to meet health and safety objectives at Southern Ports.
- Jointly setting and reviewing meaningful health and safety targets with our staff as part of the continual improvement of a healthy and safety work environment.
- Ensuring this Policy is displayed, communicated, implemented and periodically updated to reflect changes that may impact upon health and safety in our workplace.
- Engaging with employees, and stakeholders on health and safety matters and to research potential innovations and risk mitigations to actively reduce risk.

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

MEASURES	FY21 RESULT	FY20 RESULT	FY19 RESULT	TARGETS	COMMENTS TOWARDS TARGETS
Number of fatalities	0	0	0	0	Target achieved
Lost time injury & disease incidence rate	1.21	1.46	0.55	0 or 10% reduction in incidence rate	Target not achieved. 3 LTI's recorded against the zero target
Lost time injury & disease severity rate	0	0	0	0 or 10% reduction in incidence rate	Target achieved
Per centage of injured workers returned to work (i) within 13 weeks	100%	100%	100%	Greater than or equal to 80% return to work within timeframe	Target achieved
Per centage of injured workers returned to work (ii) within 26 weeks	Not applicable	Not applicable	Not applicable		Not applicable as all injured workers returned within 13 weeks
Per centage of Managers trained in OSH and Injury Management responsibilities	88%	97%	100%	Greater than or equal to 80%	Target achieved – slightly lower result due to staff turnover. 3-yearly refresher for all managers conducted in 2021 and 100% compliance in first week of July

Iron ore is loaded via conveyors
PORT OF ESPERANCE

06.



FINANCIAL STATEMENTS

FINANCIAL STATEMENTS
DIRECTORS' DECLARATION
OAG AUDIT REPORT

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2021

	NOTE	2021 ($'000)	2020 ($'000)
INCOME			
Revenue	4	136,813	110,891
Other income	5	34,129	38,585
EXPENDITURE			
Employee benefits expense	7	(34,737)	(31,104)
Contracts and services		(33,294)	(28,650)
Utilities		(10,428)	(9,910)
Depreciation	6	(10,333)	(9,742)
Materials and supplies		(7,165)	(5,252)
Government charges		(4,688)	(4,771)
Finance costs	8	(639)	(1,072)
Insurance		(1,779)	(1,474)
Other expenses	9	(2,575)	(1,654)
Profit Before Income Tax		**65,304**	**55,847**
Income tax expense	10	(19,915)	(16,808)
PROFIT FOR THE YEAR		**45,389**	**39,039**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit and loss			
Re-measurements of defined benefit liability/(asset)		30	(82)
Tax on items that will never be reclassified to profit or loss	10	(9)	25
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**45,410**	**38,982**

STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	NOTE	2021 ($'000)	2020 ($'000)
ASSETS			
Current Assets			
Cash and cash equivalents	12	79,410	92,314
Trade and other receivables	13	24,093	18,655
Inventories	14	4,317	3,717
Total Current Assets		**107,820**	**114,686**
Non-Current Assets			
Deferred tax assets	10	1,463	3,052
Property, plant and equipment	15	164,526	156,171
Trade and other receivables	13	7,769	9,052
Inventories	14	2,327	3,670
Right-of-use assets	16	341	72
Total Non-Current Assets		**176,426**	**172,017**
TOTAL ASSETS		**284,246**	**286,703**
LIABILITIES			
Current Liabilities			
Trade and other payables	17	7,860	9,376
Interest bearing borrowings	18	1,311	4,029
Current tax liabilities	10	2,445	6,320
Provisions	19	6,729	6,152
Lease liabilities	16	180	73
Contract liabilities	20	3,280	4,271
Total Current Liabilities		**21,805**	**30,221**
Non-Current Liabilities			
Interest bearing borrowings	18	6,194	7,505
Provisions	19	1,345	1,296
Lease liabilities	16	153	-
Total Non-Current Liabilities		**7,692**	**8,801**
TOTAL LIABILITIES		**29,497**	**39,022**
NET ASSETS		**254,749**	**247,681**
EQUITY			
Reserves	21	14,815	14,815
Contributed equity		94,899	94,259
Retained earnings		145,035	138,607
TOTAL EQUITY		**254,749**	**247,681**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	NOTE	RESERVES ($'000)	CONTRIBUTED EQUITY ($'000)	RETAINED EARNINGS ($'000)	TOTAL ($'000)
BALANCE AT 1 JULY 2019		**14,815**	**92,635**	**105,990**	**213,440**
Changes in accounting policy		-	-	-	-
RESTATED BALANCE AT 1 JULY 2019		**14,815**	**92,635**	**105,990**	**213,440**
Profit for the period		-	-	39,039	**39,039**
Total other comprehensive income		-	-	(57)	**(57)**
TOTAL COMPREHENSIVE INCOME		**-**	**-**	**38,982**	**38,982**
Transaction with owners					
Equity injection	26	-	1,624	-	**1,624**
Dividends paid	11	-	-	(6,365)	**(6,365)**
BALANCE AT 30 JUNE 2020		**14,815**	**94,259**	**138,607**	**247,681**
BALANCE AT 1 JULY 2020		**14,815**	**94,259**	**138,607**	**247,681**
Profit for the period		-	-	45,389	**45,389**
Total other comprehensive income		-	-	21	**21**
TOTAL COMPREHENSIVE INCOME		**-**	**-**	**45,410**	**45,410**
Transaction with owners					
Equity injection	26	-	640	-	**640**
Dividends paid	11	-	-	(38,982)	**(38,982)**
BALANCE AT 30 JUNE 2021		**14,815**	**94,899**	**145,035**	**254,749**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2021

	NOTE	2021 ($'000)	2020 ($'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		155,383	127,132
Cash paid to suppliers and employees		(113,456)	(94,137)
Cash contributions from Government	5	21,482	30,372
Interest paid		(660)	(1,112)
Income tax paid		(22,211)	(12,666)
Net Cash Provided by Operating Activities	**22**	**40,538**	**49,589**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		496	1,384
Proceeds from sale of property, plant and equipment		10	150
Payment received from finance lease		1,205	1,132
Acquisition of property, plant and equipment		(12,569)	(16,152)
Net Cash Used in Investing Activities		**(10,858)**	**(13,486)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(4,030)	(7,090)
Dividends paid	11	(38,982)	(6,365)
Repayment of lease liabilities		(212)	(124)
Cash contributions from Government	26	640	1,624
Net Cash Used in Financing Activities		**(42,584)**	**(11,955)**
Net (decrease) / increase in cash and cash equivalents		(12,904)	24,148
Cash and cash equivalents at 1 July		92,314	68,166
CASH AND CASH EQUIVALENTS AT 30 JUNE	**12**	**79,410**	**92,314**

The accompanying notes form part of these financial statements.

NOTE 1
BASIS OF PREPARATION

(a) STATEMENT OF COMPLIANCE

Southern Ports Authority ("The Authority") is a not-for-profit entity that prepares general purpose financial statements in accordance with Australian Accounting Standards and Interpretations (AASBs) 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 30 August 2021 by the Board of Directors of the Authority.

The Authority has applied AASB 1059 Service Concession Arrangements: Grantor for the first time in these financial statements, effective 1 July 2020. The impact of applying these standards is set out in Note 2(q).

(b) PRESENTATION OF THE STATEMENT OF COMPREHENSIVE INCOME

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

According to AASB 101 Presentation of Financial Statements, expenses classified by nature are not reallocated among various functions within the entity.

The Directors have concluded that the financial statements present fairly the Authority's financial position, financial performance and cash flows and that it has complied with applicable standards.

(c) BASIS OF MEASUREMENT

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

(d) COMPARATIVE FIGURES

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

(e) FUNCTIONAL AND PRESENTATION CURRENCY

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

(f) 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 estimate is revised and in any future periods affected.

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year are included within the following notes:

Note 13 - Allowance for expected credit loss

The Authority assesses impairment of receivables on an ongoing basis. Evidence is identified and evaluated whether it indicates a receivable balance is uncollectable. Assumptions are made regarding the likelihood and magnitude of receivables deemed uncollectable.

Note 15 – Determination of fair value

The Authority has made use of an independent valuation expert to assess the fair value in accordance with AASB 13 Fair Value Measurement, of assets which were subject to finance leases and which reverted back to the Authority during the period. The Authority has adopted a cost approach which incorporates adjustments for physical, technological and economic obsolescence.

Note 19 - Employee benefits

For the purpose of measurement, AASB119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employee leave entitlements.

Note 19 (d) – Defined benefit plan

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

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) REVENUE RECOGNITION

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

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Authority recognises revenue when it transfers control over a good or service to a customer.

The Authority has considered the terms of the contracts and all relevant factors when assessing how much revenue is to be recognised. For revenue from shipping and cargo services, revenue is typically measured over time as the Authority satisfies its obligations to its customers.

(ii) Interest

Interest income is recognised as it accrues.

(iii) Rental income

Rental income is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income where applicable. Non-lease components in contracts for provision of electricity and water involving the transfer of services to the lessee are recognised as revenue.

(iv) Government Contributions

Government contributions are recognised as revenue at fair value in the period in which the Authority obtains control over the funds. Depending on the nature of the contribution, the Authority obtains control of the funds either at the time the funds are received, or at the start of the year to which the appropriation applies.

(b) FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds. Interest income is recognised as it accrues.

Finance expenses include interest expenses on borrowings and finance charges payable under finance leases.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Statement of Comprehensive Income.

(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 Department of Treasury (WA). 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/(benefit) comprises current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current Tax

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

(ii) Deferred Tax

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. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Authority expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

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) TRADE AND LEASE RECEIVABLES

Trade receivables are recognised and carried at the original invoice amounts less an allowance for any uncollectable amounts (i.e. impairment). Debtors are generally settled within 30 days except for property rentals, which are governed by individual lease agreements.

The value of the provision for impairment loss is assessed based on the expected credit losses of trade receivables and is measured at the lifetime expected credit losses at each reporting date. The Authority utilises a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtor and economic environment.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Bad debts are written off when formally recognised as being irrecoverable. Movement in the allowance for impairment of receivables is disclosed in Note 13.

A finance lease receivable is recognised for leases of property, plant and equipment which effectively transfers to the lessee substantially all of the risks and benefits incidental to legal ownership of the leased asset.

The lease receivable is initially recognised as the amount of the present value of the minimum lease payments receivable at the reporting date plus the present value of an 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 of the net investment outstanding in respect of the lease, with interest revenue calculated using the interest rate implicit in the lease and recognised directly in the Statement of Comprehensive Income.

(e) INVENTORIES

Inventories consist of stores which are measured at the lower of cost and net realisable value. Inventories where there is loss of service potential, damaged or obsolete are written down to their net realisable value.

Spare parts

The Authority holds a variety of spare parts to ensure business continuity should plant or equipment require servicing or repairs. The size, nature and value of these items vary. This policy refers to those spares accounted for as inventory as "operating spares" and those accounted for as Property, Plant and Equipment ("PPE") as "capital spares".

Capital spares

Capital spares are spare parts, servicing equipment and stand-by equipment with an expected useful life, once put into use, of greater than one year. Where the expected useful life of the asset, once put into use, is less than one year such items should be accounted for as inventory and are not capital spares regardless of value or whether they can only be used in connection with a specific piece of PPE.

Capital spares are to be classified as either a separate component asset or attributed to an existing asset.

A component is an identifiable part of an item of PPE with a cost that is significant in relation to the total cost of the asset. The Authority considers an asset to be significant, and therefore a component, if it is greater than 5% of the value of the larger asset to which it relates. A component asset is to be depreciated over the shorter of its useful life and the life of any larger asset to which it relates.

Non-component assets classified as capital spares are to be allocated to and depreciated over the life of the asset to which they relate. Spares held for any maintenance contracts to service assets that are not under the control of the Authority, are not considered as capital spares even though the expected useful life, once put into use, is more than a year. Spares not considered as capital spares are accounted for as operating spares.

Operating spares

Operating spares are generally smaller in value and have an expected useful economic life that is less than capital spares. They are often consumed in the production process, or in support activities such as maintenance. If a spare does not meet the definition of a capital spare it shall be accounted for as an operating spare and therefore as inventory.

(f) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property, plant and equipment costing more than $5,000 are measured at cost less accumulated depreciation and accumulated impairment losses. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment costing $5,000 or less are immediately expensed to the Statement of Comprehensive Income.

Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the following:

- Cost of materials and direct labour;
- Any other costs directly attributable to bringing the asset to a working condition for its intended use;
- When the Authority has an obligation to remove an asset or restore the site, an estimate of the costs of dismantling and removing the item and restoring the site on which it was located; and
- Capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

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

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

(ii) Subsequent costs

Subsequent expenditure is capitalised on when it is probable that the future economic benefits associated with the expenditure will flow to the Authority and its cost can be measured reliably. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less the estimated residual value using the straight-line basis over the estimated useful life. Depreciation is generally recognised in the Statement of Comprehensive Income. Leased assets are depreciated over the shorter of the lease term and the useful life unless it is reasonably certain that the Authority will obtain ownership by the end of the lease term. Land is not depreciated.

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

ESTIMATED USEFUL LIVES OF DEPRECIABLE ASSETS

Buildings and improvements	4-50 years
Breakwaters	22-50 years
Inner and outer harbour channels and basis	20-100 years
Navigational aids	10 years
Berths and jetties	10-40 years
Port infrastructure, plant and equipment	3-40 years
Minor plant and equipment	2-20 years
Office furniture and equipment	2-15 years
Motor vehicles	4-10 years

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

(iv) Impairment

Property, plant and equipment and infrastructure are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. The recoverable amount is the greater of an asset's fair value less costs to sell and value-in-use.

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

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

(g) LEASES

At inception of a contract, the Authority assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, the Authority uses the definition of a lease in AASB 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Authority allocates the consideration in the contract to each lease component of its relative stand-alone prices.

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Authority by the end of the lease term or the cost of the right-of-use asset reflects that the Authority will exercise a purchase option. In that case the right-of-use asset will be depreciated over the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Authority's incremental borrowing rate. Generally, the Authority uses the incremental borrowing rate as the discount rate, which is determined with reference to the interest rates obtained from Western Australia Treasury Corporation.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Amounts expected to be payable under a residual value guarantee;
- Exercise price under a purchase option when the Authority reasonably certain to exercise; and
- Lease payments in an optional renewal period when the Authority reasonably certain to exercise;

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease repayments if there is a change in future lease payments arising from changes in indexes or rates, change in estimated residual guarantees, or changes in assessments for exercising purchase or extension rights, or revisions of in-substance fixed lease payments. Remeasurements to lease liabilities result in adjustment to the relevant right-of-use asset carrying amount.

The Authority has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (<AUD$5,000) and short-term leases (<12 month term). The payments associated with these leases is expensed on a straight-line basis over the lease term.

(i) As a lessor

Payments made under operating leases are recognised in the Statement of Comprehensive Income 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.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(h) FINANCIAL INSTRUMENTS

The Authority has the following categories of financial instruments:

- Loans and receivables;
- Financial liabilities measured at amortised cost.

Refer to Note 23 for further information on the classification of financial instruments.

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the authority becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus or minus, (for an item not at fair value through the profit and loss,) transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value Through Profit and Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Authority may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Authority considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Authority considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Authority's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

FINANCIAL ASSETS AT FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
FINANCIAL ASSETS AT AMORTISED COST
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
DEBT INVESTMENTS AT FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
EQUITY INVESTMENTS AT FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

(iii) Derecognition

Financial assets

The Authority derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either: substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Authority neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Authority enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Authority also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(i) PAYABLES

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

(j) BORROWINGS

All borrowings are initially recognised at cost, being the fair value of the consideration received less directly attributable transactions 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 de-recognised, as well as through the amortisation process.

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

(k) EMPLOYEE BENEFITS

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Other Long-term employee benefits

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

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

The expected future payments are discounted to present value using market yields at the balance 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 balance date.

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

(l) EMPLOYEE SUPERANNUATION

The Gold State Superannuation Scheme (GSS Scheme), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefits pension scheme, are now closed to new members.

The Authority is liable for superannuation benefits for past years' service for members for 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. Monthly contributions are also made to the Stevedoring Employees Retirement Fund (SERF) to satisfy existing workforce requirements for waterside employees who transferred to the Authority during 1992 and for casual staff.

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. The Authority's total superannuation liability has been actuarially assessed as at 30 June 2021.

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

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

Defined benefit plan

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

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

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

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

Actuarial gains and losses of the defined benefit plan are recognised immediately in other comprehensive income in the Statement of Other Comprehensive Income.

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

(m) DIVIDENDS

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

(n) PROVISIONS

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

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

(o) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, cash at bank and at call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of change in their fair value, and are used by the Authority in the management of its short term commitments.

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

(p) GOODS AND SERVICES TAX

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the 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 the investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows included in receipts from customers or payments to suppliers.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

(q) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

AASB 1059: Service Concession Arrangements: Grantors (applicable to annual reporting periods beginning on or after 1 January 2020).

The Authority has applied AASB 1059 from 1 July 2020. This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided.

The Authority has not identified any public private partnerships within scope of the Standard.

AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material

This Standard clarifies the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. There is no financial impact on the Authority.

NOTE 3

EXPENSES BY NATURE

Operating expenses are presented on the face of the income statement using a classification based on the nature of expenses (see Note 1(b)).

NOTE 4

REVENUE	2021 ($'000)	2020 ($'000)
REVENUE CONSISTS OF THE FOLLOWING ITEMS:		
Revenue from contracts with customers		
Charges on ships	47,269	42,160
Charges on cargo	72,463	55,427
	119,732	**97,587**
Other revenue		
Rentals, leases and other lease recoveries (a)	16,591	12,094
Interest revenue	490	1,210
TOTAL REVENUE	**136,813**	**110,891**

(a) Includes utilities and electricity recoveries of $4.980 million (2020: $5.270 million included as other income).

NOTE 5

OTHER INCOME	2021 ($'000)	2020 ($'000)
OTHER INCOME CONSISTS OF THE FOLLOWING ITEMS:		
Government contributions	21,482	30,372
Net gain / (loss) on sale of property, plant and equipment	5	78
Fair value of transferred asset	8,800	-
Other income	3,842	8,135
TOTAL OTHER INCOME	**34,129**	**38,585**

NOTE 6

DEPRECIATION	2021 ($'000)	2020 ($'000)
Channels, dredging, breakwaters and navigation aids	2,220	2,218
Buildings and improvements	1,568	1,425
Plant and equipment	2,517	2,430
Berths, jetties and infrastructure	3,828	3,546
Total depreciation Property, Plant & Equipment	**10,133**	**9,619**
Depreciation on right-of-use assets	200	123
TOTAL DEPRECIATION	**10,333**	**9,742**

NOTE 7

EMPLOYEE BENEFITS EXPENSE	2021 ($'000)	2020 ($'000)
Wages, salaries and redundancies	30,841	27,564
Superannuation	2,813	2,538
Increase / (decrease) in:		
Accrued wages	255	280
Accumulated days off	54	36
Annual leave	465	381
Long service leave	284	298
Personal leave	25	7
TOTAL EMPLOYEE BENEFITS	**34,737**	**31,104**

NOTE 8

FINANCE COSTS	2021 ($'000)	2020 ($'000)
Interest expense	636	1,070
Lease interest expense	3	2
TOTAL FINANCE COSTS	**639**	**1,072**

NOTE 9

OTHER EXPENSES	2021 ($'000)	2020 ($'000)
Expected credit loss/(gain)	15	(43)
Other employee related costs	2,560	1,697
TOTAL OTHER EXPENSES	**2,575**	**1,654**

NOTE 10

INCOME TAX EXPENSE Recognised in the Statement of Comprehensive Income	2021 ($'000)	2020 ($'000)
CURRENT TAX EXPENSE		
Current income tax expense	18,232	18,355
Adjustment for prior periods	95	-
Total Current Tax Expense	**18,327**	**18,355**
DEFERRED TAX (INCOME) / EXPENSE		
Origination and reversal of temporary differences	1,682	(1,557)
Adjustments for prior periods	(94)	10
Total deferred tax (income) / expense	**1,588**	**(1,547)**
TOTAL INCOME TAX EXPENSE	**19,915**	**16,808**
INCOME TAX BENEFIT RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Deferred tax (benefit) / expense recognised in other comprehensive income	9	(25)
NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX NET PROFIT		
Profit for the period	45,389	39,039
Total income tax expense	19,915	16,808
Profit excluding income tax	**65,304**	**55,847**
Income tax using the statutory tax rate of 30% (2020: 30%)	19,591	16,754
Non-deductible expenses	20	44
Other	303	-
	19,914	**16,798**
Under / (over) provision in prior years	1	10
INCOME TAX EXPENSE	**19,915**	**16,808**

NOTE 10

DEFERRED INCOME TAX EXPENSE	STATEMENT OF FINANCIAL POSITION 2021 ($'000)	STATEMENT OF FINANCIAL POSITION 2020 ($'000)	STATEMENT OF COMPREHENSIVE INCOME 2021 ($'000)	STATEMENT OF COMPREHENSIVE INCOME 2020 ($'000)
MOVEMENT IN DEFERRED TAX BALANCES				
Current finance lease receivable	(2,716)	(3,077)	361	340
Future dredging	(544)	(564)	20	19
Other	(1,425)	(1,258)	(167)	(228)
	(4,685)	**(4,899)**		
DEFERRED TAX ASSETS				
Employee benefits & other provisions	2,909	2,329	580	95
Accelerated depreciation for accounting purposes	2,469	3,296	(826)	(118)
Other	770	2,326	(1,556)	1,439
Gross deferred tax assets	**6,148**	**7,951**		
Pursuant to set-off provisions	(4,685)	(4,899)		
Net deferred tax assets	**1,463**	**3,052**		
Deferred tax (expense) / income			**(1,588)**	**1,547**

CURRENT TAX LIABILITIES

The current tax liability of $2.445 million (2020: $6.320 million) represents the amount of income taxes payable in respect of current and prior financial periods.

NOTE 11

DIVIDENDS	2021 ($'000)	2020 ($'000)
Final dividends in respect of the previous financial year (i)	38,982	6,365
Interim dividends in respect of the current financial year (ii)	-	-
TOTAL	**38,982**	**6,365**

In accordance with the Government Financial Policy, the Authority is required to pay dividends of 100% (2020: 100%) of after tax profits.

(i) A final dividend of $38.982 million (2020: $6.365 million) was declared and paid in respect of the financial results for the year ended 30 June 2020. No interim dividend was declared or paid for the year ended 30 June 2021 (2020: $Nil).

(ii) In accordance with Government Financial Policy, the Authority is required to pay a dividend of 100% (2020: 100%) of after tax profits. The Expenditure Review Committee has instructed an interim dividend is not required to be paid for the year ended 30 June 2021. Instead a full final dividend will be declared and paid subsequent to year end at the dividend rate of 100% of after tax profit. In accordance with Australian Accounting Standards, the final dividend relating to the financial results for the year ended 30 June 2021 has not been provided for as it is expected to be declared by the Board and approved by Government after the reporting date. A final dividend based on the audited financial statements for the year ended 30 June 2021 is to be paid by 31 December 2021.

NOTE 12

(i) CASH & CASH EQUIVALENTS	2021 ($'000)	2020 ($'000)
Bank deposits	28,968	53,489
Cash deposits	50,442	38,825
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS	**79,410**	**92,314**

NOTE 13

TRADE AND OTHER RECEIVABLES	2021 ($'000)	2020 ($'000)
CURRENT		
Trade receivables	21,294	16,648
Less: allowance for expected credit loss of trade receivables	(355)	(340)
	20,939	**16,308**
Other debtors		
Accrued revenue	1,299	555
Finance lease receivable	1,283	1,205
Prepayments	572	587
Trade and other receivables	**24,093**	**18,655**
NON-CURRENT		
Finance lease receivable	7,769	9,052
Trade and other receivables	**7,769**	**9,052**
Reconciliation of changes in expected credit loss of trade:		
Balance at start of year	340	383
Expected credit loss/(gain)	15	(43)
Amounts written off during the period	-	-
BALANCE AT THE END OF YEAR	**355**	**340**

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

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

At 30 June, the ageing analysis of trade debtors past due but not impaired is as follows:	GROSS 2021 ($'000)	GROSS 2020 ($'000)
Not more than 3 months	3,023	635
More than 3 months but less than 6 months	82	49
More than 6 months but less than 1 year	-	-
More than 1 year	-	-
	3,105	**684**

As at 30 June 2021, an allowance for expected credit losses of $0.355 million was recognised (2020: $0.340 million).

NOTE 14

INVENTORIES	2021 ($'000)	2020 ($'000)
CURRENT		
Material stores, spares for maintenance - at cost	4,317	3,717
	4,317	**3,717**
NON-CURRENT		
Material stores, spares for maintenance - at net realisable value	2,327	3,670
	2,327	**3,670**
TOTAL INVENTORIES	**6,644**	**7,387**

Non-current inventories have been reduced by $1.268 million (2020: $nil) as a result of the write down to net releasable value. This write down was recognised as an expense during the year.

NOTE 15

PROPERTY, PLANT & EQUIPMENT

	CHANNELS, BREAKWATERS, DREDGING AND NAVIGATION AIDS		LAND	
	2021 ($'000)	2020 ($'000)	2021 ($'000)	2020 ($'000)
At cost	113,326	113,275	23,327	23,327
Accumulated depreciation	(71,208)	(68,990)	–	–
Accumulated impairment	(11)	(11)	–	–
	42,107	**44,274**	**23,327**	**23,327**
Additions [(a)]	78	–	–	–
Transfers and other movements at cost [(b)]	-	51	–	–
Transfers and other movements Acc Depn [(b)]	–	–	–	–
Depreciation for the year	(2,220)	(2,218)	–	–
Impairment [(c)]	–	–	–	–
Disposals	–	–	–	–
Accumulated depreciation on disposals	–	–	–	–
Amounts written off [(d)]	–	–	–	–
CARRYING AMOUNT AT 30 JUNE	**39,965**	**42,107**	**23,327**	**23,327**
Closing Balance 30 June				
At cost	113,404	113,326	23,327	23,327
Accumulated depreciation	(73,428)	(71,208)	–	–
Accumulated impairment	(11)	(11)	–	–
CLOSING BALANCE 30 JUNE	**39,965**	**42,107**	**23,327**	**23,327**

(a) Additions includes transferred assets resulting from expiration of lease arrangement totalling $8.800 million in Buildings and Improvements and Plant and Equipment.

(b) Transfers and other movements includes capitalisation of Works in Progress amounts and reclassification of items between asset groups following a review to ensure standardisation of asset classes.

BUILDINGS AND IMPROVEMENTS		PLANT AND EQUIPMENT		BERTHS, JETTIES AND INFRASTRUCTURE		WORKS IN PROGRESS		TOTAL	
2021 ($'000)	**2020 ($'000)**	**2021 ($'000)**	**2020 ($'000)**	**2021 ($'000)**	**2020 ($'000)**	**2021 ($'000)**	**2020 ($'000)**	**2021 ($'000)**	**2020 ($'000)**
37,180	36,772	32,680	32,070	158,349	147,726	14,370	10,253	**379,232**	**363,423**
(25,651)	(24,226)	(21,137)	(19,544)	(103,288)	(99,742)	–	–	**(221,284)**	**(212,502)**
(646)	(646)	(144)	(144)	(976)	(976)	-	(619)	**(1,777)**	**(2,396)**
10,883	**11,900**	**11,399**	**12,382**	**54,085**	**47,008**	**14,370**	**9,634**	**156,171**	**148,525**
7,541	83	3,614	343	2,346	83	6,577	17,101	**20,156**	**17,610**
3,551	325	1,342	1,176	5,478	10,540	(10,371)	(12,092)	**–**	**–**
–	–	-	-	–	–	–	–	**–**	**–**
(1,568)	(1,425)	(2,517)	(2,430)	(3,828)	(3,546)	–	–	**(10,133)**	**(9,619)**
–	–	-	-	–	–	–	–	**–**	**–**
–	–	(69)	(909)	–	–	–	–	**(69)**	**(909)**
–	–	61	837	–	–	–	–	**61**	**837**
–	–	-	-	–	–	(1,660)	(273)	**(1,660)**	**(273)**
20,407	**10,883**	**18,830**	**11,399**	**58,081**	**54,085**	**8,916**	**14,370**	**164,526**	**156,171**
48,272	37,180	37,567	32,680	166,173	158,349	8,916	14,989	**397,659**	**379,851**
(27,219)	(25,651)	(23,593)	(21,137)	(107,116)	(103,288)	–	–	**(231,356)**	**(221,284)**
(646)	(646)	(144)	(144)	(976)	(976)	-	(619)	**(1,777)**	**(2,396)**
20,407	**10,883**	**13,830**	**11,399**	**58,081**	**54,085**	**8,916**	**14,370**	**164,526**	**156,171**

(c) There was no impairment of assets in the 2021 financial year (2020: nil)

(d) Amounts written off include concept costs and discontinued projects in Works in Progress.

NOTE 16

LEASES AS LESSEE

The Authority leases a commercial office premise in one of its locations. The initial lease period of four years has expired and is operating under a one year option. Lease payments are escalated by 3% each year as per the terms of the arrangement.

Leases of information technology equipment commenced during the year with three year terms for laptops and four year terms for servers.

LEASES AS LESSEE	PLANT AND EQUIPMENT ($'000)	LAND AND BUILDINGS ($'000)	TOTAL ($'000)
(i) RIGHT OF USE ASSETS			
2021			
Opening net carrying amount	-	72	72
Additions during the year	339	130	469
Depreciation charge for the year	(74)	(126)	(200)
BALANCE AT 30 JUNE	**265**	**76**	**341**
2020			
Opening net carrying amount	-	-	-
Recognition of right-of-use assets at 1 July on transition	-	195	195
Depreciation charge for the year	-	(123)	(123)
BALANCE AT 30 JUNE	**-**	**72**	**72**
ii) LEASE LIABILITIES			
2021			
Opening net carrying amount	-	73	73
Additions during the year	339	130	469
Interest on lease liabilities for the year	2	1	3
Lease payments	(84)	(128)	(212)
BALANCE AT 30 JUNE	**257**	**76**	**333**
Current	**104**	**76**	**180**
Non-Current	**153**	**-**	**153**
2020			
Opening net carrying amount	-	-	-
Recognition of right-of-use assets at 1 July on transition	-	195	195
Interest on lease liabilities for the year	-	2	2
Lease payments	-	(124)	(124)
BALANCE AT 30 JUNE - CURRENT	**-**	**73**	**73**

LEASES AS LESSEE	PLANT AND EQUIPMENT ($'000)	LAND AND BUILDINGS ($'000)	TOTAL ($'000)
iii) AMOUNTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME			
2021 - Leases under AASB 16			
Depreciation expense for right-of-use assets	74	126	200
Interest on lease liabilities	2	1	3
Expenses relating to variable lease payments not included in lease liabilities	-	72	72
TOTAL AMOUNTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME	**76**	**199**	**275**
2020 - Leases under AASB 16			
Depreciation expense for right-of-use assets	-	123	123
Interest on lease liabilities	-	2	2
Expenses relating to variable lease payments not included in lease liabilities	-	66	66
Expenses relating to short-term leases	-	14	14
TOTAL AMOUNTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME	**-**	**205**	**205**

iv) EXTENSION OPTIONS

The commercial office lease contained a one year extension option which was not included in the initial lease term as the Authority was not reasonably certain it would exercise the option. During the 2021 year, the option was exercised and an increase in lease liability of $130,000 was recognised.

LEASES AS LESSOR

The Authority leases out its land and certain infrastructure. All leases are classified as operating leases from a lessor perspective with the exception of one arrangement, which the Authority has classified as a finance lease. The following tables set out the maturity analysis of lease receivables.

LEASES AS LESSOR	2021 ($'000)	2020 ($'000)
(i) OPERATING LEASES RECEIVABLE		
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	7,502	7,411
Later than 1 year but not later than 5 years	21,376	22,900
Later than 5 years	71,361	72,376
OPERATING LEASES RECEIVABLE	**100,239**	**102,687**
ii) FINANCE LEASES RECEIVABLE		
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	1,824	1,824
Later than 1 year but not later than 5 years	7,294	7,294
Later than 5 years	1,823	3,646
FINANCE LEASES RECEIVABLE	**10,941**	**12,764**
Unearned financial income	1,889	2,507
NET INVESTMENT IN THE LEASE	**9,052**	**10,257**

NOTE 17

TRADE AND OTHER PAYABLES	2021 ($'000)	2020 ($'000)
Trade payables	2,680	4,926
Other payables	1,788	1,641
GST payable	407	194
Accrued wages	1,106	851
Unexpired income	1,879	1,764
TRADE AND OTHER PAYABLES	**7,860**	**9,376**

NOTE 18

INTEREST BEARING BORROWINGS

This note provides information about the contractual terms of the Authority's interest bearing borrowings, which are measured at amortised cost. For more information about the Authority's exposure to interest rate risk, see Note 23(i).

INTEREST BEARING BORROWINGS	2021 ($'000)	2020 ($'000)
CURRENT		
Special borrowings	1,311	4,029
	1,311	**4,029**
NON CURRENT		
Special borrowings	6,194	7,505
	6,194	**7,505**
FINANCING ARRANGEMENTS		
The Authority has access to the following lines of credit:		
Total facilities available		
Special borrowings	7,505	11,534
	7,505	**11,534**
Facilities utilised at reporting date:		
Special borrowings	7,505	11,534
	7,505	**11,534**
Facilities not utilised at reporting date:		
Special borrowings	-	-
	-	-

SIGNIFICANT TERMS AND CONDITIONS

Special borrowings of $7.505 million (2020: $11.534 million) relate to the former Esperance Port Authority, from the WA Treasury Corporation's Portfolio Lending Arrangements (PLA) and are financed at fixed rates of interest; therefore changes in interest rates will have no impact on the profitability of the Authority.

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:

INTEREST RATE RISK EXPOSURE	1 YEAR OR LESS ($'000)	1-2 YEARS ($'000)	2-3 YEARS ($'000)	3-4 YEARS ($'000)	4-5 YEARS ($'000)	OVER 5 YEARS ($'000)	TOTAL ($'000)
2021							
INTEREST BEARING BORROWINGS							
Fixed interest rate borrowings	1,311	1,389	1,473	1,385	1,410	537	7,505
	1,311	**1,389**	**1,473**	**1,385**	**1,410**	**537**	**7,505**
WEIGHTED AVERAGE INTEREST RATE							
Fixed interest rate borrowings	**6.21%**	**6.21%**	**6.21%**	**6.21%**	**6.21%**	**6.21%**	**6.21%**
2020							
INTEREST BEARING BORROWINGS							
Fixed interest rate borrowings	4,029	1,310	1,389	1,473	1,385	1,948	11,534
	4,029	**1,310**	**1,389**	**1,473**	**1,385**	**1,948**	**11,534**
WEIGHTED AVERAGE INTEREST RATE							
Fixed interest rate borrowings	**6.24%**	**6.24%**	**6.24%**	**6.24%**	**6.24%**	**6.24%**	**6.24%**

RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASHFLOWS ARISING FROM FINANCING ACTIVITIES	NOTE	2021 ($'000)	2020 ($'000)
SPECIAL BORROWINGS AT 1 JULY		11,534	18,624
CHANGES FROM FINANCING CASH FLOWS			
Repayment of borrowings		(4,030)	(7,090)
OTHER CHANGES			
Interest expense	8	636	1,070
Interest paid		(660)	(1,112)
Decreases in accrued interest		25	42
Total other changes		-	-
SPECIAL BORROWINGS AT 30 JUNE		**7,505**	**11,534**

NOTE 19

PROVISIONS	2021 ($'000)	2020 ($'000)
CURRENT		
Employee benefits provision:		
Accumulated days off	96	86
Annual leave [a]	2,775	2,350
Long service leave [b]	2,753	2,628
Superannuation [d]	67	60
Sick leave	112	87
Other provisions		
Employment on-costs	926	832
Other provisions	-	109
	6,729	**6,152**
NON-CURRENT		
Employee benefits provision:		
Long service leave [b]	620	493
Superannuation [d]	625	723
Employment on-costs	100	80
	1,345	**1,296**
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of balance date	1,913	1,634
More than 12 months after balance date	862	716
	2,775	**2,350**
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of balance date	2,753	2,628
More than 12 months after balance date	620	493
	3,373	**3,121**
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employee on-costs including workers compensation premiums and payroll tax. The provision is measured at the present value of expected future payments.		
RECONCILIATION OF MOVEMENT IN PROVISIONS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION ARE:		
Employee Benefits Provision:		
Opening carrying amount	6,427	5,734
Additional provisions made during the period	3,201	3,197
Amounts used during the period	(2,580)	(2,504)
Closing carrying amount	**7,048**	**6,427**

PROVISIONS CONT.	2021 ($'000)	2020 ($'000)
Other Provisions:		
Opening carrying amount	1,021	1,398
Additional provisions made during the period	1,892	3,252
Amounts used during the period	(1,887)	(3,629)
Closing carrying amount	**1,026**	**1,021**
(d) Defined benefit superannuation plans The following is a summary of the most recent financial position of the Pension Scheme related to the Authority calculated in accordance with AASB 119 Employee Benefits.		
THE AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME ARE:		
Current Service Cost:		
Interest cost	7	10
Actuarial (gain)/loss	(30)	82
	(23)	**92**
AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION ARE:		
Present value of unfunded obligations	692	783
	692	**783**
RECONCILIATION OF MOVEMENT IN THE PRESENT VALUE OF THE UNFUNDED OBLIGATIONS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION:		
Opening balance	783	755
CURRENT SERVICE COST		
Interest cost	7	10
Actuarial losses	-	82
Actuarial gains	(30)	-
Benefits paid	(68)	(64)
	692	**783**

NOTE 20

CONTRACT BALANCES

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

CONTRACT BALANCES	2021 ($'000)	2020 ($'000)
Accrued Revenue, included in 'trade and other receivables'	492	185
	2021 ($'000)	**2020 ($'000)**
Contract Liabilities	(3,280)	(4,271)

Accrued Revenue, included in 'trade and other receivables' relate to the Authority's rights to consideration for services provided but not invoiced at the reporting date.

The contract liabilities primarily relate to revenue received in advance for shipping services yet to be performed at the end of the reporting period.

NOTE 21

NATURE AND PURPOSE OF RESERVES

The Asset Revaluation Reserve was used to record historic increments and decrements on the revaluation of non-current assets. The balance relates to valuation of land and plant and equipment.

All land and plant and equipment previously revalued are now carried at a deemed cost. This reserve is not available for the effects of decrements in the value of Land and Plant and Equipment.

NOTE 22

NOTES TO THE STATEMENT OF CASHFLOWS

RECONCILIATION OF CASH

Cash at the end of the financial year shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2021 ($'000)	2020 ($'000)
Cash and cash equivalents	79,410	92,314
	79,410	**92,314**
RECONCILIATION OF PROFIT AFTER INCOME TAX EQUIVALENT TO NET CASH FLOW PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Profit after income tax equivalents	45,389	39,039
Adjustments for:		
Depreciation expense	10,333	9,742
Interest income	(490)	(1,210)
Finance costs	639	1,072
Net (gain)/loss on sale of property, plant and equipment	(5)	(78)
Work in progress written off	1,660	273
Fair value of transferred asset	(8,800)	-
Income tax expense	19,915	16,808
	68,641	**65,646**
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL		
(Increase)/decrease in assets:		
Trade and other receivables	(5,355)	(3,952)
Inventories	2,011	(513)
(Decrease)/increase in liabilities:		
Trade and other payables	(1,736)	(2,257)
Provisions	626	317
Contract liabilities	(991)	4,271
GST liability	213	(145)
	63,409	**63,367**
Interest paid	(660)	(1,112)
Income taxes paid	(22,211)	(12,666)
NET CASH FROM OPERATING ACTIVITIES	**40,538**	**49,589**

NOTE 23
FINANCIAL INSTRUMENTS

(i) FINANCIAL RISK MANAGEMENT OBJECTIVE & POLICIES

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

MARKET RISK

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

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

The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities.

The risk is managed by WATC through portfolio diversification and variation in maturity dates. The Authority's cash and cash equivalents are mainly deposited in the banks which earned variable interest rates. Term deposits are held with fixed interest rates, typically for a period of three to twelve months.

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.

SENSITIVITY ANALYSIS

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

INTEREST RATE RISK - VARIABLE INSTRUMENTS	CARRYING AMOUNT ($'000)	+0.5% CHANGE PROFIT ($'000)	(0.25%) CHANGE PROFIT ($'000)
2021 FINANCIAL ASSETS			
Cash and cash equivalents	79,410	397	(199)
	79,410	**397**	**(199)**
2020 FINANCIAL ASSETS			
Cash and cash equivalents	92,314	462	(231)
	92,314	**462**	**(231)**

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 the counter party, with a maximum exposure equal to the carrying amount of these instruments. The cash and cash equivalents are held with banks and financial institution counterparties, which are rated AA- to AA+, based on Standard & Poor's ratings.

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

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

As at 30 June 2021, one customer represents 29% (2020: 31%) of outstanding trade receivables, where the balance of debtors is made up of various individual debtors.

LIQUIDITY RISK

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

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

FINANCIAL LIABILITIES	CARRYING AMOUNT ($'000)	6 MONTHS OR LESS ($'000)	6-12 MONTHS ($'000)	1-2 YEARS ($'000)	2-5 YEARS ($'000)	MORE THAN 5 YEARS ($'000)
2021						
Trade and other payables	4,469	4,376	73	-	-	20
Lease liabilities	333	123	57	114	39	-
Interest-bearing borrowings	7,505	868	868	1,737	4,799	555
	12,307	**5,367**	**998**	**1,851**	**4,838**	**575**
2020						
Trade and other payables	6,567	6,544	-	2	-	21
Lease liabilities	73	73	-	-	-	-
Interest-bearing borrowings	11,534	3,533	1,067	1,737	5,035	2,053
	18,174	**10,150**	**1,067**	**1,739**	**5,035**	**2,074**

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

Risk associated with the liability on borrowings is reduced by the Authority paying a guarantee charge.

This charge guarantees payment to the WATC by the Government for outstanding borrowings in case of default.

NOTE 23

FINANCIAL INSTRUMENTS CONT.

(ii) CATEGORIES OF FINANCIAL INSTRUMENTS

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

CATEGORIES OF FINANCIAL INSTRUMENTS	2021 ($'000)	2020 ($'000)
FINANCIAL ASSETS		
Cash and cash equivalents	79,410	92,314
Trade receivables and accrued revenue	22,238	16,863
	101,648	**109,177**
FINANCIAL LIABILITIES		
Trade and other payables	(4,469)	(6,567)
Lease liabilities	(333)	(73)
Interest-bearing borrowings (a)	(8,635)	(13,162)
	(13,437)	**(19,802)**
	88,211	**89,375**

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

(iii) CREDIT RISK EXPOSURE

The following table details the credit risk exposure on the Authority's trade receivables using a provision matrix.

CREDIT RISK EXPOSURE	TOTAL ($000)	CURRENT ($000)	31-60 DAYS ($000)	61-90 DAYS ($000)	>91 DAYS ($000)
30 JUNE 2021					
Total gross carrying amount	21,294	17,239	3,225	417	413
EXPECTED CREDIT LOSSES	**355**	**-**	**1**	**21**	**333**
30 JUNE 2020					
Total gross carrying amount	16,648	15,624	520	122	382
EXPECTED CREDIT LOSSES	**340**	**-**	**-**	**7**	**333**

NOTE 24

CAPITAL EXPENDITURE COMMITMENTS

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

CAPITAL EXPENDITURE COMMITMENTS	2021 ($'000)	2020 ($'000)
Within 1 year	4,999	2,063
	4,999	**2,063**

NOTE 25

REMUNERATION OF AUDITORS

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

REMUNERATION OF AUDITORS	2021 ($'000)	2020 ($'000)
Audit of the financial statements	132	144
	132	**144**

NOTE 26
RELATED PARTIES

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 cabinet 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 departments 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).

(i) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Authority has determined that key management personnel include Cabinet Ministers and senior officers of the Authority. However, the Authority is not obligated to reimburse for the compensation of Ministers and therefore no disclosure is required.

The disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances.

Key management personnel compensation comprised the following:

KEY MANAGEMENT PERSONNEL COMPENSATION	2021 ($'000)	2020 ($'000)
Short-term employee benefits	2,419	2,264
Post-employment benefits	227	219
Other long-term benefits	215	161
Termination benefits	-	190
	2,861	**2,834**

The Authority had no other related party transactions with key management personnel or their close family members or their controlled or jointly controlled entities.

(ii) SIGNIFICANT TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

Significant transactions include:

- Income contributions from state government (2021: $21.482 million) [2020: $30.372 million]
- Equity contributions from state government (2021: $0.640 million) [2020: $1.624 million]
- Defined contribution Superannuation payments to GESB (2021: $1.654 million) [2020: $1.602 million]
- Defined benefit superannuation payments to GESB (Note 19(d))
- Interest bearing borrowings from WATC (Note 18)
- Dividends paid to the state government (Note 11)
- Auditor's remuneration to the Auditor General (Note 25)

NOTE 27

CONTINGENT LIABILITIES, CONTINGENT CONSIDERATIONS & CONTAMINATED SITES

CONTAMINATED SITES

Under the Contaminated Sites Act 2003 (the Act), Southern Ports is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER) Contaminated Sites Branch.

In accordance with the Act, DWER classifies these sites based on the risk to human health, the environment and environment values. Where sites are classified as "contaminated – remediation required" or possibly "contaminated – investigation required", Southern Ports may have a financial liability with respect to investigation or remediation if the polluter cannot be identified or does not have the resources to undertake the required investigation or remediation work.

Southern Ports, being a Government Trading Entity, is not eligible for support from the Contaminated Sites Management Account.

CONTAMINATED SITES: ALBANY

Albany has 4 Lots that have actual or potential Areas of Potential Concern (AoPC)

Lot 898 on Plan 161753 – Current DWER Classification – PC-IR – Possibly Contaminated – Investigation Required. Site notified in 2007. A Preliminary Site Investigation (PSI) was undertaken and submitted to DWER in 2013 for review. DWER has not yet determined that remediation is required or if any usage limitations will be placed on the land. Evidence has however indicated that the site is an affected site rather than a source site with the contamination migrating from another location. Responsibility for an affected site remains with the contributing site. The financial liability of Southern Ports will be set by the affected site determination by DWER and is currently undetermined.

Lot 1575 on Plan 38810 - Current DWER Classification – PC-IR – Possibly Contaminated – Investigation Required. Site notified in 2012. The notice relates to a fuel terminal and grain terminal, both of which are currently tenanted. Investigations have not commenced and therefore any potential financial liability on Southern Ports is unknown. Liability is with the tenants for the extent their operations created or contributed to the contamination.

Lot 101 is a part lot in Princes Royal Harbour and is an impacted site from an historic gas works landside under the responsibility of Landcorp. In July 2020 DWER re-classified the land contaminated with restricted use. The land is suitable for ongoing use as an aquatic reserve. The water area is not within the working part of the port and port activities will not be impacted by this classification. The responsibility for ongoing monitoring will remain with the "source site" on land.

Lot 10 was formally a fuel terminal that is now vacant. The site was reported as an Area of Potential Concern (AoPC) in 2007 to DWER and awaiting classification.

CONTAMINATED SITES: BUNBURY

Bunbury has 6 Lots that have actual or potential Areas of Potential Concern (AoPC)

Three of the lots, Lot 1 on Plan 23101, portion of Lot 2 on Plan 23101 and Lot 428 on Plan 30984 comprise the land previously occupied by a coal fired power station that was operated for approximately 40 years by Western Power. Synergy (formerly Verve Energy) and in the past Western Power, has previously conducted monitoring of the site using ground water bores. The soil has been remediated but the three sites remain classified as contaminated due to ground water. The three lots are suitable for "industrial uses".

The fourth lot, Lot 963 on Plan 220558 comprises an area shared by Alcoa and Worsley Alumina for caustic soda storage and transfer to rail tankers. The lease holders have undertaken monitoring and reporting activities as the caustic contamination has been caused by their combined activities over several decades. Lot 963 also contains a ground water monitoring bore that contains hydrocarbon contamination of unknown genesis. The bore is located within an area leased solely by Worsley Alumina who in conjunction with Southern Ports continues monitoring and investigation of remediation options for the bore. DWER Contaminated Sites Branch is regularly updated with monitoring data.

Southern Ports has continued 6 monthly sampling from its shallow ground water monitoring bores as part of a port wide monitoring network. The bores adjacent to the above lots in conjunction with other monitoring programs will provide early warning of any potential spread of the contamination in ground water.

In addition, water and sediment quality monitoring is conducted in all marine waters within the Port boundary and in adjacent terrestrial water bodies (Leschenault Inlet, Leschenault Estuary and the Preston River) to identify any potential contamination from port activities. Biota samples are also collected and analysed to detect any accumulations of marker metals that are associated with products handled through the port.

An area of land bordering Tronox's lease on Lot 962 on Plan 219848 has been notified to DWER but has yet to be classified. A Mine Closure Plan was prepared and includes future remediation of the area bordering the lease as the

NOTE 27

CONTINGENT LIABILITIES, CONTINGENT CONSIDERATIONS & CONTAMINATED SITES CONT.

contamination is substantially a result of decades of mineral sands transport, processing and storage.

A comprehensive survey of the Bunbury Port Outer Harbour land area, Lot 1034 on Plan 3062, was conducted in May 2018 to collect data on potential contamination from historic and ongoing handling and storage of mineral sands. A portion of Lot 1034 was reported to the DWER in 2008 as potentially contaminated and in 2017 was classified by DWER as "potentially contaminated – investigation required". A Preliminary Site Investigation (PSI) was completed in June 2018 and a Detailed Site Investigation (DSI) completed in late 2018. A Contaminated Sites Auditor has reviewed the DSI and provided interim advice following that review. The Auditor has generally agreed with the findings and conclusions of the DSI, which are broadly to conduct further assessment investigations for Asbestos Containing Material (ACM) and Polyfluoroalkyl Substances (PFAS) and to undertake remediation and validation of Naturally Occurring Radioactive Materials (NORM).

The Port conducted a NORM survey at the Bunbury Port Outer Harbour in May 2020 as part of its biennial NORM survey program. The survey confirmed that NORM gamma levels in areas that are accessible by the public as a fishing jetty, were below background for the Bunbury area and therefore suitable for the intended purpose of that location.

The Port conducted a further detailed NORM survey of Outer Harbour land (Lot 1034) and Department of Transport land (Lot 1035), to identify any areas of elevated NORM that may have been the result of the historical transport and storage of mineral sands. This survey confirmed that all the surveyed areas were below background and no cleanup was required. This survey was provided to the Contaminated Sites Auditor and was included in the preparation of the Voluntary Auditors Report (VAR), which was submitted to DWER in December 2020.

The future relocation of Port operations from the Outer Harbour will require the existing lease holders to remediate any contamination on their lease areas caused by their activities so this should not impose any financial liability for these lease areas onto Southern Ports. Some remedial work was completed in April 2018 on land previously occupied by mineral sands storage silos and below ground conveyor galleries. However, there may be liabilities falling to Southern Ports for remediation of areas at the Outer Harbour that are found to be contaminated but fall outside previously leased or currently leased areas. At this stage, any financial liability that may fall to Southern Ports to monitor or remediate contamination caused by the activities of the third parties referenced above is not able to be determined.

CONTAMINATED SITES: ESPERANCE

Esperance has 2 Lots that have actual or potential Areas of Potential Concern (AoPC).

In 2007, within the Port precinct were reported to DWER's Contaminated Sites Branch but classification was suspended until the completion of clean-up works following emissions of lead between 2006 and 2008. In 2012, following the conclusion of the 2008 to 2012 Esperance Cleanup and Recovery program conducted by the Department of Transport, an independent audit concluded that 'the extent of testing undertaken – soil, port ground surfaces, external and internal building surfaces, air, wastewater and sediment, have combined to allow a thorough and comprehensive clean-up and validation of the Esperance Port.' In November 2013, both the Port of Esperance landside (Lot 1027) and the marine side areas (Parcel 57916 - Inner Harbour as a portion of Lot 2194) were classified by DWER as 'potentially contaminated – investigation required'. No timelines were specified by the DWER indicating the regulator considers the risks are likely to be low.

The following works have been conducted within Lot 1027:

• Summit Fertilizers notified nutrient enriched groundwaters under their lease in 2005 and began remediation works in 2012. Summit conducts six monthly groundwater surveys that are shared with DWER and Southern Ports. Following improvements to stormwater management and abstraction of the groundwater for making liquid fertiliser, concentrations of nutrients in groundwaters have stabilised and are tending towards a reduction in concentrations. Further groundwater remediation is required before the site can be considered uncontaminated by Summit's activities. This is based on concentrations of nutrients being elevated in groundwater downstream of the site in comparison to concentrations upstream of the site, and Summit Fertilizers being the first occupier of the site.

• In 2015, a Detailed Site Investigation (DSI) was completed that focused on five specific sites believed to be of a higher risk, including Underground Storage Tanks (UST's) for fuel, a vehicle workshop sump, a front-end loader servicing yard and a dredge settlement pond. All sites were found to have a low risk to the surrounding environment. The UST within the port was removed in 2018.

• In 2017 a Preliminary Site Investigation (PSI) was completed across the whole port precinct resulting in the identification of twelve Areas of Potential Concern (AoPC) requiring further investigation.

• In 2017, further groundwater and volatiles monitoring was conducted according to the recommendations of the 2015 DSI. This included the vehicle workshop sump at the front-end loader servicing yard. The results again indicated low risks to the receiving environment.

• In 2018, further works were completed investigating the fill used for the reclamation of the port breakwater, concluding a low risk of contaminants leaching to the surrounding marine environment and becoming airborne as respirable dust to humans.

Contaminated marine sediments in Parcel 57916 were monitored annually for heavy metals from 2008 to 2017 and subject to maintenance dredging in 2014. The 2017 PSI concluded that sediment monitoring showed a reduction in contaminants in the sediments and risk to the marine environment, and therefore did not warrant further investigation.

A whole of port DSI into the remaining 12 AoPC was completed in April 2020 using an independent investigator. The report found there were generally low risks of contamination at all sites and recommended an underground fuel tank, adjacent to the Taylor Street Jetty, be investigated further and remediated if required. The April 2020 report also recommended that Southern Ports approach DWER to reclassify Port lands to remove the "investigation required" status and reclassify the land as industrial use only.

In response to the April 2020 recommendations, a contractor was engaged by Southern Ports to conduct detailed investigations specifically on this site and determine:

• Risks of impacts to the surrounding environment including migration of hydrocarbons via groundwater to the marine environment.

• Recommendations on potential requirement for a Remedial Action Plan, or whether the tank and surrounding soils can remain in situ with the tank being filled with a stabilising medium such as concrete, sand or a lighter medium such as a structural foam.

In March 2021 the tank was remediated (cleaned and filled) in-situ to Australian Standards and is no longer considered a potential concern.

OTHER CONTINGENT LIABILITIES

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

The Authority has a contract to load bulk nickel for BHP Billiton Nickel West. BHP Billiton Nickel West currently does not export its bulk nickel from Esperance however this situation may change. The status of the Authority's obligations is not determined, and insufficient information is currently available to determine the financial impact, if any, in the event of a claim under the contract arrangements.

The Authority has been advised of the potential for litigation with a customer in relation to the end of their lease and their purported exercise of an option to renew the lease. No litigation has been commenced by the customer and insufficient information is currently available to determine the financial impact, if any, in the event of any claim.

CONTINGENT ASSETS

A fire occurred at the Esperance Port in December 2019, which damaged or destroyed a number of the Authorities assets. The loss arising from the fire was recorded in the 2020 Financial Statements. The claim has been part settled with a payment of $963,248 that has been brought to account during the 30 June 2021 financial year. The balance of the claim is not settled. The estimated insurance proceeds for the balance of the event, if the claim is accepted, is approximately $900,000.

NOTE 28
ASSESSMENT OF COVID-19 PANDEMIC

The World Health Organisation declared the outbreak of the Coronavirus disease (COVID-19) a pandemic on 12 March 2020. The Authority is complying with guidance and Government regulations since this time. For the year ended 30 June 2021, there has been immaterial financial impact to business operations.

The Authority continues to facilitate trade through all Ports in line with internal forecasts. The Authority has received and granted rental concessions during this pandemic, which are commercially sensitive. There has been no impact to the going concern of the Authority for the year ended 30 June 2021. The Authority will continue to monitor and respond to the COVID-19 pandemic accordingly.

NOTE 29
EVENTS AFTER THE REPORTING PERIOD

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

FINANCIAL STATEMENTS
DIRECTORS DECLARATION

In the opinion of the Directors of the Southern Ports Authority:

(a) the financial statements and notes for the period ending 30 June 2021 comply with Australian Accounting Standards, Port authorities Act 1999 and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position of the Southern Ports Authority as at 30 June 2021 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date; and

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

This declaration is signed in accordance with a resolution of the Directors on 30 August 2021.

I SHEPHERD
Chair

Gaye McMath
Deputy Chair

Western Australia

Auditor General

INDEPENDENT AUDITOR'S REPORT
2021
Southern Ports Authority

To the Parliament of Western Australia

Opinion

I have audited the financial report of the Southern Ports Authority (the Authority), which comprises the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In my opinion, the financial report of the Authority is prepared 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 at 30 June 2021 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 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 Authority in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence Standards)* (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.

Responsibilities of the Board 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* and for such internal control as the directors determine is necessary to enable the preparation of the 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.

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Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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. 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.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Authority's annual report for the year ended 30 June 2021, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Authority for the year ended 30 June 2021 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 the financial report. If users of the financial report are concerned with the inherent risks arising from publication on the 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.

Caroline Spencer
Auditor General for Western Australia
Perth, Western Australia
8 September 2021

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"We work as one team to achieve our common goals, and focus on building a sustainable future while respecting our history."

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