FINANCIAL PERFORMANCE OF GOVERNMENT TRADING ENTERPRISES, PRODUCTIVITY COMMISSION RESEARCH PAPER, JULY 2007

9 Ports

The financial performances of 19 port government trading enterprises (GTEs) are reported in this chapter. At the end of 2005-06, they controlled $7.7 billion in assets and generated $1.3 billion in revenue.

These GTEs vary in size and the range of services they provide. The principal activities undertaken are the provision and maintenance of port infrastructure and, in some cases, port services such as mooring, stevedoring and pilotage.

Financial performance summaries, including performance indicators for each individual GTE and a summary of performance indicators for the sector as a whole, are presented after this introduction. The performance indicators are defined in chapter 1.

When making comparisons, consideration should be given to: differences in the nature and scale of the businesses; their individual market environments; a number of issues relating to the valuation of their assets; and the level of payments for community service obligations. Care should also be exercised when comparing data presented in this chapter with that presented in previous reports for two reasons.

1. The performance data presented in this report are based, for the first time, on the new Australian-equivalent International Financial Reporting Standards (AIFRS).
2. Data from GTE general purpose financial reports have been used for this report, whereas data presented in previous reports were based on government financial statistics. The reason for this change is set out in chapter 1.

9.1 Monitored GTEs

The port GTEs monitored in this report do not all undertake the same activities, although the management of port facilities is common to almost all (table 9.1). The nature of involvement (if at all) in other port activities — such as pilotage, stevedoring, towage and cold storage facilities — varies across GTEs.

A number of port GTEs also have interests in other areas of business, such as airports. For example, the Port of Brisbane Corporation (PBC) has a substantial

Table 9.1 **Activities — port GTEs, 2005-06**

Port GTE	*Jurisdiction*	*Activities*				
		Port facilities management	*Pilotage*	*Stevedoring*	*Cold storage*	*Airport operations*
Newcastle Port Corporation	NSW	✓	✓	✗	✗	✗
Port Kembla Port Corporation	NSW	✓	✓	✗	✗	✗
Sydney Ports Corporation	NSW	✓	✓	✗	✗	✗
Port of Melbourne Corporation	Victoria	✓	✗	✗	✗	✗
Victorian Regional Channels Authority[a]	Victoria	✗	✗	✗	✗	✗
Central Queensland Ports Authority[b]	Queensland	✓	✓	✓	✗	✗
Port of Brisbane Corporation	Queensland	✓	✗	✗	✗	✗ [c]
Cairns Port Authority	Queensland	✓	✗	✗	✗	✓
Townsville Port Authority	Queensland	✓	✓	✗	✗	✗
Ports Corporation of Queensland	Queensland	✓	✓	✗	✗	✗
Mackay Port Authority	Queensland	✓	✗	✗	✗	✓
Fremantle Port Authority	WA	✓	✗	✗	✗	✗
Bunbury Port Authority	WA	✓	✓	✗	✗	✗
Port Hedland Port Authority	WA	✓	✓	✗	✗	✗
Dampier Port Authority	WA	✓	✗	✗	✗	✗
Geraldton Port Authority	WA	✓	✓	✗	✗	✗
Albany Port Authority	WA	✓	✓	✗	✗	✗
Tasmanian Ports Corporation[d]	Tasmania	✓	✓	✓	✓	✓
Darwin Port Corporation	NT	✓	✓	✗	✗	✗

[a] The Victorian Regional Channels Authority began operations on 1 April 2004. It manages channels in the port waters of Geelong and oversees channel operations in the ports of Hastings and Portland [b] The Central Queensland Ports Authority was formed on 1 July 2004, from the merger of the Port Authorities responsible for the Port of Gladstone and Port Alma (Rockhampton). [c] The Port of Brisbane Corporation holds a 37 per cent interest in Brisbane Airport Corporation Holdings. It is not directly involved in the operation of the airport. [d] The Tasmanian Ports Corporation was incorporated on 1 July 2005. It began trading on 1 January 2006 following the amalgamation of Burnie Port Corporation, Hobart Ports Corporation, Port of Devonport Corporation and Port of Launceston Pty Ltd.

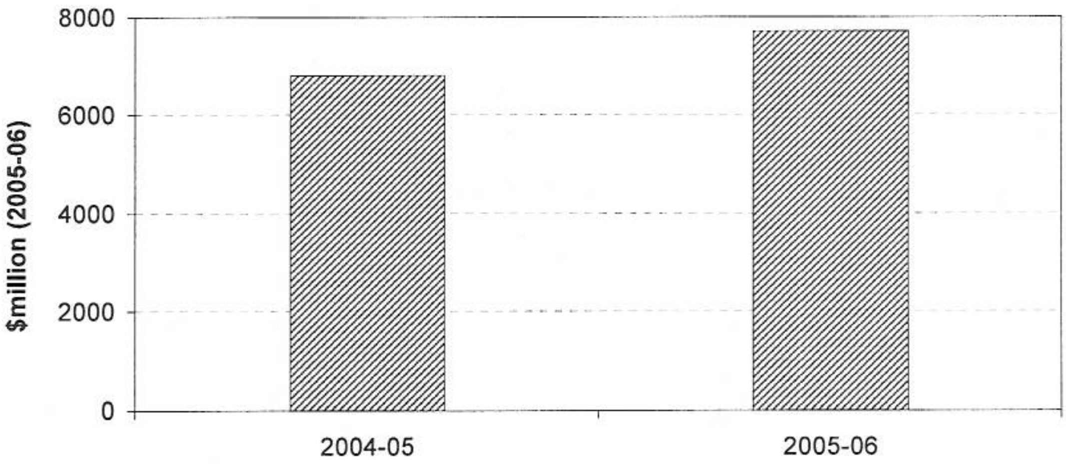
interest in Brisbane Airport,[1] and Hobart International Airport is a wholly owned subsidiary of Tasmanian Ports Corporation (TPC). The Cairns Port Authority and Mackay Port Authority also own and operate airports.

Changes to the range of services should be taken into account when comparing financial performances over time. The financial performances of some port GTEs have been affected by the franchising of some activities, for example, the issuing of exclusive or non-exclusive licences to operate or provide services within the port, such as stevedoring, pilotage and towage.

The set of monitored port GTEs changed in 2005-06, as the TPC replaced Burnie Port Corporation (BPC), Hobart Ports Corporation (HPC), Port of Devonport Corporation (PDC) and Port of Launceston Pty Ltd (Port of Launceston).

Between 2004-05 and 2005-06, total assets controlled by port GTEs grew by \$897 million (13 per cent) in real terms (figure 9.1). This was mainly attributable to the inclusion of the TPC, which had assets of \$244 million in in 2005-06, and to real increases of \$370 million and \$209 million in the assets of the Central Queensland Ports Authority (CQPA) and the Port of Brisbane Corporation (PBC) respectively, mostly because of capital works.

Figure 9.1 **Sector assets — port GTEs[a]**



[a] The value of sector assets is reported in 2005-06 dollars using the ABS implicit price deflator — gross fixed capital formation for public corporations (chapter 1).

Source: Productivity Commission estimates.

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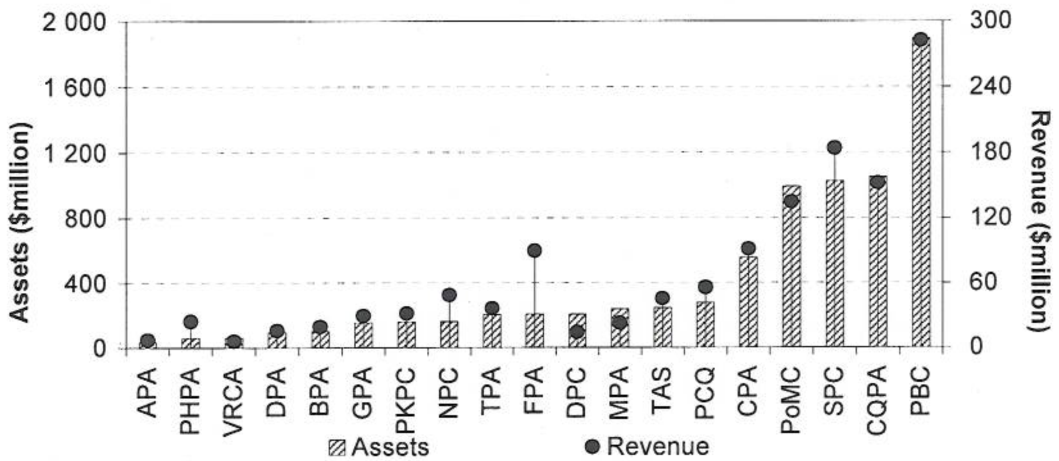
1 The PBC owned 37 per cent of Brisbane Airport Corporation Holdings in 2005-06. These airport investments are not consolidated in PBC's financial accounts as it does not own a controlling interest in the airport.

The size of the monitored port GTEs — in terms of revenue and the value of assets controlled — varied substantially in 2005-06 (figure 9.2). Based on asset value, the largest port GTE in 2005-06 was the PBC ($1.9 billion) and the smallest was Albany Port Authority ($36.0 million). The PBC accounted for nearly 25 per cent of sector assets in 2005-06 and 22 per cent of sector revenue.

There are also differences across jurisdictions in the operating principles established for port GTEs. These differences include varying emphasis on commercial and other objectives such as trade facilitation and regional development. In most jurisdictions, port GTEs operate under a jurisdiction-specific, GTE-wide corporatisation framework.

Figure 9.2 **Assets and revenue — port GTEs, 2005-06**



Source: Productivity Commission estimates.

9.2 Market environment

The financial performances of port GTEs are affected by changes in the level and composition of trade throughput. Port reforms over the last decade have also affected performance by changing the scope and nature of activities carried out by some port GTEs and by increasing their commercial focus.

Trade throughput

Trade throughput is susceptible to changes in both domestic and international markets, particularly shifts in demand for key trade commodities. Due to differences in the composition of throughput and size of the markets served, changing market environments do not impact on all GTEs uniformly.

Port GTEs with a diversified range of cargoes are less affected by market trends in key commodities, but usually retain an exposure to changes in the overall level of economic activity. Port GTEs relying on a single commodity for a large share of total throughput — such as the Newcastle Port Corporation, where coal accounted for 93 per cent of throughput in 2005-06 — can be substantially affected by changes in market conditions for that commodity.

Corporate reforms

Government reforms in the ports sector over the last decade or so were aimed at improving the efficiency and financial performance of GTEs by making them more commercially focused. In general, the reforms were consistent with those recommended in the 1993 Industry Commission report *Port Authority Services and Activities* (IC 1993). Some of the major recommendations of this report were:

- ports should be constituted as statutory bodies, which are separate from the departmental structure of government;
- ports should be exposed to a tax-equivalent regime, be reimbursed for any community service obligations (CSOs) and pay dividends from after-tax profits;
- the adoption, where cost efficient, of a landlord model of operation. This involves the port authority concentrating on the supply of core activities only, with the more contestable waterfront services, such as stevedoring and pilotage, contracted out to the private sector.

The primary aim of these reforms was to establish clear objectives that eliminate any conflicts arising out of the commercial and non-commercial activities of the GTE, as well as replicating market disciplines. With reform, competition in the provision of port services has increased, mainly through the competitive tendering and franchising to private operators of activities such as stevedoring, pilotage, mooring, general maintenance and ship cleaning.

In Victoria, the *Port Services Act 1995* was amended in 2003 as part of the Victorian Government's port reform process. As a result, the Melbourne Port Corporation was abolished on 1 July 2003 and replaced by the Port of Melbourne Corporation (PoMC).

On 3 November 2003, the PoMC also assumed responsibility for the management of the Melbourne channels, which were formerly managed by the Victorian Channels Authority (VCA). All assets of the VCA, with the exception of those required for the ongoing management of the ports of Geelong, Hastings and Portland, were transferred to the PoMC on this date. Responsibility for the Geelong channels and the approaches to the ports of Portland and Hastings remained with the VCA, which was renamed the Victorian Regional Channels Authority (VRCA) and commenced operations on 1 April 2004.

In Queensland, the Gladstone Port Authority was amalgamated with the smaller Port of Alma (Rockhampton) in July 2004, forming the CQPA.

In Tasmania, the BPC, the HPC, the PDC and the Port of Launceston merged to form the TPC in 2005-06. The TPC was incorporated on 1 July 2005 and began trading as TasPorts on 1 January 2006, when it took over the assets and infrastructure of the four merged entities.

Port charges

A number of reforms have led to improved pricing and allocative mechanisms over the last five years. Volume-based charging has been progressively introduced, resulting in port users incurring charges that relate to their individual service requirements, rather than the value of their cargo (PC 2002b).

In Victoria, port charges were previously regulated by the Essential Services Commission (ESC). The ESC introduced a price monitoring regulatory framework that applied from 1 July 2005. The framework involves port operators determining their own reference tariffs which are then subject to monitoring by the ESC. Port operators and users, however, are able to negotiate prices that differ from the tariff. In all other jurisdictions, port charges are determined by the board of each GTE, but are generally subject to the approval of the relevant minister.

9.3 Profitability

Profitability indicators provide information on how GTEs are using the assets vested in them by shareholder governments to generate earnings.

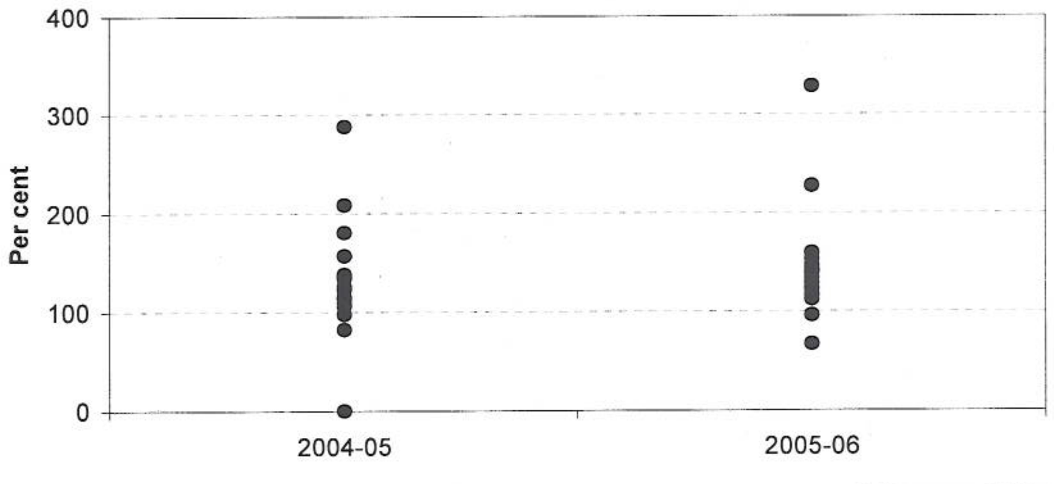
The monitored port GTEs recorded a total pre-tax operating profit of $419 million in 2005-06, representing a $42.0 million (11 per cent) increase in real (inflation-adjusted) terms from 2004-05. All except two port GTEs — the TPC and the Darwin Port Corporation (DPC) — achieved a positive operating profit in 2005-06, the same number as in 2004-05 (but different GTEs).

The cost recovery ratio for the port sector improved slightly from 156.9 per cent in 2004-05 to 159.2 per cent in 2005-06. Most port GTEs were able to fully recover their costs in 2005-06 (figure 9.3), with only the TPC and the DPC having cost recovery ratios below 100 per cent. The median cost recovery rate was 138.4 per cent, with the highest at 328.2 per cent (the PBC) and lowest at 67.2 per cent (the DPC).

The increased level of operating profits in 2005-06 was reflected in an improvement in the overall sector return on assets, which rose from 6.7 per cent in 2004-05 to 7.1 per cent in 2005-06. All but two port GTEs reported positive returns (up to 12.4 per cent) in 2005-06 (figure 9.4). The TPC and the DPC recorded returns of -0.8 per cent and -3.0 per cent respectively.

The aggregate sector rate of return on assets of 7.1 per cent in 2005-06 was greater than the risk-free rate of return.[2] This suggests that the port sector as a whole in 2005-06 achieved at least a minimum commercial rate of return, represented by the risk-free rate. The median rate of return on assets for the monitored port GTEs, at 6.0 per cent in 2005-06, was also above the risk-free rate. Eight of the 19 monitored port GTEs failed to achieve a return on assets equal to or greater than the risk-free rate in that year.

Figure 9.3 **Cost recovery — port GTEs[a]**

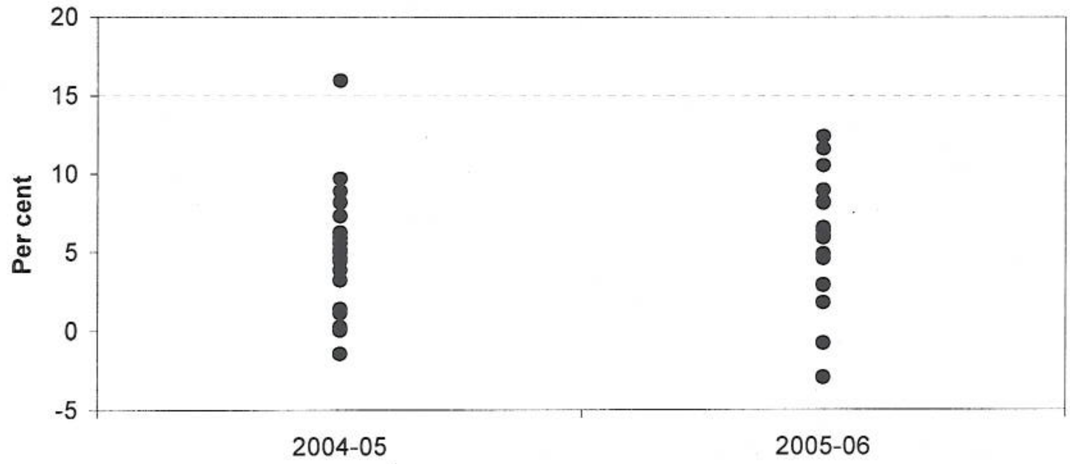


[a] Each data point represents the cost recovery ratio for a GTE in that financial year. Cost recovery is the ratio of revenue from operations to expenses from operations. Revenue from operations is calculated by subtracting from total revenue, investment income and receipts from governments to cover operational deficits. Expenses from operations are calculated by subtracting gross interest expense from total expenses.

Source: Productivity Commission estimates.

2 The risk-free rate of return is defined as the 2005-06 interest rate on 10-year Australian Government bonds of 5.4 per cent (RBA 2007a).

Figure 9.4 **Return on assets — port GTEs[a]**



[a] Return on assets is the ratio of earnings before interest and tax (EBIT) to average total assets. EBIT is calculated by subtracting total expenses from total revenue and adding back gross interest expense. Average total assets is the average of the value of assets at the beginning and end of each financial year. Where an average was not available, the value of total assets at the end of the financial year was used.

Source: Productivity Commission estimates.

The return on equity — the GTE's earnings for the year expressed as a proportion of equity held in the business — was similar to the trend in profitability and return on assets in 2005-06. The sector return on equity increased from 5.8 per cent in 2004-05 to 6.8 per cent in 2005-06.

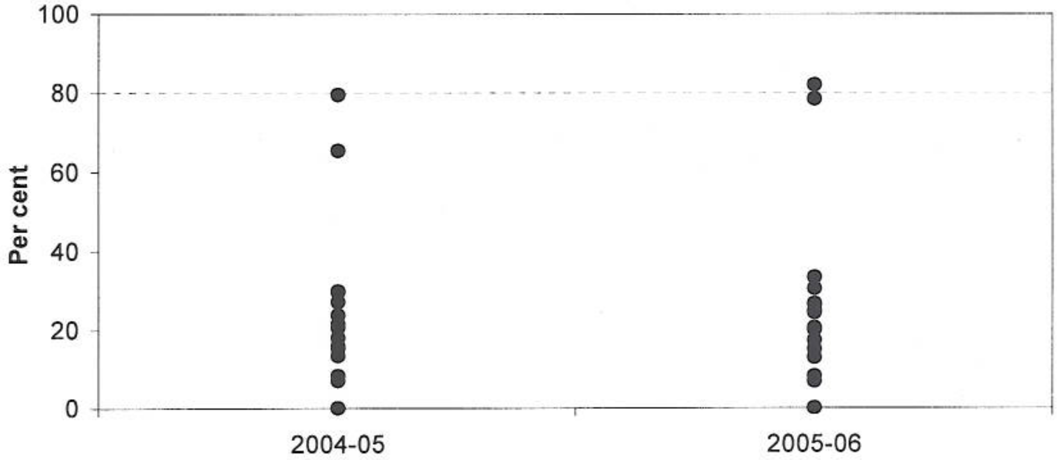
9.4 Financial management

Financial management indicators provide information about the capital structure of GTEs and their ability to meet the cost of servicing debt and other liabilities as they fall due.

There is considerable diversity in the capital structure of port GTEs, as measured by the debt to total assets ratio (figure 9.5). Four port GTEs operated debt free in 2005-06, while two had debt to assets ratios of about 80 per cent. The median debt to assets ratio of port GTEs was 19.9 per cent in 2005-06, and the sector debt to assets ratio was 22.6 per cent. Most port GTEs operate with a relatively low level of borrowing.

In most cases, a decline in the debt position of port GTEs was achieved through retirement of debt. For example, the Townsville Port Authority (TPA) reduced its debt by 18 per cent (in real terms) from 2004-05 to 2005-06. This contributed to a

Figure 9.5 **Debt to total assets — port GTEs**[a]



[a] The Victorian Regional Channels Authority, Ports Corporation of Queensland, Mackay Port Authority and Port Hedland Port Authority operated debt free in both 2004-05 and 2005-06. Debt is defined to include all repayable borrowings (interest bearing and non-interest bearing), interest bearing non-repayable borrowings and finance leases. Average total assets is the average of the value of assets at the beginning and end of each financial year. Where an average was not available, the value of total assets at the end of the financial year was used.

Source: Productivity Commission estimates.

fall in its debt to total assets ratio from 8.2 per cent to 6.9 per cent. An exception was the Sydney Ports Corporation (SPC), which recorded a decrease in its debt to total assets ratio from 18.0 per cent in 2004-05 to 17.3 per cent in 2005-06, despite a slight increase in the level of its debt. The decline in the debt ratio was a result of a 2.9 per cent real increase in the value of SPC's assets.

Interest cover, a measure of the capacity to meet periodic interest payments out of current earnings, was 5.8 times for the port sector in 2005-06. This is slightly higher than in 2004-05 (5.6 times). Given their (generally) low levels of debt, port GTEs would be well placed to continue meeting borrowing costs in the event of interest rate increases or a downturn in trade throughput.

The ability of port GTEs to meet short-term liabilities from short-term assets improved slightly in 2005-06, with the current ratio for the port sector increasing to 183.3 per cent from 175.6 per cent in 2004-05. However, three GTEs recorded a current ratio of less than 100 per cent in 2005-06 — this indicates that the short-term obligations of these GTEs may need to be met from sources of funds other than current assets.[3]

3 Current assets comprise cash and other assets that, in the ordinary course of operations, would be available for conversion into cash within 12 months after the end of the reporting period.

9.5 Transactions with government

As a part of the reform process, governments have sought to give GTEs a greater commercial focus and facilitate competitive neutrality by exposing them to market disciplines and regulations similar to those faced by private sector businesses. For a more detailed discussion of competitive neutrality principles, see chapter 2.

Owner-governments generally require their port GTEs to make dividend and tax-equivalent payments, as well as pay debt guarantee fees. The introduction of these requirements resulted in an increase in payments to governments.

The dividend required to be paid by each GTE depends on the dividend policy of its state or territory government. In 2005-06, seven of the port GTEs had dividend payout ratios of 50 per cent or greater. Five port GTEs did not declare a dividend in 2005-06.

Port GTEs recorded a total of $110 million in tax-equivalent expenses in 2005-06 and declared dividends totalling $122 million. The level of tax-equivalent expenses and dividends varies from year to year (figure 9.6). For the sector as a whole, dividends increased by 31 per cent in real terms from 2004-05 to 2005-06, reflecting the growth in profitability. Total income tax-equivalent expenses, which fell by 11 per cent, did not increase in line with profitability.[4]

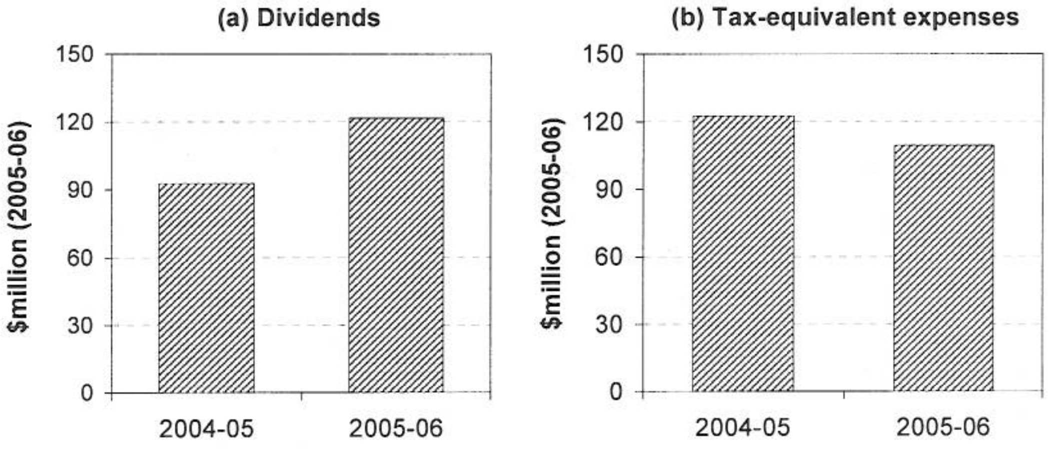
Under agreed reforms, port GTEs required to undertake non-commercial activities should receive CSO funding equivalent to the net cost incurred through these non-commercial activities.

The DPC is the only port GTE that receives CSO funding — $2.3 million in 2005-06. The payments were to cover costs associated with small craft services, tourism and real estate, cruise and defence facilities, security of City Wharves, and the Swires and Hai Win shipping services. The amount of CSO funding received by the DPC declined from 2004-05, when it received $3.0 million.

Some port GTEs receive payments from government that are not conditional on meeting particular non-commercial or other obligations, and so are not reported as CSOs. Such funding is usually in the form of capital or recurrent grants. For

4 This result was partly attributable to the PoMC, which recorded an income tax-equivalent expense of $11.2 million in 2004-05 but a tax-equivalent benefit of $6.2 million in 2005-06. This occurred despite a 31 per cent real increase in pre-tax operating profit. The PoMC's initial tax-equivalent expense of $12.7 million for 2005-06 was adjusted downwards for a total of $18.9 million in tax concessions for research and development associated with its channel deepening project.

Figure 9.6 **Dividends and tax-equivalent expenses — port GTEs**[a]



[a] The value of dividends and tax-equivalent expenses are reported in 2005-06 dollars using the ABS implicit price deflator — gross fixed capital formation for public corporations (chapter 1).

Source: Productivity Commission estimates.

example, the Dampier Port Authority (DPA) received $7.8 million in contributions from the WA Government in 2005-06 upon commencement of operations of its new bulk liquids berth. This amount represented 50 per cent of the DPA's total revenue in 2005-06.

9.6 Implications of the new accounting standards

From 2005-06, financial data for all monitored port GTEs are based on AIFRS. The adoption of the new accounting standard changed the recognition and measurement of some assets, liabilities and equity items, and affected the recording of income flows. These changes, which were discussed in the previous *Financial Performance of Government Trading Enterprises* report (PC 2006, chapter 3), have had a significant effect on the comparability over time of financial performance and financial management indicators.

The aggregate impact of the transition to AIFRS for the selected port GTEs can be gauged by comparing 2004-05 data on an AIFRS and pre-AIFRS basis (table 9.2). Similar comparisons can be made by reference to each GTE summary.

PORTS

Table 9.2 **Whole of sector performance indicators, 2004-05 to 2005-06[a]**

		Pre-AIFRS[b,c]		*AIFRS[b]*
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	6 415	6 505	7 708
Total revenue	$m	994	1 144	1 288
Profitability				
Operating profit before tax	$'000	246 179	360 375	419 305
Operating sales margin	%	30.0	36.4	37.2
Cost recovery	%	142.6	156.9	159.2
Return on assets	%	5.0	6.7	7.1
Return on equity	%	3.5	5.8	6.8
Financial management				
Debt to equity	%	28.2	31.2	32.9
Debt to total assets	%	20.3	20.1	22.6
Total liabilities to equity	%	38.9	55.5	58.1
Interest cover	times	4.2	5.6	5.8
Current ratio	%	174.5	175.6	183.3
Leverage ratio	%	138.9	155.5	158.1
Payments to and from government				
Dividends	$'000	88 551	88 551	121 685
Dividend to equity ratio	%	1.9	2.1	2.7
Dividend payout ratio	%	55.2	36.4	39.3
Income tax expense	$'000	85 691	116 981	109 534
CSO funding	$'000	2 993	2 993	2 284

[a] Figures are nominal values. [b] Port GTEs commenced reporting under Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for port GTEs. [c] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports.

9.7 GTE performance reports

Newcastle Port Corporation (NSW)
Port Kembla Port Corporation (NSW)
Sydney Ports Corporation (NSW)
Port of Melbourne Corporation (Victoria)
Victorian Regional Channels Authority (Victoria)
Central Queensland Ports Authority (Queensland)
Port of Brisbane Corporation (Queensland)
Cairns Port Authority (Queensland)
Ports Corporation of Queensland (Queensland)
Mackay Port Authority (Queensland)
Townsville Port Authority (Queensland)
Fremantle Port Authority (WA)
Bunbury Port Authority (WA)
Port Hedland Port Authority (WA)
Albany Port Authority (WA)
Dampier Port Authority (WA)
Geraldton Port Authority (WA)
Tasmanian Ports Corporation (Tasmania)
Darwin Port Corporation (NT)

Newcastle Port Corporation (NPC) operates under the *State Owned Corporations Act 1989* and the *Ports Corporatisation and Waterways Management Act 1995*. The NPC has responsibility for the management of port facilities and provides pilotage services.

The NPC recorded a total throughput of 85.6 million tonnes in 2005-06. Coal accounted for around 93 per cent of this throughput.

The NPC's pre-tax operating profit increased by 70 per cent ($7.0 million) to $17.1 million in 2005-06, as a result of a 15 per cent ($6.3 million) increase in total revenue. Revenue growth was partly the result of increased income from port management, but also included $4.7 million in revaluations of investment property.[1] Total expenditure declined by 2.1 per cent to $31.8 million in 2005-06, mainly because of a reduction in expenditure on repairs and services. The improved profitability resulted in increased return on assets and return on equity ratios, which were 12.4 per cent and 12.0 per cent respectively in 2005-06.

Total assets were $160 million in 2005-06, an increase of 6.4 per cent ($9.6 million) from 2004-05, and the level of debt remained steady at $30.8 million. Finance costs were correspondingly steady at $2.1 million, and with the increased profitability this caused interest cover to rise from 5.6 times in 2004-05 to 9.1 times in 2005-06. However, total liabilities grew by 7.2 per cent ($4.0 million) in 2005-06, primarily with increases to deferred tax liabilities.

The NPC is required to make dividend and tax-equivalent payments to the NSW Government. The Corporation provided for a $6.0 million dividend payment in 2005-06 and recorded an income tax-equivalent expense of $5.5 million.

The NPC does not receive community service obligation funding from the NSW Government.

1 Of this $4.7 million, $3.0 million was reported as a fair value adjustment to investment property and $1.7 million was reported as the fair value of site improvements carried out in February 2006.

NEWCASTLE PORT CORPORATION (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	161	150	160
Total revenue	$m	43	43	49
Profitability				
Operating profit before tax	$'000	10 994	10 061	17 076
Operating sales margin	%	28.3	26.1	36.8
Cost recovery	%	139.5	135.3	158.3
Return on assets	%	8.2	8.2	12.4
Return on equity	%	7.1	7.3	12.0
Financial management				
Debt to equity	%	27.3	32.8	31.0
Debt to total assets	%	19.1	20.5	19.9
Total liabilities to equity	%	42.8	59.7	60.4
Interest cover	times	6.0	5.6	9.1
Current ratio	%	405.1	305.9	311.3
Leverage ratio	%	142.8	159.7	160.4
Payments to and from government				
Dividends	$'000	3 057	3 057	6 024
Dividend to equity ratio	%	2.7	3.0	6.2
Dividend payout ratio	%	38.2	44.8	52.1
Income tax expense	$'000	2 998	3 236	5 509
CSO funding	$'000	..	..	..

[a] Newcastle Port Corporation (NPC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the NPC. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. .. Not applicable.

Port Kembla Port Corporation (PKPC) operates under the *State Owned Corporations Act 1989* and the *Ports Corporatisation and Waterways Management Act 1995*. As well as managing the port, the PKPC offers pilotage services and provides berths and equipment for private sector lease or common use.

The major cargoes that move through Port Kembla are coal, iron ore and steel products. The port managed a total throughput of 25.9 million revenue tonnes in 2005-06, a 6.1 per cent increase on the previous year.[1]

The PKPC doubled its pre-tax operating profit from $3.4 million in 2004-05 to $6.8 million in 2005-06. The Corporation attributes the increased profitability to higher trade volumes as well as to reduced costs. Total revenue grew by 8.7 per cent ($2.5 million) to $31.3 million, while total expenditure fell by 3.6 per cent ($907 000) to $24.5 million. The reduction in expenditure was mainly because of a $1.5 million reduction in employee benefits expenses and a $1.2 million fall in administrative expenses.

Total assets fell by 5.0 per cent ($8.4 million) to $158 million in 2005-06, and total debt was steady at $49.3 million. The PKPC's current ratio increased substantially — from 215.1 per cent in 2004-05 to 399.4 per cent in 2005-06 — following an 8.5 per cent rise in current assets and a 42 per cent fall in current liabilities. The increase in current assets was mainly attributable to a $7.3 million rise in cash holdings, while the fall in current liabilities was the result of a $5.1 million reduction in current provisions (as no dividend was provided for in 2005-06) and a $5.0 million reduction in short-term debt.

The PKPC is required to make dividend and tax-equivalent payments to the NSW Government. The Corporation made no dividend provision in respect of 2005-06, but recorded an income tax-equivalent expense of $2.1 million.

The PKPC does not receive community service obligation funding from the NSW Government.

1 A revenue tonne is a mass of 1000kg or a volume of one cubic metre, whichever gives the largest number of units of cargo.

PORT KEMBLA PORT CORPORATION (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	163	166	158
Total revenue	$m	39	29	31
Profitability				
Operating profit before tax	$'000	18 244	3 391	6 814
Operating sales margin	%	55.3	20.4	28.7
Cost recovery	%	223.9	125.6	140.3
Return on assets	%	13.6	4.4	6.6
Return on equity	%	14.4	2.5	5.6
Financial management				
Debt to equity	%	57.0	60.2	56.6
Debt to total assets	%	30.3	29.6	30.5
Total liabilities to equity	%	88.5	103.1	80.9
Interest cover	times	5.6	1.9	2.8
Current ratio	%	150.7	215.1	399.4
Leverage ratio	%	188.5	203.1	180.9
Payments to and from government				
Dividends	$'000	6 233	6 233	–
Dividend to equity ratio	%	7.2	7.6	–
Dividend payout ratio	%	50.0	310.3	–
Income tax expense	$'000	5 779	1 382	2 050
CSO funding	$'000	..	..	..

[a] Port Kembla Port Corporation (PKPC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the PKPC. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. .. Not applicable. – Zero or rounded to zero.

Sydney Ports Corporation (SPC) was established in 1995 and operates under the *State Owned Corporations Act 1989* and the *Ports Corporatisation and Waterways Management Act 1995*. The SPC manages the commercial ports of Sydney Harbour and Botany Bay, and leases land to private stevedores. The SPC also owns Sydney Pilot Service Pty Ltd, which operates as the pilot service provider for Sydney Harbour and Port Botany.[1]

The SPC handled container throughput of 1.4 million twenty-foot equivalent units in 2005-06, a 5.0 per cent increase on 2004-05. The major container cargoes handled were chemicals, manufactures and machinery. The SPC's total throughput increased by 3.1 per cent to 26.7 million mass tonnes in 2005-06, with the major bulk cargo commodities including sugar, cement, gases, oil and petroleum products and motor vehicles. Sydney Harbour is also regularly visited by cruise ships.

In October 2005, the NSW Government approved the SPC's plans to develop and expand its Port Botany facilities. According to the SPC, the expansion was planned in response to ongoing growth in container volumes at Port Botany. Onsite works for the 60 hectare, five berth expansion commenced in January 2006.

The SPC recorded a pre-tax operating profit of $92.3 million in 2005-06, a 33 per cent ($46.1 million) decrease on 2004-05, after a 21 per cent ($47.5 million) reduction in total revenue. The fall in revenue was largely because of smaller investment property revaluation gains in 2005-06 ($14.3 million) compared with 2004-05 ($79.2 million). Total expenditure was steady at $91.4 million.

Total assets grew by 7.7 per cent ($73.7 million) to $1.0 billion in 2005-06, mainly because of revaluations and additions to investment properties totalling $65.8 million. Current assets fell by 4.4 per cent and current liabilities rose by 34 per cent, the latter reflecting increases in accounts payable and in dividend provisions. As a result, the SPC's current ratio fell from 182.6 per cent in 2004-05 to 129.7 per cent in 2005-06.

The SPC is required to make dividend and tax-equivalent payments to the NSW Government. It provided for a $22.2 million dividend in 2005-06 and recorded an income tax-equivalent expense of $28.3 million. The SPC does not receive community service obligation funding from the NSW Government.

1 Sydney Pilot Service commenced operations in 2002-03. Before this, pilotage services were carried out by private operators.

SYDNEY PORTS CORPORATION (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	965	953	1 026
Total revenue	$m	156	231	184
Profitability				
Operating profit before tax	$'000	61 415	138 457	92 318
Operating sales margin	%	47.0	65.2	55.9
Cost recovery	%	188.7	287.6	226.7
Return on assets	%	7.8	16.0	10.5
Return on equity	%	5.8	16.3	10.4
Financial management				
Debt to equity	%	23.3	29.0	27.0
Debt to total assets	%	17.8	18.0	17.3
Total liabilities to equity	%	31.1	61.4	61.3
Interest cover	times	5.5	11.2	8.7
Current ratio	%	206.7	182.6	129.7
Leverage ratio	%	131.1	161.4	161.3
Payments to and from government				
Dividends	$'000	18 910	18 910	22 160
Dividend to equity ratio	%	2.6	3.2	3.6
Dividend payout ratio	%	44.4	19.7	34.6
Income tax expense	$'000	18 864	42 480	28 308
CSO funding	$'000	..	..	..

[a] Sydney Ports Corporation (SPC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the SPC. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports .. Not applicable.

PORT OF MELBOURNE CORPORATION Victoria

The Port of Melbourne Corporation (PoMC) commenced operations on 1 July 2003, replacing the former Melbourne Port Corporation. The PoMC operates under the *Ports Services Act 1995* and is subject to price regulation by the Essential Services Commission. The PoMC is responsible for managing and developing the Port of Melbourne, ensuring the availability of essential port services and managing channels.[1] Total trade was 64.2 million revenue tonnes in 2005-06, a slight (0.3 per cent) decline on 2004-05.[2]

The PoMC recorded a pre-tax operating profit of $42.3 million in 2005-06, an increase of 37 per cent ($11.4 million) from 2004-05. The higher profitability was mainly a result of an 8.4 per cent ($10.5 million) increase in total revenue, and led to an increase in the PoMC's return on assets and return on equity. Finance costs were 61 per cent lower in 2005-06 than in the previous year, despite a 20 per cent rise in the Corporation's debt. This resulted from fair value adjustments to borrowings, which reduced total finance expenses by $1.9 million in 2005-06.

Total assets were $992 million in 2005-06, a 5.1 per cent ($48.4 million) increase on 2004-05. The PoMC spent $39.0 million on infrastructure investment in 2005-06. It also received an equity injection of $3.6 million from the Victorian State Government to fund security upgrades at Station Pier. Current assets fell by 39 per cent to $24.1 million, mainly because of a reduction in cash holdings. Current liabilities grew by 17 per cent to $61.1 million, with increases in accounts payable and provisions for environmental restoration costs. Accordingly, the current ratio declined from 76.0 per cent in 2004-05 to 39.4 per cent in 2005-06.

The PoMC made a dividend payment of $18.8 million in 2005-06.[3] It also recorded a net tax-equivalent benefit of $6.2 million.[4] It does not receive community service obligation funding from the Victorian Government.

1 On 3 November 2003, the PoMC assumed responsibility for the channels and port waters of the Port of Melbourne from the former Victorian Channels Authority.

2 A revenue tonne is a mass of 1000kg or a volume of one cubic metre, whichever gives the largest number of units of cargo.

3 No dividend was paid for the 2004-05 financial year. The PoMC reported that the obligation to pay a dividend had not been determined in consultation with the Treasurer by 30 June 2005.

4 The net tax-equivalent benefit was achieved by adjusting the initial tax-equivalent expense of $12.7 million for $18.9 million in tax concessions for research and development associated with the channel deepening project. The $18.9 million in concessions included $12.3 million for current year research and development and $6.6 million for the previous year's research and development.

PORT OF MELBOURNE CORPORATION (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	958	943	992
Total revenue	$m	125	124	135
Profitability				
Operating profit before tax	$'000	32 746	30 919	42 293
Operating sales margin	%	28.0	27.5	31.9
Cost recovery	%	138.9	137.9	146.8
Return on assets	%	3.9	3.8	4.6
Return on equity	%	2.6	2.7	6.5
Financial management				
Debt to equity	%	7.4	9.0	10.4
Debt to total assets	%	6.5	7.0	8.1
Total liabilities to equity	%	13.9	30.1	30.8
Interest cover	times	8.7	6.8	21.3
Current ratio	%	86.2	76.0	39.4
Leverage ratio	%	113.9	130.1	130.8
Payments to and from government				
Dividends	$'000	–	–	18 800
Dividend to equity ratio	%	–	–	2.5
Dividend payout ratio	%	–	–	38.8
Income tax expense	$'000	11 169	11 169	-6 206[c]
CSO funding	$'000	..	..	..

[a] The Port of Melbourne Corporation (PoMC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the PoMC. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. [c] The PoMC recorded a net tax-equivalent benefit of $6.2 million in 2005-06, as the initial tax-equivalent expense of $12.7 million was adjusted for $18.9 million in research and development tax concessions. The $18.9 million in concessions included $12.3 million for current year research and development and $6.6 million for the previous year's research and development. .. Not applicable. – Zero or rounded to zero.

The Victorian Regional Channels Authority (VRCA) was established under the *Port Services Act 1995* to manage channels in the port waters of Geelong and oversee channel operations in the ports of Hastings and Portland. It commenced operations on 1 April 2004.[1]

The VRCA is directly responsible for shipping control in the port waters of Geelong and contracts out the shipping control and navigation services for the ports of Portland and Hastings.

The VRCA recorded a pre-tax operating profit of $1.7 million in 2005-06, more than double the 2004-05 result of $805 000. According to the VRCA, the increased profitability was primarily attributable to reduced operating costs. Total expenditure fell by 15 per cent ($761 000) from 2004-05 to 2005-06, with the main reductions in expenditure on maintenance, marine services, and special projects. Total revenue grew by 2.7 per cent to $6.0 million in 2005-06.

Total assets were steady at $60.1 million in 2005-06, and the VRCA's level of borrowings remained at zero. As a result, the debt to equity and debt to total assets ratios were zero in 2005-06, as in 2004-05.

The VRCA is required to make tax-equivalent payments under the *State Owned Enterprises Act 1992*. It is also required to pay dividends to the Victorian Government. The VRCA recorded a tax-equivalent expense of $603 000 in 2005-06 and distributed dividends totalling $542 000.

The VRCA does not receive community service obligation funding from the Victorian Government.

1 Responsibility for the Geelong channels and the approaches to the ports of Portland and Hastings was assigned to the new entity, the VRCA. The Port of Melbourne Corporation took over the land and waterside functions of the Port of Melbourne, including the Melbourne operations of the Victorian Channels Authority, on 3 November 2003.

VICTORIAN REGIONAL CHANNELS AUTHORITY (continued)

Performance indicators 2004-05 to 2005-06

	Units	*Pre-AIFRS*[a,b] *2004-05*	*AIFRS*[a] *2004-05*	*AIFRS*[a] *2005-06*
Size				
Total assets	$m	59	59	60
Total revenue	$m	6	6	6
Profitability				
Operating profit before tax	$'000	797	805	1 724
Operating sales margin	%	7.5	7.8	22.2
Cost recovery	%	108.1	108.4	128.6
Return on assets	%	1.3	1.4	2.9
Return on equity	%	1.5	0.9	2.0
Financial management				
Debt to equity	%	–	–	–
Debt to total assets	%	–	–	–
Total liabilities to equity	%	1.2	5.7	5.8
Interest cover	times	..	..	..
Current ratio	%	4 213.9	1 242.2	1 179.5
Leverage ratio	%	101.2	105.7	105.8
Payments to and from government				
Dividends	$'000	100	100	542
Dividend to equity ratio	%	0.2	0.2	1.0
Dividend payout ratio	%	11.4	20.8	48.3
Income tax expense	$'000	-82	324	603
CSO funding	$'000	..	..	..

[a] The Victorian Regional Channels Authority (VRCA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the VRCA. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. **..** Not applicable. **–** Zero or rounded to zero.

The Central Queensland Ports Authority (CQPA) commenced operations on 1 July 2004 following the merger of the Rockhampton Port Authority with the Gladstone Port Authority. The CQPA operates under the *Government Owned Corporations Act 1993* and the *Transport Infrastructure Act 1994*. It is responsible for the provision of infrastructure for bulk operations as well as pilotage and stevedoring services.

The CQPA recorded total combined throughput of 67.4 million tonnes in 2005-06, comprising 67.2 million tonnes at the Port of Gladstone (up from 63.1 million in 2004-05) and 138 000 tonnes at Port Alma (formerly Rockhampton).

The CQPA's total revenue grew by 12 per cent ($16.4 million) to $152 million in 2005-06, which the Authority attributes primarily to increased trade activity. Total expenditure increased by a smaller amount, 11 per cent ($13.6 million), largely because of growth in labour costs. As a consequence, the CQPA's pre-tax operating profit grew by 24 per cent to $14.2 million in 2005-06.

The value of the CQPA's assets increased by 61 per cent ($401 million) to nearly $1.1 billion in 2005-06. This was largely attributable to capital expenditure of $249 million in 2005-06, which increased the value of property, plant and equipment. An increase of $167 million in cash holdings also contributed to this growth. The proportional increase in assets outweighed the proportional growth in profitability, leading to a slight fall in both the return on assets and return on equity to 2.9 per cent and 1.8 per cent respectively.

Total debt grew by 48 per cent ($67.4 million) to $207 million as the CQPA increased its borrowings to fund its capital works program. The higher level of debt, as well as increases in trade payables, led to an overall increase in total liabilities of 42 per cent ($97.6 million). However, because of the strong growth in total assets, the debt to equity ratio fell from 33.4 per cent in 2004-05 to 28.7 per cent in 2005-06. Borrowing costs rose by 13 per cent in 2005-06 following the growth in debt, but interest cover was steady at 2.3 times as a result of the increased profitability.

The CQPA is required to make dividend and tax-equivalent payments to the Queensland Government. The Authority provided for a $7.0 million dividend payment in 2005-06 and recorded an income tax-equivalent expense of $4.2 million.

The CQPA does not receive community service obligation funding from the Queensland Government.

CENTRAL QUEENSLAND PORTS AUTHORITY (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	652	652	1 052
Total revenue	$m	135	135	152
Profitability				
Operating profit before tax	$'000	11 432	11 432	14 218
Operating sales margin	%	13.2	13.2	14.2
Cost recovery	%	115.1	115.1	116.5
Return on assets	%	3.2	3.2	2.9
Return on equity	%	1.6	1.9	1.8
Financial management				
Debt to equity	%	32.3	33.4	28.7
Debt to total assets	%	21.5	21.5	24.4
Total liabilities to equity	%	50.4	55.5	45.7
Interest cover	times	2.2	2.2	2.3
Current ratio	%	330.4	330.4	461.1
Leverage ratio	%	150.4	155.5	145.7
Payments to and from government				
Dividends	$'000	5 619	5 619	7 023
Dividend to equity ratio	%	1.3	1.3	1.2
Dividend payout ratio	%	80.0	68.8	70.2
Income tax expense	$'000	4 408	3 268	4 212
CSO funding	$'000	..	..	..

[a] The Central Queensland Ports Authority (CQPA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the CQPA. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. .. Not applicable.

PORT OF BRISBANE CORPORATION **Queensland**

The Port of Brisbane Corporation (PBC) was established on 1 July 1994 and operates under the *Government Owned Corporations Act 1993* and the *Transport Infrastructure Act 1994*. The PBC manages the Port of Brisbane, the Brisbane Multimodal Terminal, and the boat harbours of Manly, Scarborough, Cabbage Tree Creek and Gardens Point. It also has a 37 per cent interest in Brisbane Airport Corporation Holdings (BACH).

The PBC's container throughput was 766 000 twenty-foot equivalent units in 2005-06, an increase of 5.5 per cent on 2004-05. The Corporation's major traded commodities include oil, coal, cement, iron and steel.

The PBC recorded a pre-tax operating profit of $171 million in 2005-06, an 86 per cent increase on 2004-05. There was a 33 per cent, or $69.8 million, increase in total revenue. This included a $59.8 million increase in the revaluation gain on investment properties and a $7.7 million increase in dividend income from the Corporation's shareholding in BACH. Trade revenues grew by only 9.1 per cent, or $5.9 million, from 2004-05 to 2005-06. Total expenditure fell by $9.4 million (7.8 per cent), largely because of reductions in the cost of sales and maintenance expenses. The growth in profitability led to an increase in the PBC's return on assets and return on equity, to 11.6 per cent and 13.1 per cent respectively.

The value of the PBC's total assets grew by 18 per cent ($284 million) to $1.9 billion in 2005-06. The major contributors to this growth were investment in infrastructure totalling $155 million and revaluation of investment properties and property, plant and equipment. In its annual report, the PBC stated that the asset revaluations occurred in response to a significant increase in land values and increasing construction costs of buildings and wharves.

The PBC is required to make dividend and tax-equivalent payments to the Queensland Government. The Corporation provided for a $35.8 million dividend payment in 2005-06 and recorded an income tax-equivalent expense of $50.8 million.

The PBC does not receive community service obligation funding from the Queensland Government.

PORT OF BRISBANE CORPORATION (continued)

Performance indicators 2004-05 to 2005-06

	Units	*Pre-AIFRS*[a,b]		*AIFRS*[a]
		2004-05	*2004-05*	*2005-06*
Size				
Total assets	$m	1 609	1 609	1 893
Total revenue	$m	141	213	282
Profitability				
Operating profit before tax	$'000	52 135	91 984	171 150
Operating sales margin	%	49.9	52.0	69.5
Cost recovery	%	199.8	208.2	328.2
Return on assets	%	4.8	7.3	11.6
Return on equity	%	3.3	7.4	13.1
Financial management				
Debt to equity	%	45.8	55.2	60.3
Debt to total assets	%	29.9	29.9	33.3
Total liabilities to equity	%	53.5	84.9	95.5
Interest cover	times	3.1	4.6	6.4
Current ratio	%	130.9	130.9	131.4
Leverage ratio	%	153.5	184.9	195.5
Payments to and from government				
Dividends	$'000	27 977	27 977	35 811
Dividend to equity ratio	%	2.7	3.2	3.9
Dividend payout ratio	%	80.0	43.7	29.7
Income tax expense	$'000	17 164	28 002	50 756
CSO funding	$'000	..	..	..

[a] The Port of Brisbane Corporation (PBC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the PBC. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. .. Not applicable.

CAIRNS PORT AUTHORITY — Queensland

The Cairns Port Authority (CPA) operates under the *Government Owned Corporations Act 1993* and the *Transport Infrastructure Act 1994*. It has responsibility for the management and operation of the Cairns International Airport (which the CPA estimates represents over 80 per cent of its overall business in revenue terms), the Port of Cairns, and associated land and property. Most port activities such as towage and stevedoring are conducted by private operators.

Total passenger movements through the airport were 3.8 million in 2005-06, an increase of 3.9 per cent on the previous year. All of the growth was in domestic air travel, with domestic passenger movements increasing by 6.7 per cent while international passenger movements fell by 2.6 per cent. Total trade through the CPA's seaport was steady at approximately 1.1 million tonnes in 2005-06. The major cargoes moving through the seaport are sugar and petroleum products.

The CPA recorded a pre-tax operating profit of $27.5 million in 2005-06, an increase of 6.0 per cent on 2004-05. According to the CPA, the increased profitability was primarily a result of revenue growth, particularly at the airport. Revenue from airport activities grew by 8.7 per cent, while revenue from seaport activities increased by 11 per cent (a larger percentage increase but a much smaller amount in dollar terms). Both return on assets and return on equity increased from 2004-05 to 2005-06, to 6.3 per cent and 5.2 per cent respectively.

The CPA invested $50.4 million in capital works in 2005-06, of which $46.3 million was spent on the expansion of airfield infrastructure and airport terminal redevelopments. The capital expenditure contributed to an 8.1 per cent ($41.9 million) increase in the value of the CPA's assets. The asset growth was also a result of an increase in current receivables associated with the sale of land. The increase in receivables boosted current assets to $45.9 million, 220 per cent higher than in 2004-05. In its annual report, the CPA acknowledged that this unusual item has inflated the current ratio, which grew from 40.3 per cent in 2004-05 to 118.8 per cent in 2005-06. Total debt rose by 39 per cent to $109 million, as a result of the increased borrowings used to fund the capital works program.

The CPA is required to make dividend and tax-equivalent payments to the Queensland Government. It provided for a $10.2 million dividend payment in 2005-06 and recorded an income tax-equivalent expense of $8.7 million. The CPA does not receive community service obligation funding from the Queensland Government.

CAIRNS PORT AUTHORITY (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	534	514	556
Total revenue	$m	81	83	91
Profitability				
Operating profit before tax	$'000	20 618	25 986	27 547
Operating sales margin	%	30.3	36.1	37.1
Cost recovery	%	143.5	156.6	158.9
Return on assets	%	4.6	5.9	6.3
Return on equity	%	2.5	4.1	5.2
Financial management				
Debt to equity	%	19.4	21.8	29.7
Debt to total assets	%	14.7	15.3	20.5
Total liabilities to equity	%	32.0	43.0	51.0
Interest cover	times	6.2	7.1	5.4
Current ratio	%	40.0	40.3	118.8
Leverage ratio	%	132.0	143.0	151.0
Payments to and from government				
Dividends	$'000	8 030	8 030	10 232
Dividend to equity ratio	%	2.0	2.2	2.8
Dividend payout ratio	%	80.0	53.9	54.2
Income tax expense	$'000	10 580	11 080	8 680
CSO funding	$'000	..	..	..

a The Cairns Port Authority (CPA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the CPA. **b** Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. **..** Not applicable.

The Ports Corporation of Queensland (PCQ) operates under the *Government Owned Corporations Act 1993* and the *Transport Infrastructure Act 1994*. The PCQ manages the commercial ports of Hay Point, Abbot Point, Lucinda, Mourilyan, Cape Flattery, Weipa, Karumba and Skardon River as well as five other non-trading ports. Pilotage services at the ports are provided by Maritime Safety Queensland, an agency of the Queensland Department of Transport. Stevedoring and towage are generally franchised to the private sector.

The PCQ handled total throughput of 116 million tonnes, a 1.6 per cent decline on 2004-05. The Corporation's trading ports handle bulk cargo including coal, sugar and bauxite.

The PCQ recorded a pre-tax operating profit of \$21.0 million in 2005-06, representing an increase of 95 per cent (\$10.2 million) over 2004-05. The increased profitability was driven by revenue growth of 35 per cent (\$14.4 million), which the Corporation attributes largely to the first full year of the Operations and Maintenance Agreement at Abbot Point. The PCQ also notes that repairs and maintenance expenses increased as a result of this agreement, contributing to growth of 14 per cent (\$4.1 million) in total expenditure in 2005-06. The higher operating result was reflected in an increase in return on assets from 4.6 per cent in 2004-05 to 8.2 per cent in 2005-06.

The PCQ's total assets increased by 18 per cent (\$41.6 million) in 2005-06. This was mainly because of additions to property, plant and equipment of \$56.2 million. The PCQ had no outstanding borrowings at the end of 2005-06, and thus had debt to equity and debt to total assets ratios of zero. However, its total liabilities rose by 55 per cent to \$94.5 million following a \$22.8 million increase in trade and other payables. This increased the total liabilities to equity ratio from 34.8 per cent in 2004-05 to 51.7 per cent in 2005-06.

The PCQ is required to make dividend and tax-equivalent payments to the Queensland Government. It declared a dividend of \$11.4 million in 2005-06 and recorded an income tax-equivalent expense of \$6.2 million. The PCQ does not receive community service obligation funding from the Queensland Government.

PORTS CORPORATION OF QUEENSLAND (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	235	235	277
Total revenue	$m	41	41	56
Profitability				
Operating profit before tax	$'000	14 181	10 811	21 034
Operating sales margin	%	30.7	22.1	35.4
Cost recovery	%	138.0	122.7	152.7
Return on assets	%	6.0	4.6	8.2
Return on equity	%	7.2	3.0	8.3
Financial management				
Debt to equity	%	–	–	–
Debt to total assets	%	–	–	–
Total liabilities to equity	%	19.6	34.8	51.7
Interest cover	times	..	..	..
Current ratio	%	169.4	169.4	57.3
Leverage ratio	%	119.6	134.8	151.7
Payments to and from government				
Dividends	$'000	10 259	10 259	11 445
Dividend to equity ratio	%	5.2	5.9	6.4
Dividend payout ratio	%	72.2	196.5	77.3
Income tax expense	$'000	-31	5 590	6 223
CSO funding	$'000	..	..	..

[a] The Ports Corporation of Queensland (PCQ) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the PCQ. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. .. Not applicable. – Zero or rounded to zero.

MACKAY PORT AUTHORITY **Queensland**

The Mackay Port Authority (MPA) operates under the *Government Owned Corporations Act 1993* and the *Transport Infrastructure Act 1994*. The MPA has responsibility for the management of the Port of Mackay and Mackay Airport. The MPA franchises pilotage, towage and stevedoring activities.

The MPA recorded passenger numbers of 656 000 through the Mackay Airport in 2005-06, representing a 13 per cent increase on 2004-05. The seaport recorded cargo throughput of 2.3 million tonnes in 2005-06, an increase of 3.1 per cent on the previous year. The seaport mainly handles bulk commodities, including sugar, petroleum and grain.

The MPA recorded a pre-tax operating profit of $4.0 million in 2005-06, an increase of 64 per cent on the previous year. In its annual report, the MPA attributes the increased profitability to growth in airport passenger numbers as well as higher cargo levels at the seaport. Total revenue grew by 20 per cent ($3.8 million) to $22.4 million, following a 16 per cent ($1.8 million) rise in seaport revenue and a 25 per cent ($2.0 million) increase in airport revenue.

The value of the MPA's assets grew by 8.3 per cent ($18.1 million) to $237 million in 2005-06, mainly because of a $16.2 million revaluation of property, plant and equipment. Total liabilities increased by 17 per cent ($6.1 million), primarily as a result of a $4.4 million increase in deferred tax liabilities. The MPA had no outstanding borrowings at the end of 2005-06, and thus had debt to equity and debt to total assets ratios of zero.

The MPA is required to make tax-equivalent and dividend payments to the Queensland Government. The Authority provided for a dividend of $2.4 million in 2005-06 and recorded an income tax-equivalent expense of $989 000. The MPA does not receive community service obligation funding from the Queensland Government.

MACKAY PORT AUTHORITY (continued)

Performance indicators 2004-05 to 2005-06

	Units	*Pre-AIFRS*[a,b]	*AIFRS*[a]	
		2004-05	*2004-05*	*2005-06*
Size				
Total assets	$m	218	218	237
Total revenue	$m	19	19	22
Profitability				
Operating profit before tax	$'000	2 419	2 419	3 973
Operating sales margin	%	5.2	5.3	10.4
Cost recovery	%	105.5	105.6	111.6
Return on assets	%	1.1	1.1	1.7
Return on equity	%	0.6	0.7	1.6
Financial management				
Debt to equity	%	–	–	–
Debt to total assets	%	–	–	–
Total liabilities to equity	%	5.5	19.7	21.6
Interest cover	times	..	..	..
Current ratio	%	526.4	526.4	451.6
Leverage ratio	%	105.5	119.7	121.6
Payments to and from government				
Dividends	$'000	952	952	2 387
Dividend to equity ratio	%	0.5	0.5	1.3
Dividend payout ratio	%	80.0	80.0	80.0
Income tax expense	$'000	1 229	1 229	989
CSO funding	$'000	..	..	..

[a] The Mackay Port Authority (MPA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the MPA. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. .. Not applicable. – Zero or rounded to zero.

The Townsville Port Authority (TPA) was established on 1 July 1995 and operates under the *Government Owned Corporations Act 1993* and the *Transport Infrastructure Act 1994*. The TPA is responsible for the management of the Port of Townsville.

The TPA handled total cargo throughput of 9.9 million tonnes in 2005-06, representing a slight (0.6 per cent) decline on the previous year. The major cargoes passing through the port include nickel ore, minerals and sugar.

In September 2005, the Queensland Government approved the TPA's plans to build a terminal facility to allow visits by cruise ships and naval vessels, known as the Ocean Terminal project. In June 2006, after several months of negotiations with the Queensland Government and developers, the TPA signed off on key agreements to enable construction to proceed.

The TPA recorded a pre-tax operating profit of $4.8 million in 2005-06, 51 per cent less than in 2004-05. However, the TPA notes that the 2004-05 pre-tax operating profit of $9.6 million included a reversal of earlier asset writedowns of $7.9 million.

The value of the TPA's assets rose by 5.2 per cent ($10.0 million) to $201 million in 2005-06. The growth in assets included a $5.2 million increase in cash assets and a $3.7 million increase in the value of investment properties. The increase in cash contributed to a 34 per cent rise in current assets in 2005-06. With current liabilities steady from 2004-05 to 2005-06, the current ratio increased from 182.3 per cent to 243.7 per cent. Total debt fell by 14 per cent to $13.5 million, reducing both the debt to equity and debt to total assets ratios to 8.4 per cent and 6.9 per cent respectively.

The TPA is required to make dividend and tax-equivalent payments to the Queensland Government. The TPA recorded an income tax-equivalent expense of $2.6 million in 2005-06, but made no dividend provision for this financial year.[1]

The TPA does not receive community service obligation funding from the Queensland Government.

1 This followed the acceptance of the TPA's recommendation to the shareholding Ministers that no dividend be payable in 2005-06.

TOWNSVILLE PORT AUTHORITY (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	178	191	201
Total revenue	$m	29	40	36
Profitability				
Operating profit before tax	$'000	2 173	9 636	4 768
Operating sales margin	%	9.8	25.9	14.1
Cost recovery	%	110.8	134.9	116.3
Return on assets	%	1.8	5.6	2.9
Return on equity	%	0.5	5.0	1.4
Financial management				
Debt to equity	%	10.1	10.4	8.4
Debt to total assets	%	8.8	8.2	6.9
Total liabilities to equity	%	14.6	26.7	26.3
Interest cover	times	3.2	10.6	6.6
Current ratio	%	182.3	182.3	243.7
Leverage ratio	%	114.6	126.7	126.3
Payments to and from government				
Dividends	$'000	577	577	–
Dividend to equity ratio	%	0.4	0.4	–
Dividend payout ratio	%	80.0	7.6	–
Income tax expense	$'000	1 452	2 087	2 590
CSO funding	$'000	..	..	..

[a] The Townsville Port Authority (TPA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the TPA. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. .. Not applicable. – Zero or rounded to zero.

The Fremantle Port Authority (FPA) operates under the *Port Authorities Act 1999*. It provides and maintains port infrastructure and port services, including ship scheduling, port communications and mooring. The FPA contracts pilotage, towage and stevedoring to the private sector.

The FPA handled total port trade of 25.0 million tonnes in 2005-06, a 2.4 per cent decline on 2004-05. The major cargoes moving through the port are petroleum products, grain and alumina.

The FPA recorded a pre-tax operating profit of $13.3 million in 2005-06, representing a decline of 13 per cent ($1.9 million) on 2004-05. Total expenditure increased by 10 per cent ($7.2 million), as a result of higher operational expenses. Revenue growth of 6.3 per cent ($5.3 million) was insufficient to offset the increase in total expenses. The lower profitability was reflected in a slight fall in the FPA's return on assets from 8.9 per cent in 2004-05 to 8.1 per cent in 2005-06.

The value of the FPA's assets increased by 5.7 per cent ($11.1 million) to $206 million in 2005-06. This was mainly because of an increase in the value of property, plant and equipment, following the construction of the North Quay rail loop and the completion of the first stage of the North Quay rail terminal. Total debt grew by 14 per cent ($6.7 million) in 2005-06. However, total liabilities increased by only 6.5 per cent ($4.8 million), as a decline in current liabilities partially offset the increase associated with the expansion in borrowings.

The FPA is required to make income tax-equivalent and dividend payments to the WA Government. It distributed dividends of $4.9 million in 2005-06 and recorded an income tax-equivalent expense of $3.5 million.

The FPA does not receive community service obligation funding from the WA Government.

FREMANTLE PORT AUTHORITY (continued)

Performance indicators 2004-05 to 2005-06

	Units	*Pre-AIFRS*[a,b]		*AIFRS*[a]
		2004-05	*2004-05*	*2005-06*
Size				
Total assets	$m	196	195	206
Total revenue	$m	84	84	89
Profitability				
Operating profit before tax	$'000	16 458	15 212	13 280
Operating sales margin	%	22.0	20.5	18.2
Cost recovery	%	128.2	125.8	122.2
Return on assets	%	9.5	8.9	8.1
Return on equity	%	10.4	9.6	7.8
Financial management				
Debt to equity	%	39.2	37.9	41.2
Debt to total assets	%	23.6	23.7	26.4
Total liabilities to equity	%	66.0	59.8	60.6
Interest cover	times	9.1	8.4	5.4
Current ratio	%	135.5	175.9	190.3
Leverage ratio	%	166.0	159.8	160.6
Payments to and from government				
Dividends	$'000	5 760	5 760	4 929
Dividend to equity ratio	%	4.9	4.7	3.9
Dividend payout ratio	%	46.8	49.2	50.4
Income tax expense	$'000	4 161	3 513	3 498
CSO funding	$'000	..	..	..

[a] The Fremantle Port Authority (FPA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the FPA. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. **..** Not applicable.

BUNBURY PORT AUTHORITY — Western Australia

The Bunbury Port Authority (BPA) operates under the *Port Authorities Act 1999*. It owns and manages port facilities and provides pilotage services. Stevedoring and towage services are franchised to the private sector.

The BPA handled 12 million tonnes of cargo in 2005-06, representing a 0.5 per cent decrease from the previous financial year. Alumina accounted for 70 per cent of total port throughput by tonnage in 2005-06. Other major cargoes handled by the port include caustic soda, woodchips and mineral sands.

The BPA recorded a pre-tax operating profit of $5.3 million in 2005-06, a 37 per cent ($1.6 million) increase on 2004-05. This improvement was assisted by an 8.5 per cent ($1.5 million) increase in total revenue, primarily the result of a $1.0 million increase in revenue from lease rentals.

The value of the BPA's assets remained stable at $102 million in 2005-06. It recorded a slight fall in total debt, from $13.6 million in 2004-05 to $13.1 million in 2005-06. This is reflected in lower debt to equity and debt to total assets ratios in 2005-06.

The BPA is required to make dividend and income tax-equivalent payments to the WA Government. It recorded an income tax-equivalent expense of $1.7 million in 2005-06 and distributed dividends of $1.5 million.

The BPA does not receive community service obligation funding from the WA Government.

BUNBURY PORT AUTHORITY (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	102	102	102
Total revenue	$m	18	18	19
Profitability				
Operating profit before tax	$'000	4 351	4 351	5 316
Operating sales margin	%	25.1	25.2	27.8
Cost recovery	%	133.5	133.6	138.4
Return on assets	%	5.1	5.1	6.0
Return on equity	%	3.6	3.6	4.4
Financial management				
Debt to equity	%	17.0	16.5	15.5
Debt to total assets	%	13.3	13.4	12.9
Total liabilities to equity	%	27.2	23.6	19.9
Interest cover	times	6.0	6.0	7.4
Current ratio	%	423.3	595.1	972.4
Leverage ratio	%	127.2	123.6	119.9
Payments to and from government				
Dividends	$'000	–	–	1 480[c]
Dividend to equity ratio	%	–	–	1.8
Dividend payout ratio	%	–	–	40.4
Income tax expense	$'000	1 478	1 348	1 655
CSO funding	$'000	..	..	..

[a] The Bunbury Port Authority (BPA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the BPA. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. [c] Dividend includes $43 000 for a 'Government efficiency dividend' unrelated to profit. .. Not applicable. – Zero or rounded to zero.

The Port Hedland Port Authority (PHPA) operates under the *Port Authorities Act 1999*. It manages port facilities including wharves and storage areas, and provides pilotage services. Stevedoring, towage and lineboat services are franchised to the private sector.

The PHPA handled total cargo throughput of 111 million tonnes in 2005-06, a 1.9 per cent increase on the previous year. It is Australia's largest port by tonnage throughput. Iron ore accounted for 95 per cent of port throughput by tonnage, with other main cargoes including salt and bulk minerals.

The PHPA recorded a pre-tax operating profit of $4.7 million in 2005-06, nearly double the previous year's $2.4 million result. A 23 per cent ($4.5 million) increase in total revenue was a major contributor to the increased profitability. Revenue from charges on cargo grew by nearly 28 per cent and revenue from ship charges by 17 per cent. This revenue growth is attributable in part to most charges increasing by 10 per cent in 2005-06.

According to the PHPA, its prices were raised in response to strong inflationary pressures. Total expenditure increased from 2004-05 to 2005-06, but only by half as much as the increase in total revenue (13 per cent or $2.2 million, compared to 23 per cent or $4.5 million). In addition, cash holdings increased by $7.8 million, mostly from growth in net cash flow from operating activities.

The increased profitability led to corresponding increases in the PHPA's return on assets and return on equity to 8.9 per cent and 7.2 per cent respectively in 2005-06.

The value of the PHPA's assets increased by 19 per cent ($9.1 million) to $57.1 million in 2005-06, mainly because of higher cash holdings. The increase in cash was also reflected in the PHPA's current assets, which grew by 225 per cent and increased the current ratio from 99.9 per cent in 2004-05 to 129.7 per cent in 2005-06. The PHPA had no outstanding borrowings at the end of 2005-06, and thus has debt to equity and debt to total assets ratios of zero.

The PHPA is required to make tax-equivalent and dividend payments to the WA Government. It recorded an income tax-equivalent expense of $1.5 million in 2005-06, but did not declare a dividend. The PHPA does not receive community service obligation funding from the WA Government.

PORT HEDLAND PORT AUTHORITY (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	48	48	57
Total revenue	$m	20	20	24
Profitability				
Operating profit before tax	$'000	2 403	2 403	4 707
Operating sales margin	%	11.4	11.4	19.2
Cost recovery	%	112.9	112.9	123.7
Return on assets	%	5.0	5.0	8.9
Return on equity	%	3.8	3.9	7.2
Financial management				
Debt to equity	%	–	–	–
Debt to total assets	%	–	–	–
Total liabilities to equity	%	12.7	12.5	24.4
Interest cover	times	..	..	..
Current ratio	%	99.9	99.9	129.7
Leverage ratio	%	112.7	112.5	124.4
Payments to and from government				
Dividends	$'000	810	810	–[c]
Dividend to equity ratio	%	1.9	1.9	–
Dividend payout ratio	%	50.0	48.5	–
Income tax expense	$'000	783	732	1 497
CSO funding	$'000	..	..	..

[a] The Port Hedland Port Authority (PHPA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the PHPA. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. [c] No dividend was declared in 2005-06. .. Not applicable. – Zero or rounded to zero.

ALBANY PORT AUTHORITY

Western Australia

The Albany Port Authority (APA) operates under the *Port Authorities Act 1999*. The APA manages port facilities and provides pilotage services. Stevedoring, mooring and cold storage services are contracted to the private sector.

The APA handled total cargo throughput of 2.7 million tonnes in 2005-06, representing an 11 per cent decrease on 2004-05. According to the APA, the decline in trade volume was caused by a three-month shutdown in grain exports while port facilities were upgraded. The main cargoes moving through the port are grain, silica sand and woodchips.

The APA recorded a pre-tax operating profit of $1.8 million in 2005-06, a 40 per cent decrease on 2004-05. This followed a 7.7 per cent ($592 000) fall in total revenue, which the APA attributes to a lower volume of trade throughput. Total expenditure grew by 12 per cent ($586 000), mainly a result of increased spending on administration and on salaries and wages. The reduced profitability led to a decrease in return on assets and on equity, which were 6.4 per cent and 4.4 per cent respectively in 2005-06.

Total assets fell slightly to $36.0 million in 2005-06, while total debt fell by 9.6 per cent to $9.1 million. The lower level of debt was reflected in a decrease in the APA's debt to equity ratio from 40.3 per cent in 2004-05 to 36.0 per cent in 2005-06, and in a 12 per cent reduction in finance costs.

The APA is required to make tax-equivalent and dividend payments to the WA Government. It recorded an income tax-equivalent expense of $648 000 in 2005-06 and distributed dividends of $826 000.

The APA does not receive community service obligation funding from the WA Government.

ALBANY PORT AUTHORITY (continued)

Performance indicators 2004-05 to 2005-06

	Units	*Pre-AIFRS*[a,b]	*AIFRS*[a]	
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	38	37	36
Total revenue	$m	8	8	7
Profitability				
Operating profit before tax	$'000	2 985	2 938	1 760
Operating sales margin	%	44.8	44.6	30.4
Cost recovery	%	181.3	180.3	143.8
Return on assets	%	9.7	9.7	6.4
Return on equity	%	8.3	7.6	4.4
Financial management				
Debt to equity	%	41.3	40.3	36.0
Debt to total assets	%	26.9	27.1	24.9
Total liabilities to equity	%	53.4	48.9	42.1
Interest cover	times	5.4	5.4	4.0
Current ratio	%	43.4	50.4	46.5
Leverage ratio	%	153.4	148.9	142.1
Payments to and from government				
Dividends	$'000	–	–	826
Dividend to equity ratio	%	–	–	3.3
Dividend payout ratio	%	–	–	74.3
Income tax expense	$'000	958	1 021	648
CSO funding	$'000	..	..	..

[a] The Albany Port Authority (APA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the APA. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. .. Not applicable. – Zero or rounded to zero.

The Dampier Port Authority (DPA) operates under the *Port Authorities Act 1999*. The DPA manages port facilities including wharves and storage areas. Stevedoring, pilotage and towage services are franchised to the private sector.

The DPA handled total cargo throughput of 110 million tonnes in 2005-06, a 15 per cent increase on 2004-05. It is Australia's second largest port by tonnage throughput, after the Port Hedland Port Authority. The main cargoes moving through the port include iron ore, liquefied natural gas, gas condensates and salt.

The DPA recorded a pre-tax operating profit of $1.3 million in 2005-06, a substantial improvement over the $1.1 million operating loss of 2004-05. The return to profitability resulted from a near trebling of total revenue, from $5.3 million in 2004-05 to $15.5 million in 2005-06. The main factors driving revenue growth were increased port charges, a rise in the number of ships entering the port, as well as the addition of revenue from the new bulk liquids berth that commenced operations in 2005-06. Revenue of $8.0 million was derived from the bulk liquids berth, $7.8 million of which comprised contributions from the WA Government.

Total expenditure more than doubled from $6.4 million in 2004-05 to $14.3 million in 2005-06. This was partly attributable to a $2.8 million increase in borrowing costs associated with a $20.0 million drawing on a $73.1 million loan facility with the WA Treasury Corporation.[1] The higher total expenditure was also a result of increases in employee benefits, maintenance, depreciation, legal and consultancy expenses.

The value of the DPA's assets increased by 24 per cent to $93.4 million in 2005-06, with an $11.0 million increase in property, plant and equipment associated with port expansion works. Total borrowings grew by 41 per cent to $69.1 million, increasing the debt to equity ratio from 231.1 per cent in 2004-05 to 311.2 per cent in 2005-06.

The DPA is required to make tax-equivalent and dividend payments to the WA Government. It paid an 'efficiency dividend' — unrelated to profit — of $24 000 in 2005-06 and recorded an income tax-equivalent expense of $319 000. The DPA does not receive community service obligation funding from the WA Government.

1 The total loan facility was $75.6 million until November 2005, when it was reduced to $73.1 million. According to the DPA, the difference of $2.5 million represents the portion of the facility that was no longer required. Of the $73.1 million, $69.1 million was drawn as at 30 June 2006.

DAMPIER PORT AUTHORITY (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	75	75	93
Total revenue	$m	5	5	16
Profitability				
Operating profit before tax	$'000	-1 108	-1 108	1 275
Operating sales margin	%	-21.5	-21.7	25.1
Cost recovery	%	82.3	82.2	133.6
Return on assets	%	-1.5	-1.5	4.9
Return on equity	%	-3.6	-3.4	4.4
Financial management				
Debt to equity	%	225.3	231.1	311.2
Debt to total assets	%	65.4	65.4	82.0
Total liabilities to equity	%	244.4	253.2	320.8
Interest cover	times	..	..	1.5
Current ratio	%	41.6	41.4	284.8
Leverage ratio	%	344.4	353.2	420.8
Payments to and from government				
Dividends	$'000	267	267	24[c]
Dividend to equity ratio	%	1.2	1.3	0.1
Dividend payout ratio	%	-34.0	-36.5	2.5
Income tax expense	$'000	-322	-377	319
CSO funding	$'000	..	..	..

[a] The Dampier Port Authority (DPA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the DPA. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. [c] Dividend of $24 000 in 2005-06 is an 'efficiency dividend' unrelated to profit. .. Not applicable.

The Geraldton Port Authority (GPA) operates under the *Port Authorities Act 1999*. It manages port facilities, including wharves and storage areas, and provides pilotage and mooring services. Stevedoring and towage services are franchised to the private sector.[1]

The GPA handled total port throughput of 5.2 million tonnes in 2005-06, representing a 5.2 per cent decline on 2004-05. The main cargoes moved through the port are wheat, iron ore and mineral sands.

In January 2006, the WA Government approved the GPA's plans to undertake a $35.0 million upgrade of two of its berths. According to the GPA, the upgrade is planned in response to an anticipated increase in iron ore throughput. Work began on the upgrade in February 2006.

The GPA recorded a pre-tax operating profit of $2.1 million in 2005-06, unchanged from 2004-05. Total revenue increased by 12 per cent ($3.2 million) to $29.0 million, largely because of increases in revenue from shipping charges and from rentals and leases. However, this was offset by a 13 per cent ($3.2 million) rise in total expenditure, mainly attributable to the recognition of a $5.3 million impairment on port facilities.

The GPA's total assets and total borrowings both fell slightly in 2005-06, to $152 million and $120 million respectively. This brought the debt to total assets ratio down to 78.5 per cent, which remains relatively high in comparison with other monitored port corporations.

The GPA is required to make tax-equivalent and dividend payments to the WA Government. The GPA recorded an income tax-equivalent expense of $628 000 in 2005-06 and made a dividend payment of $2020. The GPA does not receive community service obligation funding from the WA Government.

1 The GPA issues non-exclusive licences to stevedores operating in the port. Under the licences, the GPA monitors tariffs, manning levels, operational procedures, continuity of service, customer satisfaction and improvement in working practices.

GERALDTON PORT AUTHORITY (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	154	155	152
Total revenue	$m	26	26	29
Profitability				
Operating profit before tax	$'000	2 891	2 092	2 093
Operating sales margin	%	39.1	35.9	29.1
Cost recovery	%	164.1	156.0	141.0
Return on assets	%	6.8	6.3	5.9
Return on equity	%	-12.2[c]	6.7	7.8
Financial management				
Debt to equity	%	628.0	681.1	617.0
Debt to total assets	%	79.6	79.5	78.5
Total liabilities to equity	%	688.8	756.8	680.2
Interest cover	times	1.4	1.3	1.3
Current ratio	%	219.5	219.5	222.1
Leverage ratio	%	788.8	856.8	780.2
Payments to and from government				
Dividends	$'000	–	–	2[d]
Dividend to equity ratio	%	–	–	0.0
Dividend payout ratio	%	–	–	0.1
Income tax expense	$'000	5 277	877	628
CSO funding	$'000	..	..	..

[a] The Geraldton Port Authority (GPA) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the GPA. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. [c] Return on equity was negative in 2004-05 (pre-AIFRS) as after-tax profit was negative. [d] Dividend is an ordinary dividend of $2023. Actual dividend to equity ratio was 0.01. .. Not applicable. – Zero or rounded to zero.

TASMANIAN PORTS CORPORATION Tasmania

Tasmanian Ports Corporation (TPC) was incorporated on 1 July 2005 and began trading as TasPorts on 1 January 2006.[1] The TPC operates subject to the provisions of the *Port Companies Act 1997*, and manages port facilities in 14 locations across Tasmania. It provides pilotage, security and navigation services, and its subsidiary, Port Logistics and Services Pty Ltd, offers stevedoring and cold storage facilities. The TPC has three other wholly-owned subsidiaries, King Island Ports Corporation, Flinders Island Ports Company and Hobart International Airport (HIA).

The TPC handled total cargo throughput of 14.8 million tonnes in 2005-06, a 9.0 per cent decrease on the aggregate trade throughput of the former port corporations in 2004-05. The HIA recorded total passenger numbers of 1.6 million, representing a 5.3 per cent increase on 2004-05.

The TPC recorded a pre-tax operating loss of $4.2 million for the period 1 January 2006 to 30 June 2006. Total revenue for this six-month period was $45.5 million, and total expenditure was $49.7 million.

The TPC had total assets of $244 million in 2005-06 and total borrowings of $65.0 million. It recorded a debt to total assets ratio of 26.7 per cent.

The TPC is required to make tax-equivalent and dividend payments. It recorded an income tax-equivalent credit of $1.1 million. There was no dividend provision for the last six months of 2005-06. The TPC does not receive community service obligation funding from the Tasmanian Government.

1 The assets and infrastructure of Burnie Port Corporation, Hobart Ports Corporation, Port of Devonport Corporation and Port of Launceston Pty Ltd were administered by their former owners until 1 January 2006, when they were handed over to the TPC.

TASMANIAN PORTS CORPORATION (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*[b]
Size				
Total assets	$m	..	..	244
Total revenue	$m	..	..	46
Profitability				
Operating profit before tax	$'000	..	..	-4 159
Operating sales margin	%	..	..	-4.4
Cost recovery	%	..	..	95.8
Return on assets	%	..	..	-0.8
Return on equity	%	..	..	-2.1
Financial management				
Debt to equity	%	..	..	44.5
Debt to total assets	%	..	..	26.7
Total liabilities to equity	%	..	..	66.7
Interest cover	times	..	..	-0.9
Current ratio	%	..	..	168.8
Leverage ratio	%	..	..	166.7
Payments to and from government				
Dividends	$'000	..	..	–
Dividend to equity ratio	%	..	..	–
Dividend payout ratio	%	..	..	–
Income tax expense	$'000	..	..	-1 075
CSO funding	$'000	..	..	..

[a] Tasmanian Ports Corporation (TPC) was incorporated on 1 July 2005 and began trading as TasPorts on 1 January 2006, following the amalgamation of the Burnie Port Corporation, the Hobart Ports Corporation, the Port of Devonport Corporation and the Port of Launceston Pty Ltd. Pre-AIFRS data for the former merged entities up to 2004-05 are available in previous *Financial Performance of Government Trading Enterprise* reports. [b] Data for 2005-06 are for the period 1 January 2006 to 30 June 2006. **..** Not applicable. **–** Zero or rounded to zero.

The Darwin Port Corporation (DPC) was established under the *Darwin Port Corporation Act 1999*. It manages the East Arm and City Wharves in the Port of Darwin and offers facilities and services to commercial shipping, including pilotage and navigation services. The DPC also operates facilities for non-trading vessels, including those engaged in research, fishing and pearling.

The DPC's throughput in 2005-06 was 1.1 million tonnes. Although this represents a 43 per cent decrease on the 2004-05 throughput, it is comparable to the 2003-04 result. The DPC states that 2004-05 throughput was atypical because of the cargo and rock shipped through the port for the construction of the Darwin LNG plant and pipeline. Major cargoes passing through the port include petroleum products, metal products and livestock.

The DPC recorded a pre-tax operating loss of $7.9 million in 2005-06, nearly 460 per cent larger than the $1.4 million operating loss of 2004-05. This result represents the net effect of a 28 per cent ($5.4 million) reduction in total revenue — which the DPC attributed to a reduction in trade volumes and in the amount of community service obligation (CSO) funding — and a 5.1 per cent ($1.1 million) increase in total expenditure.

The value of the DPC's assets increased slightly by 2.2 per cent ($4.4 million) in 2005-06. This was a result of a $18.6 million increase in capital works-in-progress, which was partly offset by a $9.7 million drop in current assets, attributable mainly to reduced cash holdings. The reduction in current assets, and a 16 per cent rise in current liabilities — mainly because of an increase in payables — led to a substantial fall in the DPC's current ratio, from 425.6 per cent in 2004-05 to 159.8 per cent in 2005-06. Total debt fell by 3.5 per cent ($1.1 million) to $30.8 million in 2005-06, reducing the debt to equity ratio slightly to 17.9 per cent.

The DPC is required to make tax-equivalent and dividend payments to the NT Government. The DPC recorded an income tax-equivalent benefit of $1.4 million in 2005-06 and made no provision for a dividend.

The DPC received $2.3 million in CSO funding in 2005-06, to cover costs associated with small craft services, tourism and real estate, cruise and defence facilities, security of City Wharves, and the Swires and Hai Win shipping services.

DARWIN PORT CORPORATION (continued)

Performance indicators 2004-05 to 2005-06

		Pre-AIFRS[a,b]		*AIFRS*[a]
	Units	*2004-05*	*2004-05*	*2005-06*
Size				
Total assets	$m	71	202	206
Total revenue	$m	19	19	14
Profitability				
Operating profit before tax	$'000	-8 955	-1 414	-7 882
Operating sales margin	%	-43.0	-2.4	-48.7
Cost recovery	%	69.8	97.5	67.2
Return on assets	%	-10.0	0.2	-3.0
Return on equity	%	-26.7	-0.9	-3.9
Financial management				
Debt to equity	%	97.1	19.2	17.9
Debt to total assets	%	45.0	15.8	15.1
Total liabilities to equity	%	115.7	21.1	20.2
Interest cover	times	-3.9	0.2	-3.4
Current ratio	%	400.1	425.6	159.8
Leverage ratio	%	215.7	121.1	120.2
Payments to and from government				
Dividends	$'000	–	–	–
Dividend to equity ratio	%	–	–	–
Dividend payout ratio	%	–	–	–
Income tax expense	$'000	-174	20	-1 350
CSO funding	$'000	2 993	2 993	2 284

[a] The Darwin Port Corporation (DPC) commenced reporting under the Australian-equivalent International Financial Reporting Standards (AIFRS) on 30 June 2006. The implications of the transition to AIFRS were discussed in the *Financial Performance of Government Trading Enterprises 2000-01 to 2004-05* report. Data for 2004-05 are reported on an AIFRS and pre-AIFRS basis to illustrate the effect of the transition for the DPC. [b] Data for years prior to 2004-05 are available in previous *Financial Performance of Government Trading Enterprises* reports. These data were based on the Government Financial Statistics framework and are not directly comparable with the data reported in this table which are based on GTE annual reports. – Zero or rounded to zero.