



Geraldton Port Authority

**2001 - 2002
Annual Report**

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FROM THE CHAIRMAN

The past year has been a watershed for the Geraldton Port Authority.

The technical, financial and environmental feasibility studies completed this year have all shown that the deepening of the harbour would be viable and deliver the benefits to customers and to the Port for which the Board had hoped.

In April 2002, the Premier of Western Australia, the Honourable Geoff Gallop indicated State Government support for the project, conditional upon an agreement with Mount Gibson Iron Limited and at year's end we are within sight of this \$100 million dollar Port Enhancement Project being given the green light.

The Port Authority has taken its industry and community consultation to new levels during this year. The result has been a healthy level of debate about virtually every aspect of the project – and tremendous support particularly from our customers.

The Port Authority management and staff, and a team of consultants who have worked with us this year, are to be commended for their thorough and dedicated work on the Port Enhancement Project.


The Geraldton Port Authority has also taken a very active role in progressing other major transport and infrastructure projects in the Mid West.

The Port Enhancement Project means we are able to make a very practical contribution to the City of Geraldton's Foreshore and Central Business District Redevelopment Project and representatives from the Port have also worked very pro-actively with the lead agencies and related stakeholders on the Southern Transport Corridor project and the East/West roads project.

The Port – and the region – stands to benefit enormously from the development of these 'least cost pathways' and we look forward to meeting the needs of a range of new customers in the years to come.

Facilitating trade for the benefit of the Mid West and the State of Western Australia as a whole is the driving force behind all our activities at the Geraldton Port Authority. In 2001/02 we have been at full throttle, developing the infrastructure to improve our competitiveness, cater for predicted growth in exports and to maximise the potential of this region.

Such development at the pace at which it has occurred this year is not possible without strong management and committed staff. I pay tribute to every member of the Port team and wish them well as we move into a year that promises to be both exciting and very challenging.



Ian King
CHAIRMAN

FROM THE CHIEF EXECUTIVE OFFICER

In 2001/02, the Geraldton Port Authority has been totally focussed on positioning the Port to take every advantage of its proximity to key export markets.

Although the trade statistics for the year past show an overall downturn, we are not discouraged by what has been a difficult year for grain growers. Already, the Port Authority has been able to assist exporters hit by the downturn by keeping charges down over the past two years and implementing fairer fee structures which incorporate rewards for good and efficient practice.

Meanwhile, we are ensuring that the Port is more than capable of dealing with the very positive increase in exports from the minerals sector and ready for the very significant predicted growth in grain exports over the next 10-15 years.

As well as the very comprehensive and committed work which has been undertaken to turn the Port Enhancement Project from a proposal to a reality, the Port has been engaged in a range of other activities designed to ensure our facilities and service meet those customers needs, now and in the future.

We have worked particularly hard to develop strong links with our current customers, and our customers of the future. Our participation in the Mid West Economic Summit staged in Geraldton early in the year was just one indication of our determination to play a lead role in growing the prosperity of the Mid West region. In the year ahead, we will continue to work on the Mid West Economic Alliance - a joint effort of industry and local and state governments to meet the challenges ahead and maximise our opportunities.

This year, we have entered very intense negotiations with Mount Gibson Iron Limited for a major iron ore exporting contract and we hope this style of new export customer will become typical in the coming years.

To benefit existing customers and encourage new ones, the Port has been progressively reviewing all its charges and I'm pleased to report that as a result of the new system introduced two years ago, regular export customers are making export savings of up to \$3.40 a tonne. The system is about providing a flexible and responsive service and rewards efficient practice – and is typical of the approach we have taken to our own process of continuous improvement.

It is important to note that the Port Enhancement Project has not been progressed at the expense of other important achievements at the Port this year.

For the second consecutive year, we have made a major investment in upgrading the Fishing Boat Harbour, constructing another 20 new pens and we've also commenced work on two new pens in the Commercial Shipping Harbour which will accommodate larger fishing vessels.

Our commitment to protecting the environment and minimising the impact a busy port has on the environment also continued throughout the year with further implementation of the Bulk Handling Facility Environmental Action Plan. That dynamic program of activities includes maintenance dredging for which a contract was awarded during the year.

Through sponsorship made available by the Port's mining customers, a new environmental vessel was purchased to enable environmental monitoring to be carried out. The Geraldton Port Authority is grateful for the contribution Port customers have made in this regard with improved facilities leading to improved environmental performance.

Our Marine Pest Survey skills were put to good use in Esperance during the year and other ports have also shown an interest in having the Geraldton Port Authority team carry out the service.

Our environmental commitment is borne out of the fact that we're very proud members of this Mid West community which we believe holds a great deal of potential for growth and prosperity.

As members of that community, we have entered into responsible negotiations with the Yacht Club regarding opportunities for relocation in light of the Port's planned expansion, and we will be implementing a closed Port policy during the construction period to ensure that recreational water users are protected during this busy time.

In a spirit of community, we were also very pleased to support the Batavia Longboat Replica Project by providing timber and making the sheds on Berth No. 1 available to house the boat building project. Students of Central West College of TAFE are building the Batavia Longboat Replica and the Batavia Coast Replica Association plans to stage a re-enactment voyage once construction is complete.

The Geraldton Port Authority is proud to employ a dedicated team of employees who are regularly updating their skills and experience in order to maintain high levels of safety within the Port and offer the best possible service to GPA customers.

We will continue to offer a range of opportunities to our employees and maintain our program of consultation with customers to ensure that our facilities and services remain relevant – and genuinely facilitate trade from the Mid West region, bringing improved prosperity for the entire community.

I commend the work of the entire Geraldton Port Authority Team in the year past, and look forward to another challenging year in 2002/03.


John Durant
CHIEF EXECUTIVE OFFICER

VISION, MISSION, VALUES AND OBJECTIVES

Our Vision

To become an outstanding contributor to the growth and prosperity of the region.

Our Mission

To promote the economic development of the region by facilitating trade through the Port in a safe, commercial and efficient manner.

Our Values

Customers	◆ Customer focus aimed at satisfying customers.
Community	◆ Responsible and progressive corporate citizen.
Government	◆ Commercial and effective role performer within the State's integrated transport system.
Local Government	◆ Co-operative working relationship with the City of Geraldton and regional local government.
Assets	◆ Development and maintenance of infrastructure with a whole of life commercial philosophy.
Infrastructure	◆ Assistance and promotion of beneficial infrastructure development.
Environment	◆ A protected and sustainable natural environment.
Employees	◆ A safe and stimulating working environment in which productive effort is encouraged and fairly rewarded.

Our Objectives

The Geraldton Port Authority's short to medium term objectives are to:

- ◆ Grow trade through the Port.
- ◆ Minimise the cost of trade through the Port.
- ◆ Achieve the Port's annual target rate of return on Assets.
- ◆ Develop, preserve and maintain the Assets of the Port.
- ◆ Preserve and protect land for Port Operations.
- ◆ Ensure an accessible, safe and sustainable environment.

GERALDTON PORT AUTHORITY - CORPORATE GOVERNANCE

Role of Board

The Role of the Board is to perform the functions, determine the policies and control the affairs of the Geraldton Port Authority. These include the approval of strategic and business plans and budgets for the Authority, the monitoring of management's performance in implementing plans and the reviewing of investment philosophies and strategies for the GPA. The Board appoints the CEO and reviews performance and remuneration. It also oversees general remuneration policy for the GPA and approves remuneration for key senior executives. In addition, it ensures regulatory and ethical standards are met and risks are appropriately managed.

Board Composition

The Geraldton Port Authority consists of a Board of Directors comprising five people appointed in writing by the Minister for Planning & Infrastructure. In appointing a person as a Director, the Minister must have due regard to all relevant guidelines published, approved, endorsed or administered by the Minister for Public Sector Management. A member of staff is not eligible to be appointed as, or be, a Director. A Director may hold office for such period, not exceeding three years, as is specified in the instrument appointing the Director, and is eligible for reappointment. Periods of appointment are to be fixed in a way that results in approximately one third of the Directors retiring each year.

Board Committees

The Board has established an active committee structure that capitalises on the experience, skills and capabilities of individual Directors.

Port Commercial & Policy – GPA Chairman (historically).

Strategic Development & Budgeting – GPA Deputy Chairman (historically).

Professional Fishing Industry – Kevin Altham (professional crayfisherman).

Mining Trades & Project Development – Bruce Anderson (former mining executive).

Grain Trades – Kim Halbert (farmer).

Directors Rights

Directors have access to independent legal or financial advice as an approved company expense; access to Geraldton Port Authority records relating to the period of tenure for up to 7 years upon retirement from Board and they have Directors & Officers Liability insurance cover.

Directors Education

Directors also have access to an annual program of visits to key operations, including detailed briefings by management, monthly operational reports from each business and regular presentations to the Board by key personnel. Directors also have access to study and qualification for company directorship as administered by the Australian Institute of Company Directors (AICD). Current Directors have tertiary qualifications in Commerce, Surveying, Engineering or Accounting.

Political Activities

The Geraldton Port Authority is politically impartial and pledges support for the Government of the day. It operates in accordance with the social and cultural environment of the State where it is represented. It does not fund any political party.

Ethics

The Geraldton Port Authority adopted Codes of Conduct that apply to Directors and Employees defining standards of ethical and professional conduct. The Codes of Conduct are designed to assist Directors and Employees of the GPA to fully understand their rights, responsibilities and obligations in their respective roles.

Code of Conduct

The Geraldton Port Authority Code of Conduct was originally adopted in July 1997. The Code has since been revised a number of times with the last revision being endorsed by the Board of the Geraldton Port Authority in June 2001.

A draft copy of the Code of Conduct was issued to all members of staff, for review and comment, prior to it being submitted to the Board for endorsement. All members of staff were provided with a copy of the finalised Code of Conduct. The Code also constitutes part of the Geraldton Port Authority's Human Resources Manual, which is accessible to all staff. Inductions for all new staff include signing off on the Code of Conduct.

The Port Services Manager is responsible for monitoring compliance with the Code of Conduct and staff report misconduct through their supervisor / manager or another senior manager.

There has been no reported breach of the Code of Conduct in 2001/2002.

Legislation

The activities of the Geraldton Port Authority are governed by the Port Authorities Act 1999 . The Act has modernised Port Authority legislation and provides a clear trade facilitation role for Western Australia Port Authorities, with a commercial focus on operations. Under the Act, Port Authorities are established as commercialised entities and are governed by a Board of Directors appointed by the Minister.

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

Risk Management

The Board has established a Risk Management Policy for the Authority, which is an assessment formulated to identify specific sources of risk and alternative controls for alleviation of the same. Delegated authority has been given to the senior executive to address respective issues raised and to be responsible for regular reporting to the Board on progress established in attending to these initiatives.

Audit

An annual external audit function is undertaken by the Office of the Auditor General (OAG). In accordance with the Port Authorities Act 1999, the Geraldton Port Authority is required to submit an audited Annual Report to the Minister within ten days of receipt of the first audit opinion from the OAG on the financial accounts of the Port.

Under a negotiated and agreed arrangement, the Western Australian ports of Broome, Port Hedland, Geraldton and Albany carry out internal audit functions on a rotating basis. The Port Hedland Port Authority conducted the Internal Audit function for Geraldton during the 2001/2002 financial year.

An Annual Internal Audit Plan has also been established which has a specific emphasis and focus on review of accounting procedures and related internal controls.

A special assignment Internal Audit function has been established with a local service provider, Mr Tom Thuijs (B.Comm CPA). Under direction and control of the Geraldton Port Authority Chief Executive Officer and Directors, this service enables the Port to undertake specific review work on various tasks of topical interest and Port specific relevance for validation purposes.

THE BOARD OF DIRECTORS

As at June 30, 2002, the Board of Directors consisted of:

Chairman Robert Ramage

Occupation: Owner/Licensee/Manager, Ocean Centre Hotel and Geraldton Motor Inn.
Appointments: Appointed director on 1 January 1995 and as chairman in April 1997. He was then reappointed twice, most recently in December 2000.
Background: Bob Ramage was born in Geraldton and has lived most of his life in the City with a local business career spanning more than 36 years. He is a past city councillor and has been on the State Council of the Australian Hotels Association for approximately two decades.
Board Representation: Regional business and local government

Deputy Chairman: Mike Burrows

Occupation: Commercial Businessman
Appointments: Appointed director on 1 January 1995 and was then reappointed until 31 December 2002.
Background/Qualifications: Member and Past President of the Geraldton and Corrigin Rotary Clubs.
Fellow Australian Institute of Company Directors (Completed Full Time Course, Canberra, 2001).
Board Representation: Fuel importing and transport business

Director: Kevin Altham

Occupation: Owner / Operator Professional Fisherman
Appointments: Appointed director in August 1995 and has been reappointed until December 2002.
Background/ Qualifications: Kevin has owned and operated a crayfishing business since 1981.
Associate Diploma in Mine Technology (Surveying) from the WA School of Mines in Kalgoorlie.
Inaugural member of the Mid West Development Commission.
Master Class 5 (Skippers Ticket).
Marine Engine Drivers Grade 2 (Engineers Ticket)
Commercial Pilots Licence
Board Representation: Fishing industry

Director: Bruce Anderson

Occupation: General Manager – Otter Gold Ltd, Tanami Mine Joint Venture
Appointments: Appointed director in January 1996 and reappointed until December 2002.
Background/Qualifications: Diploma in Mining Engineering from the Ballarat School of Mines.
Experience in the total operation of underground gold mine and processing plants.
Mine Managers Certificate of Competency – W.A.
Mine Managers Certificate of Competency – N.T.
Mine Managers Certificate of Competency – Fiji
Board Representation: Mining industry.

Director: **Kim Halbert**

Occupation: Farmer

Appointments: Appointed director in April 1997 and reappointed until December 2002.

Background/Qualifications:

Kim Halbert farms a 6,400ha property in Eneabba cropping and growing wool. He runs up to 20,000 sheep and lambs including “Arawa” Merino Stud.

Bachelor of Commerce Degree Majoring in Economics and Finance (Granted with Distinction).

Fellow Australian Institute of Company Directors (Completed Full Time Course, Canberra, 2001).

Business & Law for Port Authority Boards – Certificate of Completion – Minter Ellison Lawyers and Department of Transport – 4 & 5 August 1999.

Representation: Grain industry.

REPORT ON OPERATIONS

During the year, the Geraldton Port Authority has been committed to completing the technical, financial and environmental investigations required before the Port Enhancement Project can proceed.

The \$100 million dollar deepening of the Port and the associated works will allow more vessels to fully load at Geraldton, rather than incur two-port loading costs.

While the Port Enhancement Project has demanded significant investment in financial and personnel terms, the Port Authority has also made a number of achievements across each of its business areas and continued to work in close cooperation with its customers and other stakeholders including local government and state government agencies.

THE PORT ENHANCEMENT PROJECT (PEP)

By year-end, the Port had:

- Completed the technical, financial and environmental investigations and commissioned a Business Case which demonstrated the commercial value of the PEP
- Worked with other stakeholders involved in related transport projects to maximise the benefits to the region
- Almost completed negotiations with Mount Gibson Iron Limited for export commitments through the Port
- Continued an unprecedented program of stakeholder and community consultation
- Released a Public Environmental Review document
- Achieved environmental approval from the Environmental Protection Authority
- Invited local business operators to express their interest in working with specialist dredging contractors and on other aspects of the project

The Business Case

In October 2001 a Business Case, commissioned by the Geraldton Port Authority was completed with the assistance of KPMG, URS (consultant engineers) and AJ Finucane & Associates Pty Ltd. The Business Case analysis confirmed that the PEP is commercially, financially and technically viable.

In summary, the Business Case emphasised that:

- Geraldton is the second largest grain terminal in Australia and its efficient operation is critical to the financial health of exporters operating in the Mid West
- Exporters are constrained by the shallow depth (draft) of its access channel and inner harbour basin, and customers using their vessel of choice cannot fully load in Geraldton forcing them to visit a second port (typically Kwinana) to “top-up”
- Such vessels incur a two-port loading cost – currently valued at least \$10.5 million per annum for GPA customers
- The problem can be solved through the proposed deepening of the port's access channel and inner harbour to a depth of 11.5 metres of draft at zero tide.
- The PEP is a \$100 million project that will be self-funding through a charge of \$2.00 per tonne of cargo (plus CPI) recouped from port customers.

- The marketability margin of products exported / imported through the port can be increased conservatively by at least \$0.70 per tonne of cargo.
- This margin will increase as the profile of ships presenting at Geraldton improves to include a greater proportion of larger vessels that are able to fully load. If all vessels received a benefit of \$1.00 per tonne, this would result in an annual saving of \$4 million
- The PEP will positively impact on the economy of the Mid West - and the State
- Economic Consulting Services (ECS) has estimated that the Mid West's output will grow by \$68 million during the year of construction, value added by over \$41 million, household income by \$28 million and employment by 660.
- ECS also advises that, based on a potential cost saving restricted to \$1.00 per tonne of exports, the expansion in total economic output over the next 20 years is estimated at \$130 million over 30 years. Discounted back at 8%, the net regional economic gain to the agriculture sector alone is \$90 million. With additional gains to the mineral sector, the regional economic gain to the Mid West becomes very significant indeed.

Working Together

To achieve least cost pathways to lucrative overseas markets, particularly for grain and minerals exporters, the Geraldton Port Authority has actively worked throughout the year with industry and local and State government to enhance the road and rail links to the Port that should achieve estimated cost savings of 20% on land transport and sea freight savings of \$50,000 per ship.

As well as improved sea-lane access, PEP is about maximising the opportunities from improved road and rail access. Critically important is the manner in which the project interfaces with the State Government's Southern Transport Corridor, the East/West roads project (Mt Magnet to Leinster) and the City of Geraldton's Foreshore and Central Business District (CBD) Redevelopment project - and how the Port Authority's own plans to improve access dovetail with them.

In particular, the Port Authority has worked with other government and industry stakeholders to progress the Geraldton Foreshore and CBD Redevelopment project by:

- The CEO participating on the steering committee
- The Port Engineer participating in the Project Management Committee
- Including the first stage environmental approval submissions in its own Port Enhancement submission to the Environmental Protection Authority
- Undertaking the engineering work for the City of Geraldton's groyne construction and beach and reclamation work

The Geraldton Port Authority has also been an active participant in the consultation processes relating to other key transport projects including the Southern Transport Corridor and the East/West roads project.

Mount Gibson Iron Limited

In April 2002, the State Government indicated that its support of the Port Enhancement Project relied on the Geraldton Port Authority reaching a formal port services agreement with Mount Gibson Iron Limited for the export of iron ore products from the Port of Geraldton.

During the latter stages of the year, the Port entered an intensive negotiation process and at year end was very close to reaching a formal agreement which would require Mount Gibson Iron Limited to:

- Export at least 1.5 million tonnes per annum of iron ore related products
- Construct necessary storage infrastructure

- Make a financial contribution to PEP through charges for Port use
- Effectively use the leased land by exporting a minimum level of tonnage throughput as a condition of lease longevity (as required by the Port Land Use Policy).

Under the agreement, the Port would be required to make a formal commitment to deepen the port, modify No 4 Berth to allow export access, gain all necessary regulatory approvals for lease site and BHF access, upgrade the BHF to handle the required export products and provide timely access to the leasehold development site.

Environmental Review

The Public Environmental Review (PER) document was released for public comment on 12 November 2001. The PER describes the project in detail, assesses the environmental implications of the proposed project and presents plans to minimise potentially adverse environmental effects.

Items identified as being of significant importance include the local sea lion colony; water quality; water turbidity in the lobster season; erosion management along the northern beaches and the relocation of the rail line from the foreshore.

The PER document also addresses the implications of the Geraldton Foreshore and CBD Redevelopment project.

Following the public comment period and its own investigations, the Environmental Protection Authority released its report and recommendations in June 2002.

The EPA considered “the proposal could be managed in an environmentally acceptable manner provided there is satisfactory implementation of the recommended conditions” to which the Port has fully committed.

Consultation Program

The Geraldton Port Authority has continued its policy of openness and transparency throughout the year, actively seeking the views of all stakeholders involved in the Port Enhancement Project, including the general community. A number of suggestions have been incorporated in the management plans and design of the project.

In particular, customers such as Cooperative Bulk Handling Ltd and Iluka Resources Ltd have been ‘champions’ of the project and other customers, such as the fishing industry, have played an important role in shaping the design and timelines for the project.

Other ambassadors for the program have included the Mid West Development Commission. The Commission’s Chairman, Graeme O’Grady commented that the PEP “will have a profound economic and social benefit for the Mid West and regional Western Australia” and that the PEP, Southern Transport Corridor and Geraldton Foreshore and CBD Redevelopment project “have the potential to reinvigorate local community and establish Geraldton as a preferred destination in which to live, work and invest in Western Australia”.

An intensive program of consultation commenced in May 2001 and continued throughout the year. On behalf of the Port, URS undertook a thorough identification of stakeholders and scoped possible stakeholder concerns.

The primary methods of consultation, which enable information dissemination and avenues for feedback, include:

- Open-door/phone policy
- GPA website
- Newsletters
- Customer Information Bulletins
- Exhibition Panels
- Encouraging media coverage and responding to media comment
- Open Forums
- Presentations to meetings, seminars and individuals. The range of groups has included rock lobster fishermen; rock lobster exporters and processors; the Yacht Club; Traders' Associations; service groups; environmental groups; Indigenous groups; waters users and groups representing educational institutions.
- Port Focus Groups for port customers
- Public meetings
- Cooperation/collaboration with other consultative groups

The Geraldton Port Authority intends to maintain the high level of genuine consultation with all stakeholders throughout the PEP project.

The cooperation with the City of Geraldton and Main Roads who are consulting regarding related projects (Geraldton Foreshore and CBD Redevelopment and Southern Transport Corridor) will also continue to ensure all stakeholders are kept well informed about how the projects are related – and how they can have their say about the projects individually or collectively.

Tenders

International tenders for the PEP dredging were called on 1st May 2002 and closed on 14 June 2002. At June 30 negotiations were underway with the preferred tenderer and it was expected that a contract would be signed in the new financial year.

Expressions of interest from local businesses were advertised in May 2002 and local enterprises were also encouraged to explore project opportunities via the GPA website - www.gerport.wa.gov.au.

Tenders were also called for the Ore Spill Remediation Dredging Project which would see the Geraldton Port Authority set a higher environmental benchmark standard through the removal of spilt mineral sediments that have escaped into the harbour area over a number of years. Tenders closed on 16 April 2002 and the contract was awarded to the Western Australian company, CGC Dredging on 14 June 2002. Dredging is due to commence early in the new financial year.

The Year Ahead

In the year ahead, the Geraldton Port Authority plans to:

- Obtain final approval from the State Government to proceed with the Port Enhancement Project
- Complete negotiations with Mount Gibson Iron Limited
- Complete negotiations with the preferred dredging tenderer for the capital dredging contract
- Commence construction works (due for completion in December 2003)
- Continue the consultation process

Northern Beaches

The Geraldton Port Authority also expects to sign a Memorandum of Understanding with the City of Geraldton to cover all areas where the City and Port interface. This includes the Northern Beaches Stabilisation Program which will be undertaken as part of the Port Enhancement Project. These beaches are between the Batavia Coast Marina and the Chapman River.

During the year, Mick Rogers and Associates, commissioned by the Geraldton Port Authority, the City of Geraldton and the Department for Planning & Infrastructure, continued to examine the situation and causes of erosion of beaches up to and including Sunset Beach. This work also included the development of a strategy for ongoing stabilisation and enhancement of these beaches.

Following a public meeting in May 2002, Mick Rogers and Associates will present a draft report in July 2002, wherein eight stabilisation options will be outlined and a preferred option recommended.

OCCUPATIONAL SAFETY & HEALTH

- ♦ Occupational Safety & Health (OS&H) is a core value of the Geraldton Port Authority's Business Plan and the Port is committed to the continuous improvement of safety in the Port working environment.
- ♦ The OS&H Policy has been updated as part of the GPA Safety Management System review process.
- ♦ The Authority's ongoing focus on safety includes support for groups including an active safety committee, OS& H representatives, toolbox meetings, inductions, safety and housekeeping inspections and incident reporting and investigation procedures.
- ♦ The Port is continuing with its emphasis on employee training, which has included Small Craft Proficiency, First Aid, Manual Handling, Fire Extinguisher, Safe Operating Procedures, Marine Radio Operations and OS&H Representative.
- ♦ An External Safety Audit was undertaken to assess the port's safety compliance and recommendations on matters requiring improvement have been actioned. Port stakeholder representatives also contribute to compliance through the Port Safety and Environmental Group.
- ♦ In line with the Port's Substance Abuse Policy & Procedures, random alcohol and drug testing has been implemented to ensure employees are working in a safe manner.

Workers' Compensation

Three reported employee accidents resulted in compensation claims during the year. The key factors for workers' compensation performance are:

No. of Lost Time Injuries (LTIs):	3
No. of employees (12 month average)	30
Manhours worked:	54,674
Days lost:	36
Frequency rate:	54.87 LTIs / million manhours worked
Duration rate:	12 days/LTI average
Severity Rate:	658 days lost / million manhours worked

FACTORS	2001/02	2000/01	1999/00	1998/99	1997/98	1996/97
Frequency Rate = $\frac{\text{Number of LTI/D} \times 1,000,000}{\text{Total Hours Worked}}$ *	54.87	15.5	69.8	0	98.32	87.5
Estimated cost of claims incurred per \$100 wage-roll	3.16	3.41	4.22	0.7	2.60	0.86
Premium Rate	4.16%	4.29%	2.58%	1.86%	3.22%	5.14%
Number of Rehabilitation Cases	0	0	1	0	0	0
Rehabilitation Success Rate	0	100	0	0	0	0

NB: (*) LTI/D is Lost Time Injury/Disease with one or more days lost.

PORT LAND USE REVIEW

The Geraldton Port Authority has worked to put the findings and recommendations of the Port Land Use Review into place during the year, in negotiation with each customer as the circumstances for continued or new land occupation arise.

The Port Land Use Policy aims to ensure Port land is used to its maximum potential. Negotiations with relevant customers continued during the year with priority given to export performance, commercial rents being established for all tenancies, the lease tenure being based on estimated mine life or standard port term (whichever is the shorter) and, for smaller boutique parcels of product, a designated area being identified as a common use storage compound for export needs.

MARINE/NAVIGATIONAL AND SUPPORT SERVICES

Marine Safety Code

The Port has finalised and submitted to the Department for Planning & Infrastructure, the Port Marine Safety Code, which forms an umbrella for all the Port operations policy, pilotage, training and certification, port emergency plans and elements of the environmental and safety management plans.

Working Cooperatively

The Port has continued to work closely with the Local Emergency Management Advisory Committee (LEMAC) and the District Emergency Management Advisory Committee (DEMAC), Department for Planning & Infrastructure, Geraldton Sea Rescue, Central West College of TAFE, AMSA and recreational users of the waterways.

DUKC

The commissioning of the Dynamic Under Keel Clearance system was postponed during the year due to unforeseen issues, and there is no immediate prospect of the system being used to its fullest capacity with dredging for the Port Enhancement Project commencing in the first half of the new financial year. The system cannot be used while the bed depths are changing.

Navigational Aids

During the year the Vega-tel remote navigational aids system was commissioned.

The Fishing Boat Harbour entrance's navigational aids were enhanced with the lead lights changed to blue LED lights and establishing two lit piles. This work was done concurrently with the building of the northern reclamation bund.

Stirling Harbour Services

Stirling Harbour Services' licence to provide towage services was due to expire on December 31, 2002 but was extended for three years from January 1 2003 and is subject to three months notice after nine months. The extension was required to enable the Port to continue to provide uninterrupted and continue quality driven service to Port customers, particularly during the time of the proposed Port Enhancement Project construction activity.

Towage

Expressions of Interest for Non-exclusive Licences to provide towages services in the enhanced Port are scheduled to be called in the next financial year.

Submarine Visit

The Port has hosted numerous naval, customs and sail training vessels during the year. Most notably was the four-day visit of the Royal Australian Navy Submarine HMAS Dechaineux at Berth 6. This was the first occasion that a Collins Class submarine has berthed alongside at the Geraldton Port.

PEP - Newcastle Shiphandling

Considerable maritime input into the commercial and technical aspects of the Port Enhancement Project continued. The use of the manned ship-model ship handling training facility at Port Ash in New South Wales was used to trial enhanced port shiphandling. Those elements of the Port Enhancement Project were therefore validated in real time.

Marine Database

A Marine Database to record and process shipping information was developed during the year. This database provides an interface with administrative and accounting systems, downloads shipping information to the website, calculates KPIs, records survey information and provides an interface with payroll and other Geraldton Port Authority service areas.

Survey Work

The Geraldton Port Authority Marine Business Unit has increased the number of clients using its services from five to 11 during the year. A customer focussed attitude towards operational deliverables is expected to mitigate the impact of shipping movements on Port Enhancement Project dredging productivity and of the dredging on shipping movements utilising shipping windows.

Other highlights during the year included:

- A year of accident and incident free pilotage
- The training of the GPA dive team to commercial qualification level
- The installation of a VHF monitoring and recording system in the Harbour Master's office to assist the waterway management, dredging operations and incident investigation
- The attendance by the Harbour Master at the National Port Operations and Technology Group meeting in Tasmania in May 2002

- The attendance by the Harbour Master at the International Harbour Masters' Association conference in Capetown, with a focus on port safety management, port services, commercial and recreational activity and the impact of new ship design on safety
- The training and certification of the Assistant Harbour Master to unrestricted pilot level
- Continued development of the Geraldton Port Authority's emergency response capabilities.

TRADE FACILITATION

Trade Facilitation Unit

The Geraldton Port Authority partners the Mid West Development Commission in a Trade Facilitation Unit funded by the Commonwealth Government and charged with identifying and establishing new trade opportunities through the Port of Geraldton. The development of a potential container service into Geraldton remains the number one priority for the Unit and after preliminary enquiries, promises to present an interesting logistical challenge for the Port in creating an environment suitable to attracting and sustaining this type of business activity.

RocOil Project

RocOil used the Geraldton Port as at its base for offshore drilling investigations at Dongara with its rig tender docking in December 2001. The initial investigation process has delivered extremely encouraging results.

The company intends to use the Port as an access source for securing supplies for its supply vessels to service further drilling investigation process. Twice weekly visits are scheduled to commence at the Port early into 2003.

RocOil is also investigating the feasibility of using the Port of Geraldton as a potential access point for the possible discharge of oil from a proposed offshore drill site.

Mount Gibson Iron Limited

A major focus of the Geraldton Port Authority during the year has been the goal to create an environment whereby conditions are established for the successful accommodation of bulk hematite exports from Mount Gibson Iron Limited (MGI). MGI's successful acquisition of the Tallering Peak site from the Administrators of Kingstream Steel Ltd has further instilled a sense of positive direction in delivering a successful outcome on this basis.

MGI intend to export a minimum throughput volume of 1.5 million tonnes per annum in accordance with a conditional sales agreement reached with Glencore International. This volume is also earmarked as part of the conditional agreement to be reached between MGI and the Geraldton Port Authority on the minimum quantity of throughput required by the customer to guarantee a required level of port service capability. Necessary guarantees will then be established at an agreed price for the service period.

COMPLIANCE WITH SECTION 175ZE OF THE ELECTORAL ACT 1907

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

Class of Expenditure	Organisation / Company	Total Expenditure 2001/2002
a) advertising agencies	Marketforce Productions	\$4,810
b) market research organisations	-	Nil
c) polling organisations	-	Nil
d) direct mail organisations	-	Nil
e) media advertising organisations	Geraldton Newspapers	\$10,739
	Midwest Times	\$7,879

COMPLIANCE WITH SECTION 61 STATE RECORDS ACT 2000

The State Records Act 2000 is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires that every government organisation must have a record-keeping plan that has been approved by the State Records Commission.

The Geraldton Port Authority is committed to developing a draft Records Management Plan for submission to the Director State Records by March 2003. The draft Records Management Plan will provide an accurate reflection of the record-keeping program within the Geraldton Port Authority. Documentation will include recordkeeping systems, policies, practices and processes.

EFFICIENCY OF PORT OPERATIONAL LICENCES AND PROCEDURES

Performance Assessment

The Authority assesses the performance of the Port through Key Performance Indicators (KPIs). These KPIs monitor Personnel Safety/Accident Reporting; Number of Piloted Movements Into and Out of the Port; Number of Accidents to Vessels, Channel Markers and Berths Caused by Vessel Transits/Berthing; Percentage of Berth Occupancy; Average Ship Alongside Time; Vessel Waiting Time at Anchorage; Average Cargo Tonnes Loaded/Discharged; Throughput in Tonnes per Hour; GPA Profit (Loss) per Cargo Tonne; Port Trade Revenue per Cargo Tonne and Total Port Transit Time. The final format for these KPIs is still being fine-tuned.

Stevedoring

Non-exclusive licences are issued to Stevedoring companies wishing to provide services at the Port of Geraldton. These licenced stevedores are required to meet KPIs contained within the licence document, which include provision of a continuous service, safety, operational procedures, manning levels, tariffs, customer satisfaction and improvement in stevedoring practices. Six stevedoring companies held licences during the year and all KPIs were met.

Since the implementation of stevedoring licences in January 1999, there has been a general improvement in ship turnaround times, stevedoring costs and manning levels, together with an increase in customer satisfaction. The downward trend in turnaround times (from 56.69 average hours in 1996/97 to 37.90 hours average in 2001/02) - and shippers' costs - continued during the year due to the flexibility in mooring time for vessels, the availability of stevedoring labour and continuous operation.

Note:

A full table of Key Performance Indicators for the Geraldton Port Authority, including Average Ship Turnaround Times, is located at page F 27 of this report.

ASSET MANAGEMENT

Several important maintenance projects were undertaken during the year to improve the standard of facilities and operations at the Port. Expenditure on maintenance and minor associated works during the year (excluding the Port's Bulk Handling Facility) totalled \$1.9 million.

Capital Expenditure for the year was \$4.1 million. (This figure excludes sunk costs associated with the Port Enhancement Project)

Fishing Boat Harbour

The Geraldton Port Authority is committed to supporting local industry and carried out major construction works at the Fishermen's Wharf during the year. A further 20 pens were re-constructed and other painting and maintenance work was undertaken. The most significant of the other items included the rehabilitation of the surface coatings, chaffers and utilities on the long service jetty. Major painting and corrosion protection works on the fuel storage tanks were also performed.

Berth 4

Berth 4 was upgraded, including the rehabilitation of some areas of concrete cancer; the removal and replacement of protective coatings of structural steel, construction of a shiploader washdown bay, and upgrading of water mains.

The first stage of work to replace all the impressed current cathodic protection systems which protect the steel against corrosion on Berth 4 was also completed under a separate contract.

Drainage

New stormwater drainage was installed and the water supply mains in the BHF area between the talc lease and the concentrate shed were upgraded.

Fire Hydrants

Fire hydrants were upgraded across the Port and additional hose reels and fire hydrants installed.

Fishing Vessel Pens

In February 2002, the Port commenced construction of pens at Berth 1 in the Commercial Shipping Harbour to service larger fishing vessels which, because of their draft, cannot access the Port's Fishing Boat Harbour. The construction of these pens has been of significant benefit to operators of these larger vessels, who can now discharge their precious cargo to the market through this purpose-built facility.

Reclamation Bund

Contracts for Stage 1 and Stage 2 to construct two reclamation bund sea walls at the northern entrance to the Port were let in July and December 2001 respectively. All contract works on the bund were completed by May 2002. These major works will provide a secure area into which spilt mineral ore sediments can be cleaned from the harbour basin floor and encapsulated prior to Port Enhancement and capital dredging of the harbour and will provide the basis for future cargo assembly land areas. The project cost was \$3.6 million.

Navigational Aids

Maintenance work was undertaken to reconstruct the top sections of two of the channel marker beacons. For further details on navigational aid capital expenditure, see the *Marine/Navigational and Support Services* section of this report.

Bulk Handling Facility

The Computer Aided Maintenance Management System (CAMMS) that has been applied in all other areas of the Port over recent years was expanded during this year to include the BHF. The implementation of the system coincided with the development of a five year costed maintenance plan and the development of a Shiploader and Talc Stacker Risk Management Plan.

Total maintenance expenditure at the Port's Bulk Handling Facility for the year was in the order of \$400,000. To coincide with Luzenac Australia Pty Ltd's Three Springs Talc Plant mid-year shutdown, significant remediation works were undertaken to the Talc Stacker at a cost of \$50,000. Works included motor replacement and corrosion protection works.

General maintenance included replacement of shiploader boom cables and a major overhaul of the vacuum sucker truck.

A Bulk Handling Facility Shiploader and Talc Stacker Risk Management Plan was commissioned in accordance with Department of Minerals and Energy requirements. The Plan will be ready for implementation in the new financial year.

ENVIRONMENT

A comprehensive Environmental Management System (EMS) developed for the Port of Geraldton over the past two years has seen a range of environmental projects undertaken that identify aspects of Port operations that could adversely impact on the environment. The management system is a dynamic internal document that details the Port Authority's environmental policy, objectives and targets, roles and responsibilities and environmental projects in accordance with the guiding principles of ISO 14001. Some of these projects include water quality, seagrass, shoreline and sediment monitoring.

The EMS also includes a baseline Introduced Marine Pest Survey to help reduce the unintentional introduction of marine pests into Australian waters and forms part of the national program developed by the Australian Quarantine Inspection Service (AQIS) to help with the management of ballast water in national and international shipping.

A Bulk Handling Facility Environmental Action Plan, endorsed by mineral exporting customers and the Department of Environmental Protection, is addressing environmental issues associated with the handling of bulk mineral cargoes through the Port's Bulk Handling Facility and details priority areas and timing requirements in a two-year program.

The Authority is totally committed to an environmentally sound Port ensuring customers and potential customers have a clear commercial advantage by using the Port of Geraldton.

Port Enhancement Project

A comprehensive environmental feasibility and investigation program associated with the Port Enhancement Project has been carried out over the last year. Aspects include habitat mapping, whale and sea lion monitoring, seagrass studies, artificial reef studies, water quality monitoring and sediment quality monitoring.

This information has assisted in the development of a Public Environmental Review document for the Port Enhancement Project as well as numerous management plans.

BHF Environmental Action Plan

During the year, as part of the BHF Environmental Action Plan:

- A draft risk management plan was completed
- A shiploader washdown bay was installed
- An upgrade of conveyor scrapers was undertaken
- Cladding of towers was undertaken
- The radio system was modified to prevent product spillage resulting from conveyor trip outs
- The concrete around Tower 1 was sealed to help the clean up of spillage and eliminate ground contamination
- A wind barrier fence was installed to stop spilt mineral sands outside the Iluka shed being blown out of the BHF area.

New Environmental Vessel

In November 2001, the GPA took delivery of a new 7.2 metre aluminium boat to help protect and conserve the Port's marine environment.

The vessel is used as an environmental monitoring vessel and can also be used as a diving vessel. It enables the Port to undertake environmental programs including water sampling, seagrass and marine pest and sediment sampling more efficiently and effectively.

While the Port Authority make the major contribution towards the vessel, contributions were also received from customers including Iluka Resources Ltd, Newmont Australia Golden Grove Operations and GMA Garnet Pty Ltd.

Marine Pest Survey

The Geraldton Port Authority completed a Marine Pest Survey for the Port of Esperance and has taken inquiries from other Ports interested in the service. The skills obtained by the Port Authority's Environmental Safety Coordinator provide a rare asset to the Port Authority and one that will be marketed where possible in the future. The Port Environmental Safety Coordinator has now been involved in surveys in Port Kembla and Eden NSW, and Geraldton and Esperance WA.

Sewerage System Upgrade

The preliminary design for the sewerage of the entire port area was completed during the year by Connell Wagner. The Commonwealth Government's Coast and Clean Seas program contributed \$250,000 for the project which would require an additional GPA investment of \$400,000. The Port is waiting on advice from the Water Corporation regarding the relevant wastewater charges before determining a timetable for possible project commencement.

Geraldton Port Authority ORIGIN & DESTINATION OF CARGO - 2001/2002										TONNES
PORTS	GRAINS	SANDS	OILS	FERT	GENERAL	TALC	COPPER / ZINC	LIVESTOCK	BUNKERS	TONNES
BELGIUM		26,723		2,665			8,404			37,793
BRUNEI		700								700
CANADA		5,003								5,003
CHINA	15,001	17,150					81,050			113,200
FRANCE		11,199								11,199
GERMANY				2,991						2,991
INDIA		25,014					11,011			36,025
INDIAN OCEAN ISLANDS	5,430				242			631		6,302
INDONESIA	348,844				451			3,190		352,485
INTERSTATE										-
INTRASTATE			134,248						380	134,628
IRAQ	93,017									93,017
ISRAEL				25,792						25,792
ITALY		24,595				6,256				30,851
JAPAN	120,864	35,535				55,471	93,303		145	305,318
MALAYSIA	59,211	11,122		18,418	663			2,987		92,401
MEXICO		41,028								41,028
MOZAMBIQUE	9,990									9,990
NETHERLANDS	57,300	78,069				61,797				197,166
NEW ZEALAND	21,450									21,450
PAKISTAN	32,691									32,691
PHILIPPINES	21,100									21,100
QATAR				25,637						25,637
SINGAPORE	46,045				67			185		46,297
SOUTH AFRICA				3,005						3,005
SOUTH KOREA	163,965						88,175			252,140
SPAIN	21,659	27,187				6,305				55,151
SRI LANKA	86,252	8,008								94,260
TAIWAN	10,142	52,805								62,947
THAILAND	96,125						22,025			118,150
UNITED ARAB EMIRATES		50,033		16,365						66,398
VIETNAM	41,014									41,014
USA		248,649		43,827		4,205				296,681
	1,250,101	662,818	134,248	138,701	1,423	134,033	303,968	6,993	525	2,632,809

**GERALDTON PORT AUTHORITY
COMPARATIVE TRADE STATISTICS
ENDING 30 JUNE (tonnes)**

	<u>1996/97</u>	<u>1997/98</u>	<u>1998/99</u>	<u>1999/2000</u>	<u>2000/01</u>	<u>2001/02</u>
IMPORTS						
Fert DAP	32,278	31,176	32,329	31,311	21,059	22,801
Fert MAP	2,101	-	12,716	12,166	16,865	9,452
Vigor / NPK	-	-	904	4,783	3,988	13,447
Phosphate	40,763	40,052	38,761	13,371	-	-
New Phosphate (TSP+S)	-	-	-	-	15,518	16,826
Sulphur	10,066	5,368	-	-	-	-
Urea	45,782	56,977	73,513	108,813	65,319	66,874
Potassium Carbo	3,702	6,932	11,011	8,981	12,791	9,301
Petroleum Products	356,354	297,953	208,699	203,444	155,453	134,248
Mineral Sands	-	-	-	-	-	25,014
General	13,386	20,175	6,083	-	-	12
	<u>504,433</u>	<u>458,633</u>	<u>384,015</u>	<u>382,868</u>	<u>290,993</u>	<u>297,975</u>
EXPORTS						
Wheat	1,204,253	1,642,512	1,656,765	1,717,344	915,696	897,039
Oats	4,349	9,910	3,348	2,791	-	-
Barley	80,857	21,725	191,281	12,132	92,159	50,504
Lupins	405,537	407,444	446,510	619,486	376,627	269,867
Canola	4,706	31,278	77,359	106,009	68,278	32,691
Chickpeas	8,809	17,777	3,300	16,500	10,968	-
Faba Beans	-	1,945	-	-	-	-
Copper Cons/Ore	73,026	55,746	19,093	22,328	51,529	119,602
Zinc Cons/Ore	122,696	175,329	242,279	248,087	225,516	184,366
Mineral Sands	760,868	694,100	585,779	563,815	569,803	590,694
Garnet	47,860	46,299	36,589	42,545	53,224	47,110
Talc	158,346	156,724	150,686	189,988	127,912	134,033
Nickel	9,966	-	-	-	29,124	-
Stockfeed	2,270	2,330	1,513	2,926	1,684	1,411
Livestock	13,444	9,880	5,205	11,012	6,751	6,993
General	539	-	-	-	-	-
	<u>2,897,525</u>	<u>3,272,999</u>	<u>3,419,707</u>	<u>3,554,964</u>	<u>2,529,272</u>	<u>2,334,310</u>
Bunkers - Oil	1,265	674	134	225	862	525
Total Trade	<u>3,403,223</u>	<u>3,732,307</u>	<u>3,803,856</u>	<u>3,938,057</u>	<u>2,821,126</u>	<u>2,632,809</u>
SHIPPING						
Gross Reg Tonnage	4,195,752	4,454,413	4,689,767	4,780,594	3,593,556	3,592,405
Deadweight Tonnage	6,947,212	7,368,598	7,877,660	8,050,441	6,023,468	6,016,957
No of Vessels	261	265	242	248	203	208
Average DWT	26,618	27,806	32,552	32,461	29,672	28,928

Geraldton Port Authority

2001 - 2002 Annual Report

FINANCIAL STATEMENTS

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Geraldton Port Authority Directors' Report

The Directors present their report on the Geraldton Port Authority for the year ended 30 June 2002.

Directors

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

R Ramage (resigned 21 August 2002)
M Burrows (resigned 21 August 2002)
K Halbert
K Altham
B Anderson
I King (appointed 10 September 2002)

Principal Activities

During the year the principal continuing activities of the Authority were:

- (a) Trade Facilitation.
- (b) Managing and Administering Commercial Shipping Harbour.
- (c) Administering the Fishing Boat Harbour.
- (d) Administering the Recreational Boat Harbour.
- (e) Managing the Assets of the Port
- (f) Managing the Environment of the Port.

Dividends

A dividend totalling \$16,037 was recommended for the 2000/01 Financial Year. No dividend is recommended in respect of the 2001/02 Financial Year.

Review of Operations

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

	2002	2001
Total Trade (Tonnes)	2,632,809	2,821,126
Revenue from Cargo	\$ 2,698,066	\$ 2,860,387
Revenue from Ships	\$ 3,693,778	\$ 3,724,182
Other Revenue	<u>\$ 3,538,905</u>	<u>\$ 3,683,810</u>
Total Revenue	<u>\$9,930,749</u>	<u>\$10,268,379</u>
Less Expenditure	<u>\$9,950,779</u>	<u>\$10,112,519</u>
Operating Profit/(Loss) Before Tax	<u>\$(20,030)</u>	\$155,860
Income Tax on Operating Profit/(Loss)	<u>\$5,889</u>	<u>\$102,404</u>
Operating Profit/(Loss) After Tax	<u>\$(25,919)</u>	<u>\$53,456</u>

Comments on the operations are set out below.

The operating loss before tax was achieved due a downturn in the trade volume of grain throughput. Expenditure for the year was lower than the prior year despite the inclusion of additional costs for maintenance expenditure and an additional charge for depreciation on No 4 Berth that was not being depreciated in accordance with other assets in the same class.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Geraldton Port Authority since the last reporting date.

Matters Subsequent to the End of the Financial Year

The Geraldton Port Authority received Cabinet approval on 22 July 2002 to undertake a \$103 Million deepening of the port. The effect of this will be seen over the next two financial years.

Likely Developments and Expected Results of Operations

There are no other likely developments which are expected to impact on the results of the operations.

Environmental Regulation

The Geraldton Port Authority is required to hold an environmental licence under the Environmental Protection Act 1986. This licence covers the Bulk Materials Loading and Unloading, abrasive blasting, boat building and boat maintenance in the port area. The Department of Environmental Protection monitors this licence and frequent liaison occurs between the Authority's officers and the department.

The Geraldton Port Authority also has Environmental Legislative requirements applied due to reclamation works undertaken within the Port. Annual seagrass monitoring, biannual water quality monitoring – incorporating opportunistic water sampling, and biannual shoreline monitoring is undertaken and is required to continue for 5 years after reclamation work is completed.

The Geraldton Port Authority has a principle function to protect the environment of the port and minimise the impact of port activities on that environment. Through strategies reflected in the ports Environmental Management Plan, the Geraldton Port Authority maintains a high standard of performance in advancing various environmental initiatives.

Information on Directors

Director	Experience (Years of Service)
R Ramage	Non-executive Director for 7 years, Chairman for 5 years (resigned 21 August 2002)
M Burrows	Non-executive Director for 7 years (resigned 21 August 2002)
K Altham	Non-executive Director for 7 years
B Anderson	Non-executive Director for 6 years
K Halbert	Non-executive Director for 5 years
I King	Non-executive Director, Chairman (appointed 10 September 2002)

Meetings of Directors

The number of meetings of the Authority's Board of Directors during the year ended 30 June 2002 and the number of meetings attended by each Director were:

Number of meetings held	15
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Numbers of meetings attended by:

R Ramage	14
M Burrows	14
K Altham	11
B Anderson	13
K Halbert	15

Reappointment of Directors

The Minister for Transport appoints Directors for terms not exceeding 3 years. No Director had a term expiring during the current year and no Director was appointed.

Insurance of Officers

During the financial year, Geraldton Port Authority paid a premium of \$10,620 to insure the Directors and Officers of the Authority.

The liabilities insured are the costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against them as Officers of the Authority.

Auditor

The Auditor General continues in office in accordance with Schedule 5 Clause 17 of the Port Authorities Act 1999.

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



I King



K Halbert

Geraldton
19 September 2002

Geraldton Port Authority
Statement of Financial Performance
For the year ended 30 June 2002

	Notes	2002 \$	2001 \$
Revenue from ordinary activities	2	9,930,749	10,268,379
Borrowing costs expense		769,507	852,659
Expenses from ordinary activities	3(a)	<u>9,181,272</u>	<u>9,259,860</u>
Profit/(Loss) from ordinary activities before income tax expense	3(b)	(20,030)	155,860
Income tax expense	4	<u>5,889</u>	<u>102,404</u>
Net Profit/(Loss)	30	<u>(25,919)</u>	<u>53,456</u>

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

Geraldton Port Authority
Statement of Financial Position
As At 30 June 2002

	Notes	2002 \$	2001 \$
Current Assets			
Cash Assets	6, 21	2,314,335	7,404,717
Receivables	7, 21	1,514,215	2,112,772
Other	8	<u>560,269</u>	<u>684,329</u>
Total Current Assets		<u>4,388,819</u>	<u>10,201,818</u>
Non-Current Assets			
Other financial assets	9, 21	113,639	107,935
Property, plant and equipment	10	30,587,452	25,429,862
Deferred tax assets	11	<u>736,351</u>	<u>729,073</u>
Total Non-Current Assets		<u>31,437,442</u>	<u>26,266,870</u>
Total Assets		<u>35,826,261</u>	<u>36,468,688</u>
Current Liabilities			
Payables	12, 21	1,848,757	2,063,322
Interest bearing liabilities	13, 21	860,187	860,187
Provisions	14	<u>637,198</u>	<u>609,552</u>
Total Current Liabilities		<u>3,346,142</u>	<u>3,533,061</u>
Non-Current Liabilities			
Payables	15	558,308	177,662
Interest bearing liabilities	16, 21	9,246,076	9,849,535
Deferred tax liabilities	17	161,444	435,248
Provisions	18	<u>652,974</u>	<u>585,946</u>
Total Non-Current Liabilities		<u>10,618,802</u>	<u>11,048,391</u>
Total Liabilities		<u>13,964,944</u>	<u>14,581,452</u>
Net Assets		<u>21,861,317</u>	<u>21,887,236</u>
Equity			
Contributed Equity	19	2,640,620	2,640,620
Reserves	20(a)	6,813,567	6,813,567
Retained Profits	20(b)	<u>12,407,130</u>	<u>12,433,049</u>
Total Equity		<u>21,861,317</u>	<u>21,887,236</u>

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

Geraldton Port Authority
Statement of Cash Flows
For the year ended 30 June 2002

	Notes	2002 \$	2001 \$
Cash Flows from Operating Activities			
Receipts from customers (GST Inclusive)		10,701,326	10,679,279
Payments to suppliers and employees (GST Inclusive)		(6,556,864)	(8,909,600)
GST Received		1,321,519	971,410
GST Paid		(1,341,685)	(1,247,632)
Interest Received		233,152	484,258
Borrowing Costs		(724,477)	(855,874)
Payment of Taxation Equivalents		(226,745)	(1,199,829)
Net cash inflow (outflow) from Operating Activities	30	<u>3,406,226</u>	<u>(77,988)</u>
Cash Flows from Investing Activities			
Payments for Property, Plant & Equipment		(7,914,717)	(2,618,479)
Proceeds from Sale of Property, Plant & Equipment		27,272	19,091
Net cash outflow from Investing Activities		<u>(7,887,445)</u>	<u>(2,599,388)</u>
Cash Flows from Financing Activities			
Proceeds from Borrowings Other		200,000	-
Repayment of Borrowings to WA Treasury Corporation		(508,196)	(508,195)
Repayment of Borrowings Other		(295,263)	-
Payment to Sinking Funds		(5,704)	(7,252)
Payments of Dividends		-	(900,000)
Net cash outflow from Financing Activities		<u>(609,163)</u>	<u>(1,415,447)</u>
Net decrease in Cash Held		(5,090,382)	(4,092,823)
Cash at beginning of financial year		7,404,717	11,497,540
Cash at the End of the Financial Year	6	<u>2,314,335</u>	<u>7,404,717</u>

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

Geraldton Port Authority

Notes to the Financial Statements

30 June 2002

1. Summary of Significant Accounting Policies

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

It is prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of previous year. Comparative information is reclassified where appropriate to enhance comparability.

(a) Recoverable Amount of Non-Current Assets

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

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

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values.

(b) Valuation of Non-Current Assets

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

(c) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner, which reflects the consumption of their service potential. Depreciation rates for each class of fixed assets varies in accordance with this policy, with major groups such as Berths, Breakwaters, Dredging, and Bulk Handling Facilities being amortised over 40, 40, 80 and 15 years respectively.

Property, plant and equipment, other than freehold land are depreciated and amortised over their estimated useful lives using the straight-line method. The estimated useful lives range from 3 years to 10 years.

(d) Taxation Equivalent Regime

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

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

1. Summary of significant Accounting Policies (continued)

(d) Income Tax (continued)

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

(e) Revenue Recognition

The Authority derives revenue from charges made on ships and cargos in respect of services provided and is recognised upon the delivery of the service to the customers. Other major revenues include the recovery of water and electricity costs from leasehold tenants based on actual consumption and fees generated for the provision of facilities located at the Fishing Boat Harbour. The Authority is also a large owner of waterfront land, which is allocated to various industry users in consideration for long-term tenancies. The lease rental is charged in advance and recognised as income on a pro rata basis for the period of the lease.

Jetty licence fees are capitalised at the present value of the estimated licence fees payable by the lessee and is disclosed as an asset and amortised over the initial period of licence agreement.

(f) Receivables

All accounts receivable are recognised at the amounts receivable as they are generally settled within 30 days.

During the year the Authority introduced an interest charge on amounts outstanding greater than 60 days. The interest rate is defined under the Port Authorities Regulations 2001 and is 3% higher than the overdraft reference rate as published by the Bank of Western Australia Ltd.

Collectability of trade debtors is reviewed on an ongoing basis. A provision for doubtful debts is raised following a review of all outstanding amounts at reporting date. Bad debts are written off in the period in which they were identified.

(g) Payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which remained unpaid as at that date. These amounts are unsecured and are usually paid within 30 days of recognition.

(h) Interest Bearing Liabilities

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of payables.

(i) Maintenance and Repairs

Maintenance, repair costs and minor renewals are charged as expenses as incurred.

(j) Employee Entitlements

(i) Annual Leave

Liabilities for annual leave are recognised and are measured on a pro-rata entitlement basis of leave due as at the reporting date at the employee's current rate.

Geraldton Port Authority

Notes to the Financial Statements

30 June 2002

1. Summary of significant Accounting Policies (continued)

(j) Employee Entitlements (continued)

(ii) Sick Leave

Sick leave entitlements for staff who work under the Geraldton Port Authority Award/Agreement 2001 are calculated on a pro rata basis for the amount owing at the reporting date. Sick Leave entitlements of staff who work under an Australian Workplace Agreement (AWA) are non-vesting except in the case of permanent disablement, retirement and retrenchment, amounts due have been calculated by an actuarial review undertaken by William M Mercer Pty Ltd in June 2001. These amounts are both disclosed in the financial statements.

(iii) Long Service Leave

Long Service Leave has been measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities.

(iv) Superannuation

Staff may contribute to the Superannuation and Family Benefits Act Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and a lump scheme now closed to new members. Contributions are also made to SERF and National Flexi super to satisfy existing workforce requirements for waterside employees who transferred to the Authority during 1992 and for casual staff. New staff can nominate a superannuation scheme of their own, or join as non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The liability for superannuation under the Superannuation and Family Benefits Act pension scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date. This liability relates to employees covered under the original pension scheme and who have transferred between State Government agencies to the Authority.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by monthly payment of employer contributions to the Government Employees Superannuation Board.

The note disclosure, required by paragraph 14 (e) of AASB 1028 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

1. Summary of significant Accounting Policies (continued)

(k) Payment of Dividend to the State

In accordance with section 84 of the Port Authorities Act the Board of the Authority shall as soon as practicable after the end of each financial year make a recommendation to the Minister as to the amount of dividend appropriate for the financial year.

(l) Investments

Investments are stated at cost and interest revenue is recognised when accrued.

(m) Leased Assets

The Authority has entered into a number of operating lease arrangements for motor vehicles where the lessor effectively retains all the risks and benefits incidental to ownership. Equal instalments of the lease payments are charged to the statement of financial performance over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

(n) Net Fair Values of Financial Assets and Liabilities

Net fair values of financial instruments are determined on the following bases:

Financial instruments traded in an organised financial market (traded securities) – current quoted market bid price for an asset or offer price for a liability adjusted for any transaction costs necessary to realise the asset or settle the liability.

Monetary financial assets and liabilities not traded in an organised financial market – cost basis carrying amounts of receivables, payables and accruals (which approximate net market value).

(o) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and Term Deposits.

(p) Comparatives

Where the classification of an item in the financial statements has been changed in relation to the corresponding item in the financial statements for the immediately preceding financial year, the item for that immediately preceding year shall be similarly reclassified for the purpose of showing comparative figures.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

	2002 \$	2001 \$
2. Revenue from Ordinary Activities		
Revenue from Operating Activities		
Charges on Ships	3,693,778	3,724,182
Charges on Cargo	<u>2,698,066</u>	<u>2,860,387</u>
	<u>6,391,844</u>	<u>6,584,569</u>
Revenue from outside the operating activities		
Rental & Leases	463,851	382,774
Interest Received	233,152	541,676
Fishing Industry Facilities	912,472	833,930
Private Craft Marina	77,687	78,842
Power and Water	1,363,129	1,593,527
Plant Hire	27,982	27,984
Proceeds from Sale of Assets	27,272	19,091
Land Tax Revenue	133,636	138,696
Commonwealth Grant	200,000	-
Other	<u>99,724</u>	<u>67,290</u>
	<u>3,538,905</u>	<u>3,683,810</u>
Revenue from ordinary activities	<u>9,930,749</u>	<u>10,268,379</u>
3. Operating Profit/(Loss)		
(a) Expenses from Ordinary Activities		
Corporate Services	196,374	482,560
Depreciation	2,524,946	1,442,592
Doubtful Debts	(15,631)	15,907
Salaries and Benefits	2,266,094	2,552,260
Written Down Value of Assets Disposed	232,181	28,652
Maintenance	1,956,400	1,390,964
Power and Water	1,309,113	1,533,442
Redundancy Payments	-	145,612
Other Expenditure	<u>711,795</u>	<u>1,667,871</u>
	<u>9,181,272</u>	<u>9,259,860</u>
(b) Profit/(Loss) from ordinary activities before income tax expense includes the following specific expenses:		
Expenses		
Borrowing costs		
Interest paid	769,507	852,659
Net Loss on disposal of Property, Plant and Equipment		
Cash Consideration	27,272	19,091
Written Down Value of Assets Disposed	<u>232,181</u>	<u>28,652</u>
	<u>204,909</u>	<u>9,561</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

	2002 \$	2001 \$
3. Operating Profit/(Loss) (Continued)		
Other charges against assets		
Bad – Trade Debtors	7,161	-
Doubtful Debts – Trade Debtors	(15,631)	15,907
Provisions		
Annual Leave	(27,674)	161,062
Long Service Leave	40,105	170,261
Sick Leave	37,830	225,669
Time in Lieu	17,653	12,513
Superannuation	26,758	(7,603)
	<u>94,672</u>	<u>561,902</u>
Depreciation		
Buildings	19,011	19,011
Port Facilities (see also Note 3 (c))	1,665,848	584,170
Plant and Equipment	840,087	839,411
	<u>2,524,946</u>	<u>1,442,592</u>

(c) Individually Significant item

Expenses

A review during the year of the Berth class of assets revealed that one Berth was being depreciated over a life of 50 years. This is contrary to the Authority's accounting policy which states Berths are depreciated over 40 years and is not consistent with the depreciation rate used for other assets in this class. This error has been corrected by a one off depreciation charge in current year.

<u>1,061,908</u>	<u>=</u>
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4. Income Tax

The income tax expense differs from the amount prima facie payable on the profit from ordinary activities. The differences are reconciled as follows:

Profit/(Loss) from ordinary activities before income tax expense	(20,030)	155,860
Income Tax @ 30% (2001 34%)	(6,009)	52,992
Tax effect of permanent differences:		
Non-deductible depreciation	-	(2,758)
Entertainment	1,298	2,774
Income tax adjusted for permanent differences	(4,711)	53,008
Income tax adjusted for timing differences		
Depreciation Charge	12,275	13,912
Under provision of deferred tax last year	(1,675)	(637)
	5,889	66,283
Income Tax Adjusted for change in tax rate to 30%	-	36,121
Income Tax Expense	<u>5,889</u>	<u>102,404</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

	2002 \$	2001 \$
4. Income Tax (continued)		
Income tax expense comprises:		
Current income taxation provision	286,971	404
Deferred income tax provision	(273,804)	42,573
Future income tax benefit	(7,278)	59,427
	<u>5,889</u>	<u>102,404</u>

Adjustment to deferred income tax balances legislation reducing the company tax rate from 36% to 34% in respect of the 2000/01 income tax year and then to 30% from the 2001/02 income tax year was passed during the year ended 30 June 2000. As a consequence, deferred tax balances were remeasured during the year ended 30 June 2001 using the appropriate new rates, depending on the timing of their reversal.

5. Dividends

Dividends provided for or paid	<u>-</u>	<u>16,037</u>
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No dividend is recommended in respect of the 2001/02 Financial Year. A dividend of \$16,037 was recommended in respect of the 2000/01 Financial Year.

6. Current Assets – Cash assets

Cash at bank	1,654,282	1,248,674
Cash on hand	300	300
Term Deposits	659,753	6,155,743
	<u>2,314,335</u>	<u>7,404,717</u>

Cash assets represent the Cash at Bank and Term Deposits. Funds set aside for specific purposes have been invested in term deposits to maximise earnings.

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows.

Term deposits

The deposits are bearing interest at rates between 4.20% and 6.25% (2001 – 4.89% and 5.85%). These deposits are invested for terms between 1 and 3 months.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

	2002 \$	2001 \$
7. Current Assets – Receivables		
Trade Debtors	1,514,491	2,128,679
Less: Provision for Doubtful Debts	<u>276</u>	<u>15,907</u>
	<u>1,514,215</u>	<u>2,112,772</u>

Significant Terms and Conditions

Trade debtors are generally settled within 30 days. Interest may be charged at 3% above the Bank of Western Australia Ltd published overdraft reference rate where their terms of repayment exceed 60 days.

Credit Risk

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

Net Fair Values

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

8. Current Assets – Other

Unexpired Expenses	26,867	90,701
Overpaid Tax Equivalent Instalments	<u>533,402</u>	<u>593,628</u>
	<u>560,269</u>	<u>684,329</u>

9. Non-Current Assets – Other financial assets

Sinking Fund No 12	<u>113,639</u>	<u>107,935</u>
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Other financial assets represents an interest bearing deposit held by Treasury.

Significant Terms and Conditions

The sinking fund will be held by WA Treasury until the repayment of the inscribed stock in May 2004 (Note 15).

Interest Risk

Interest on the sinking fund is earned at rates between 4.419% and 5.124% (2001: 5.66% to 6.24%)

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

	2002 \$	2001 \$
10. Non-Current Assets – Property, Plant and Equipment		
Land and Buildings		
Freehold land		
At cost	<u>1,153,876</u>	<u>1,153,876</u>
Buildings		
At cost	687,516	687,516
Less: Accumulated depreciation	<u>276,995</u>	<u>257,984</u>
	<u>410,521</u>	<u>429,532</u>
 Total land and buildings	 <u>1,564,397</u>	 <u>1,583,408</u>
Port Facilities		
Breakwater at cost	4,164,030	467,417
Dredging at cost	2,338,605	2,338,605
Berths No 1-6 at cost	28,746,985	28,713,185
Port Enhancement Investigation at cost	<u>4,814,126</u>	<u>1,042,122</u>
	<u>40,063,746</u>	<u>32,561,329</u>
Less: Accumulated depreciation	<u>16,616,917</u>	<u>14,951,069</u>
Total Port Facilities	<u>23,446,829</u>	<u>17,610,260</u>
 Plant and Equipment		
At cost	15,216,426	16,565,057
Less: Accumulated depreciation	<u>9,640,200</u>	<u>10,328,863</u>
Total Plant and Equipment	<u>5,576,226</u>	<u>6,236,194</u>
 Total Property, Plant and Equipment	 <u>30,587,452</u>	 <u>25,429,862</u>

Reconciliations

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

	Freehold land	Buildings	Port Facilities	Plant & Equipment	Total
Carrying amount at 1 July 2001	1,153,876	429,532	17,610,260	6,236,194	25,429,862
Additions	-		7,502,417	412,300	7,914,717
Disposals	-			(232,181)	(232,181)
Depreciation expense	-	(19,011)	(1,665,848)	(840,087)	(2,524,946)
Carrying amount at 30 June 2002	<u>1,153,876</u>	<u>410,521</u>	<u>23,446,829</u>	<u>5,576,226</u>	<u>30,587,452</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

	2002 \$	2001 \$
11. Non-Current Assets – Deferred tax assets		
Future Income Tax Benefit	<u>736,351</u>	<u>729,073</u>
12. Current Liabilities – Payables		
Trade Creditors	282,576	111
Accrued Expenses	378,837	876,460
Accrued Salaries	75,318	77,576
Income in Advance	<u>1,112,026</u>	<u>1,109,175</u>
	<u>1,848,757</u>	<u>2,063,322</u>

Accounts Payables represent Trade Creditors, Accrued Expenses, Accrued Salaries and Income in Advance. Accrued Expenses are comprised of charges for goods and services received but not invoiced as at 30 June 2002. Income in Advance represents rents and lease payments billed prior to 30 June 2002 but relates to the period beginning 1 July 2002.

Significant Terms and Conditions

Trade Creditors are generally settled within 30 days.

Net Fair Values

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

13. Current Liabilities – Interest bearing liabilities

Borrowings		
Federal Government	295,263	295,263
WA Treasury Corporation	<u>564,924</u>	<u>564,924</u>
	<u>860,187</u>	<u>860,187</u>

Significant Terms and Conditions

All borrowings are unsecured.

The amount shown is the principal expected to be repaid as part of the quarterly repayments during the next twelve months. The weighted average interest rate on the current portion of the loan is 4.76% (2001: 6.49%).

The loan from Federal Government is interest free and is repayable in four annual instalments beginning June 2002.

Interest Risk

Interest is payable quarterly. The WA Treasury Corporation loan has a fixed interest rate.

Net Fair Values

The Authority considers the carrying amount of all borrowings approximate their net fair value.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

	2002 \$	2001 \$
14. Current Liabilities – Provisions		
Annual Leave	240,961	268,635
Long Service Leave	159,204	159,834
Sick Leave	134,005	96,175
Superannuation	56,824	56,358
Time in Lieu	30,167	12,513
Dividend	16,037	16,037
	<u>637,198</u>	<u>609,552</u>
15. Non Current Liabilities – Payables		
Income in Advance	<u>558,308</u>	<u>177,662</u>
Income in Advance represents rents and lease payments billed prior to 30 June 2002 but relates to the period beginning 1 July 2002.		
16. Non-Current Liabilities – Interest bearing liabilities		
Borrowings		
Inscribed Stock	200,000	200,000
WA Treasury Corporation	8,455,549	8,963,745
Federal Government	590,527	685,790
	<u>9,246,076</u>	<u>9,849,535</u>

Significant Terms and Conditions

All borrowings are unsecured.

The amount shown for WA Treasury Corporation is the principal expected to be repaid as part of the quarterly repayments during the life of the loan. The weighted average interest rate on the non-current portion of the loan is 9.62% (2001: 8.28%).

Inscribed Stock represents a fixed interest loan repayable in May 2004. The interest rate on the loan is 8.90%.

The loan from Federal Government is interest free and is repayable in four annual instalments beginning June 2002.

Interest Risk

Interest is payable quarterly. The WA Treasury Corporation loan has fixed interest rates.

Interest is payable half yearly on the Inscribed Stock.

Net Fair Values

The Authority considers the carrying amount of all borrowings approximate their net fair value.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

	2002 \$	2001 \$
17. Non-Current Liabilities – Deferred tax liabilities		
Provision for Deferred Income Tax	<u>161,444</u>	<u>435,248</u>
18. Non-Current Liabilities – Provisions		
Long Service Leave	175,845	135,109
Sick Leave	148,595	148,595
Superannuation	<u>328,534</u>	<u>302,242</u>
Provision for Employee Entitlements	<u>652,974</u>	<u>585,946</u>
19. Contributed Equity		
State Equity Contribution	<u>2,640,620</u>	<u>2,640,620</u>
<p>The Authority became subject to the Western Australian Tax Equivalent Regime (Income Tax) as from 1 July 1996, consistent with the State Government's policy on competitive neutrality and national competition policy. Under arrangements agreed with the State Government, the Authority has made tax payments for income tax and wholesales sales tax and such payments were reimbursed by the WA Treasury in the form of Equity injections. This arrangement ceased from the financial year ended 30 June 1999.</p>		
20. Reserves and retained profits		
a. Reserves		
Asset Revaluation Reserve	4,208,290	4,208,290
Developers Contribution Reserve	<u>2,605,277</u>	<u>2,605,277</u>
	<u>6,813,567</u>	<u>6,813,567</u>
b. Retained profits		
Retained profits at beginning of the financial year	12,433,049	12,395,630
Net profit(loss) for financial year	(25,919)	53,456
Dividends provided for	<u>-</u>	<u>16,037</u>
Retained profits at the end of the financial year	<u>12,407,130</u>	<u>12,433,049</u>

c. Nature and purpose of reserves

(i) Asset revaluation reserve

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(b).

(ii) Developers contribution reserve

The developers contribution reserve represents the total historical amount received from private developers to fund construction of a bulk shiploader with dust extraction capabilities.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

21. Financial Instruments

(a) Credit Risk Exposure

The credit risk on financial assets of the Authority which have been recognised on the Statement of Financial Position is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest Rate Risk Exposure

The Authority's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out in the following table: -

2002		Notes	Floating Interest Rate \$	1 Year or less \$	Fixed Interest Maturing in		Over 1 Year to 5 years \$	More than 5 years \$	Non interest Bearing \$	Total \$
Financial Assets										
Cash assets	6		1,654,282	659,753		-	-		300	2,314,335
Receivables	7		125,899	-		-	-		1,388,316	1,514,215
Other financial assets	9		<u>113,639</u>	<u>-</u>		<u>-</u>	<u>-</u>		<u>-</u>	<u>113,639</u>
			<u>1,893,820</u>	<u>659,753</u>		<u>-</u>	<u>-</u>		<u>1,388,616</u>	<u>3,942,189</u>
Weighted Average Interest Rate			2.24%	4.62%						
Financial Liabilities										
Payables	12		-						661,413	661,413
Loan – Inscribed Stock	16		-			200,000				200,000
Loan – WATC	13,16		-	564,924		2,259,696	6,195,853			9,020,473
Loan – Federal	13,16		<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>		<u>885,790</u>	<u>885,790</u>
			<u>-</u>	<u>564,924</u>		<u>2,459,696</u>	<u>6,195,853</u>		<u>1,547,203</u>	<u>10,767,676</u>
Weighted Average Interest Rate				7.63%		7.92%	7.63%			
Net financial assets (liabilities)			<u>1,893,820</u>	<u>94,829</u>		<u>(2,459,696)</u>	<u>(6,195,853)</u>		<u>(158,587)</u>	<u>(6,825,487)</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

21. Financial Instruments (continued)

(b) Interest Rate Risk Exposure (continued)

2001	Notes	Floating Interest Rate	Fixed Interest Maturing in			Non interest Bearing	Total
			1 Year or less	Over 1 Year to 5 years	More than 5 years		
		\$	\$	\$	\$	\$	\$
Financial Assets							
Cash assets	6	1,248,674	6,155,743			300	7,404,717
Receivables	7					2,112,772	2,112,772
Other financial assets	9	<u>107,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,935</u>
		<u>1,356,609</u>	<u>6,155,743</u>	<u>-</u>	<u>-</u>	<u>2,113,072</u>	<u>9,625,424</u>
Weighted Average Interest Rate		4.39%	5.75%				
Financial Liabilities							
Payables	12					876,571	876,571
Loan – Inscribed Stock	16			200,000			200,000
Loan – WATC	13,16		564,924	2,259,696	6,704,049		9,528,669
Loan – Federal	13,16	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>981,053</u>	<u>981,053</u>
		<u>-</u>	<u>564,924</u>	<u>2,459,696</u>	<u>6,704,049</u>	<u>1,857,624</u>	<u>11,586,293</u>
Weighted Average Interest Rate			8.28%	9.43%	8.28%		
Net financial assets (liabilities)		<u>1,356,609</u>	<u>5,590,819</u>	<u>(2,459,696)</u>	<u>(6,704,049)</u>	<u>255,448</u>	<u>(1,960,869)</u>

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying amounts.

2002	2001
\$	\$

22. Remuneration of Directors

The total fees, salaries and other benefits received or due and receivable for the year, by Directors of the Authority.

<u>43,074</u>	<u>43,932</u>
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The number of Directors of the Authority whose total fees, salaries and other benefits received or due and receivable for the year, falls within the following bands

\$0 - \$10,000	4	4
\$10,000 - \$20,000	1	1

Directors' remuneration excludes insurance premiums of \$10,620 (2001 \$12,402) paid in respect of Directors' and Officers liability insurance contracts, as the contracts do not specify premiums paid in respect of individual Directors and Officers. Information relating to insurance contracts is set out in the Directors' report.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

	2002 \$	2001 \$
23. Remuneration of Executives		
The total fees, salaries and other benefits received, or due and receivable by executive officers whose remuneration was at least \$100,000:	<u>391,735</u>	<u>358,860</u>
The number of executives of the Authority whose total fees, salaries and benefits received or due and receivable for the year, falls within the specified bands are as follows:		
\$100,000 - \$109,999	-	1
\$110,000 - \$119,999	1	1
\$120,000 - \$129,999	1	-
\$130,000 - \$139,999	1	1
24. Remuneration of Auditors		
Remuneration for audit of the financial statements of the Authority	<u>21,500</u>	<u>21,500</u>
25. Contingent Liabilities		
As at the date of this report the Authority is currently having discussions with the Maritime Union of Australia (MUA) in relation to a claim lodged by the MUA for the payout of sick leave for certain employees accrued prior to 1992. It is the Authority's position that no such entitlement was available to employees at this time and therefore no liability exists.		
Maximum contingent consideration payable	<u>184,286</u>	<u>184,286</u>
26. Commitments for Expenditure		
Operating Leases		
Commitments for minimum lease payments in relation to operating leases are payable as follows:		
Not later than one year	82,949	106,629
Amounts due later than one year	<u>76,761</u>	<u>78,250</u>
and not later than five years	<u>159,710</u>	<u>184,879</u>

Geraldton Port Authority

Notes to the Financial Statements

30 June 2002

	2002	2001
	\$	\$
27. Employee Entitlements		
Employee Entitlement Liabilities		
Provision for employee entitlements		
Current (note 14)	621,161	593,515
Non-current (note 18)	<u>652,974</u>	<u>585,946</u>
	<u>1,274,135</u>	<u>1,179,461</u>

Net Fair Values

The Authority considers the carrying amounts of employee entitlements approximate their net fair value.

28. Related Parties

Directors

The names of persons who were directors of Geraldton Port Authority at any time during the financial year are as follows: R Ramage; M Burrows; K Altham; B Anderson; and K Halbert.

Remuneration and Retirement Benefits

Information on remuneration of directors is disclosed in note 22.

Other Transactions with Directors and Director related Entities

Mr R Ramage rents/leases a pen from the Authority at normal rates, terms and conditions. The pen is located in the Private Craft Marina and the amount paid was \$1,375.

A director Mr R Ramage, is a principal of the Ocean Centre Hotel and Geraldton Motor Inn. Geraldton Port Authority had a number of transactions with Ocean Centre Hotel and Geraldton Motor Inn for hotel accommodation and meals for consultants and other port visitors. These transactions were under normal commercial terms and conditions.

	2002	2001
	\$	\$
Aggregate amounts of the above transaction is:		
Accommodation and meals	<u>9,201</u>	<u>11,867</u>

29. Event Occurring After Reporting Date

The Geraldton Port Authority received Cabinet approval on 22 July 2002 to undertake a \$103 million deepening of the Port.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

	2002 \$	2001 \$
30. Reconciliation of Profit from ordinary activities after Income Tax to Net Cash Inflow from Operating Activities		
Profit/(Loss) from ordinary activities after income tax	(25,919)	53,456
Taxation Equivalents Paid	(226,745)	(1,199,829)
Depreciation	2,524,946	1,442,592
Provision for Time in Lieu	17,653	1,616
Provision for Annual, Sick and Long Service Leave	50,261	152,605
Provision for Superannuation Liability	26,758	(7,603)
Provision for Doubtful Debts	(15,631)	15,907
Loss on Sale of Assets	204,909	9,561
Changes in Assets and Liabilities: -		
Decrease (Increase) in Receivables	614,188	(266,784)
Decrease (Increase) in Unexpired Expenses	63,834	(55,417)
Decrease (Increase) in Future Income Tax Benefit	(7,278)	59,427
Increase in Payables	282,467	25,518
Increase in Provision for Income Tax Payable	286,971	404
(Decrease) in Accrued Expenses	(499,881)	(508,676)
(Decrease) in Provision for Staff Redundancy	-	(110,378)
Increase (Decrease) in Provision for Deferred Income Tax	(273,804)	42,573
Increase in Income in Advance	383,497	267,040
Net cash inflow (outflow) from operating activities	<u>3,406,226</u>	<u>(77,988)</u>

31. Segment Information.

Business Segments

The Geraldton Port Authority is organised into the following business centres.

Commercial Harbour

Pilotage and navigational services in the Port of Geraldton. Infrastructure and maintenance of assets associated with the main harbour including ground leases, mooring/unmoorings, bulk handling facility and corporate services

Fishing Boat Harbour

Leasing of boat pens and property.

Other

Includes, recreational boat harbour and corporate services. None of these activities constitutes a separately reportable segment.

Geographical Segments

The Authority operates predominantly in the one geographical segment, being Australia.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2002

31. Segment Information (continued)

Primary reporting – business segments

2002	Commercial Harbour	Fishing Boat Harbour	Other	Total
Revenue from External Customers	7,968,843	1,423,794	77,687	9,470,324
Other Revenue	<u>265,452</u>	<u>194,973</u>	-	<u>460,425</u>
Total Revenue	<u>8,234,295</u>	<u>1,618,767</u>	<u>77,687</u>	<u>9,930,749</u>
Segment Result	<u>(481,262)</u>	<u>447,030</u>	<u>14,202</u>	<u>(20,030)</u>
Segment Assets	<u>27,749,718</u>	<u>2,631,389</u>	<u>146,854</u>	30,527,961
Unallocated Assets				<u>5,298,300</u>
Total Assets				<u>35,826,261</u>
Segment Liabilities	<u>391,967</u>	<u>1,273,419</u>	<u>4,948</u>	1,670,334
Unallocated Liabilities				<u>12,294,610</u>
Total Liabilities				<u>13,964,944</u>
Acquisition of Assets	<u>7,686,153</u>	<u>229,201</u>	-	<u>7,915,354</u>
Depreciation Expense	<u>2,364,856</u>	<u>151,546</u>	<u>8,544</u>	<u>2,524,946</u>
Non cash expenses other than depreciation	<u>246,495</u>	<u>9,192</u>	-	<u>255,687</u>

Notes to and forming part of the segment information

(a) Accounting Policies

Segment information is presented for the above business segments rather than the industry segment of port operator, identified in previous years to comply with the revised segment reporting accounting standard, AASB 1005 Segment Reporting, which has been applied for the first time in the year ended 30 June 2002.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of receivables and property, plant and equipment. Segment liabilities consist primarily of income in advance. Segment assets and liabilities do not include income taxes.

(b) Comparative information

An improved management reporting system was implemented this year. The change was significant and resulted in major change to the Authority's Chart of Accounts. Consequently this change has resulted in no comparative information being available in the above business segments.

Geraldton Port Authority Directors Declaration

The directors declare that the financial statements and notes set out on pages 4 to 24:

- (a) comply with Accounting Standards, other mandatory professional reporting requirements, and the financial reporting provisions of the Port Authorities Act 1999; and
- (b) the Statement of Financial Performance gives a true and fair view of the Authority's profit for the financial year 1 July 2001 to 30 June 2002;
- (c) the Statement of Financial Position gives a true and fair view of the Authority's state of affairs as at 30 June 2002.

In the directors' opinion at the date of this declaration there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

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



I King



K Halbert

Geraldton
19 September 2002



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON GERALDTON PORT AUTHORITY

To the Parliament of Western Australia

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Geraldton Port Authority for the year ended June 30, 2002 included on Geraldton Port Authority's web site. The Authority's directors are responsible for the integrity of Geraldton Port Authority's web site. I have not been engaged to report on the integrity of this web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Scope

I have audited the financial statements of Geraldton Port Authority for the year ended June 30, 2002 comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying Notes and Directors' Declaration. The Authority's directors are responsible for the financial statements. I have conducted an independent audit of the financial statements in order to express an opinion on them as required by the Port Authorities Act 1999.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Authority's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

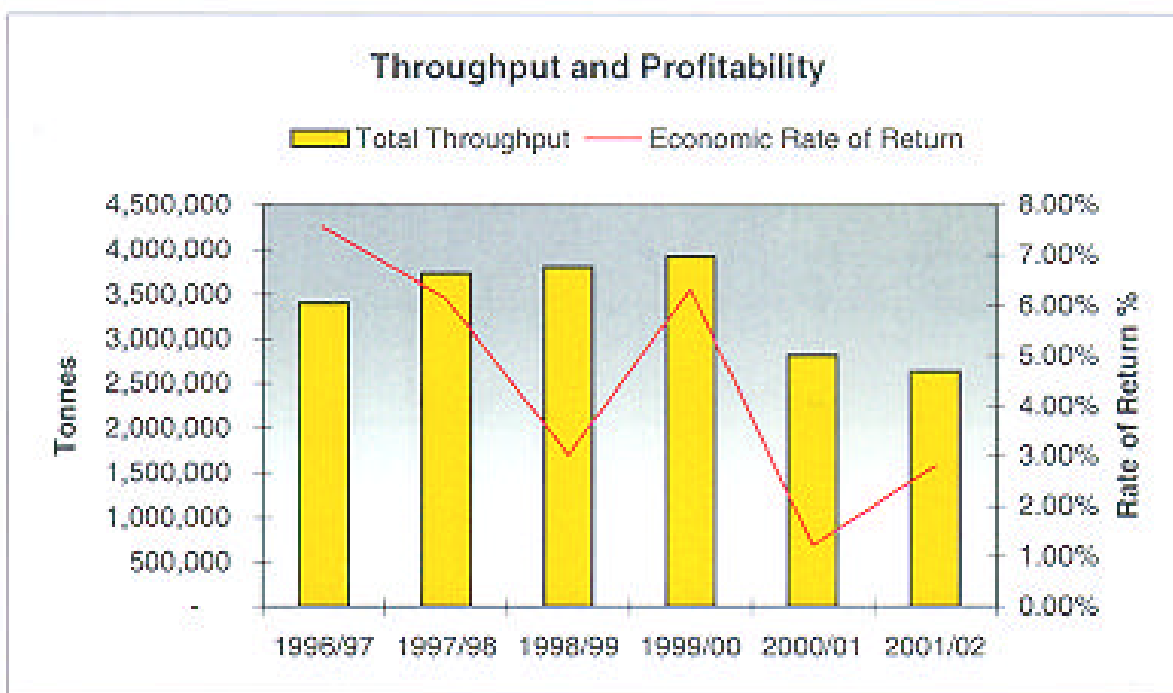
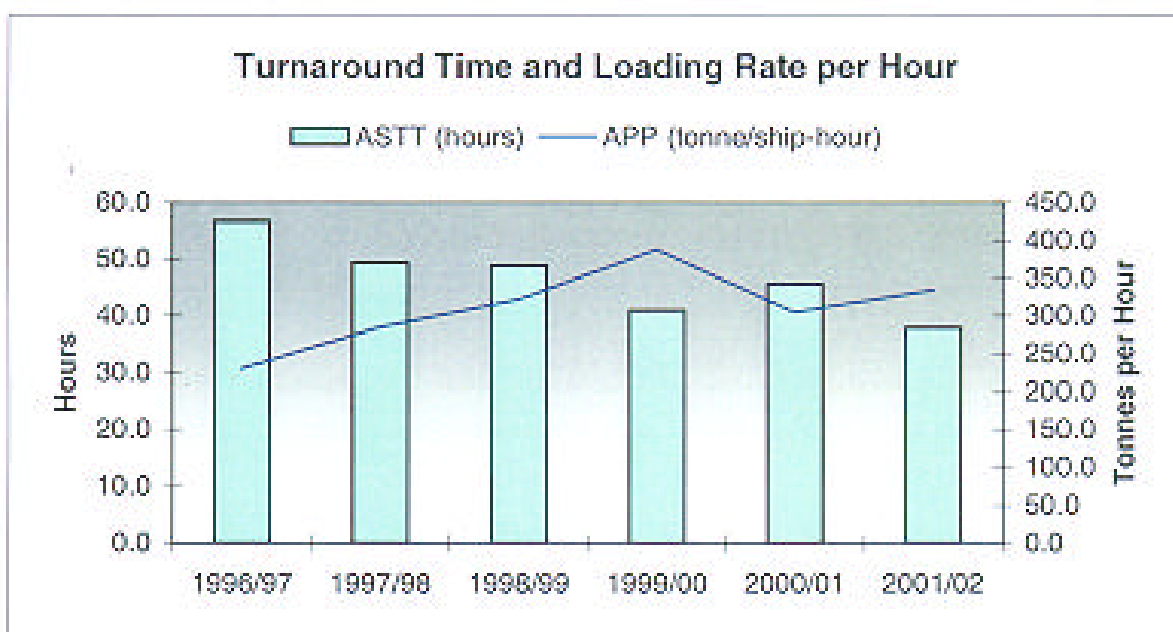
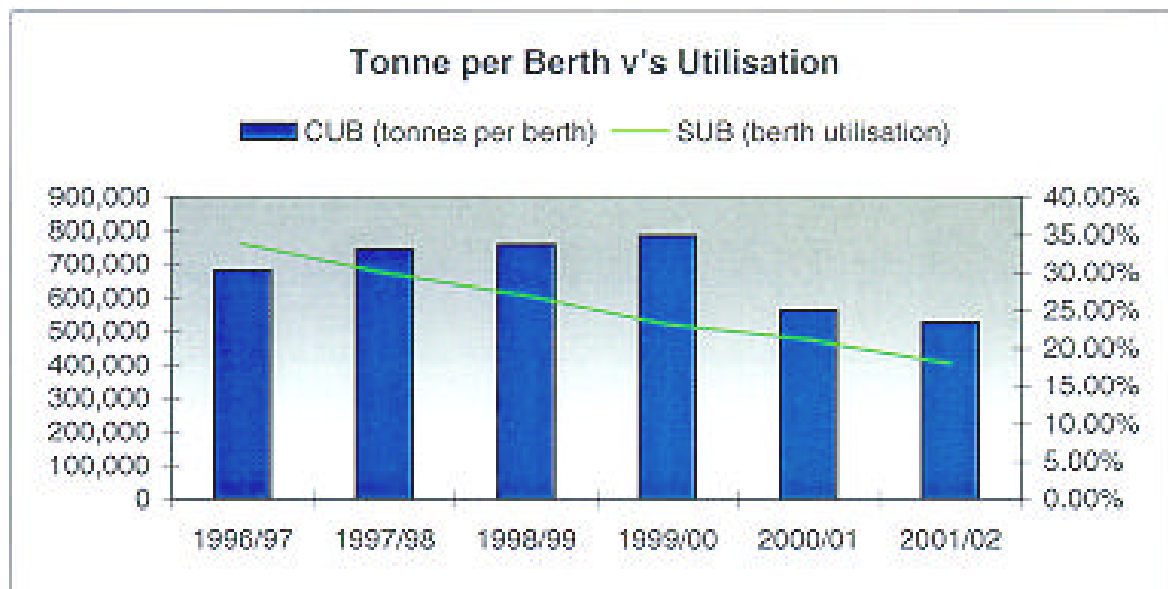
In my opinion, the financial statements of Geraldton Port Authority are properly drawn up:

- (a) so as to give a true and fair view of:
 - (i) the Authority's financial position at June 30, 2002 and of its performance for the financial year ended on that date; and
 - (ii) the other matters required by schedule 5 of the Port Authorities Act 1999 to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Port Authorities Act 1999; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

D D R PEARSON
AUDITOR GENERAL
September 27, 2002

**Geraldton Port Authority
Key Performance Indicators
As At 30 June 2002**

	<u>1996/97</u>	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>	<u>2000/01</u>	<u>2001/02</u>
Liquidity Ratio						
Current Ratio	2.13	2.51	4.86	2.66	2.99	1.12
Cash Management Ratio						
Free Cash Ratio	76.73%	82.11%	51.61%	83.50%	-10.07%	81.57%
Debt Management Ratio						
Debt to Equity	0.95	0.62	0.51	0.51	0.49	0.46
Interest Cover	2.71	2.33	1.69	3.87	1.18	0.97
Profitability Ratios						
Return on Assets	13.58%	15.52%	5.39%	10.45%	2.80%	2.07%
Return on Shareholders Equity	13.93%	16.86%	1.49%	7.95%	0.24%	-0.12%
Economic Rate of Return	7.56%	6.14%	3.02%	6.33%	1.22%	2.80%
Port Efficiency Ratios						
REPUT (\$/Tonne) - nominal	\$ 2.33	\$ 2.07	\$ 1.55	\$ 1.30	\$ 1.01	\$ 1.02
REPUT (\$/Tonne) - real	\$ 2.27	\$ 2.00	\$ 1.48	\$ 1.20	\$ 0.95	\$ 0.87
REPS (\$/Ship) - nominal	\$ 23,876	\$ 17,719	\$ 13,390	\$ 13,926	\$ 18,346	\$ 17,759
REPS (\$/Ship) - real	\$ 23,224	\$ 17,116	\$ 12,793	\$ 12,893	\$ 17,113	\$ 15,073
PACPUT (\$/Tonne) - nominal	\$ 4.21	\$ 3.67	\$ 3.09	\$ 2.40	\$ 3.66	\$ 3.78
PACPUT (\$/Tonne) - real	\$ 4.10	\$ 3.54	\$ 2.95	\$ 2.22	\$ 3.42	\$ 3.21
CUB (tonnes per berth)	680,645	746,461	760,771	787,611	564,225	526,562
SUB (berth utilisation)	33.78%	29.91%	27.01%	23.14%	21.09%	17.95%
ASTT (hours)	56.69	49.44	48.89	40.98	45.64	37.90
APP (tonne/ship-hour)	229.99	284.89	321.52	387.49	304.53	333.99
Total Throughput	3,403,223	3,732,306	3,803,856	3,920,891	2,821,126	2,632,809
REPUT	Revenue Earned per Unit Throughput					
REPS	Revenue Earned per Ship					
PACPUT	Port Authority Costs per Unit Throughput					
CUB	Cargo Units Berth					
SUB	Ship Utilisation Berth					
ASTT	Average Ship Turnaround Time					
APP	Average Port Productiveness					



Geraldton Port Authority

ANNUAL CUSTOMER SURVEY

ANNUAL CUSTOMER SURVEY	2000/2001 Average Performance Response	2001/2002 Average Performance Response
Customer Service	70%	72%
Response to Feedback	64%	68%
Value for Money	53%	58%
Management of Facilities	70%	66%
Maintenance of Facilities	69%	65%
Environmental Performance	68%	65%
Safety Performance	74%	74%
Communication with Customers	73%	71%
No of Responses Received	32	36
Response Rate	11%	9.25%

Key Performance Criteria

Poor = 25 Percentage Points

Fair = 50 Percentage Points

Good = 75 Percentage Points

Excellent = 100 Percentage Points

APPENDICES

Publications

The following publications are available from the Geraldton Port Authority:

- ♦ Statement of Corporate Intent
- ♦ Port Handbook
- ♦ Champion Bay Comment Newsletters
- ♦ Port Enhancement Project Newsletters

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RECORD INFORMATION

2001/2002

Largest Vessel

MV Gemstar
74,001 DWT
November 2001

HISTORY

Largest Vessel

MV National Prestige
75,100 DWT
March 2000

Largest Total Cargo

MV Nordmax
39,402 Tonnes Lupins & Talc
March 1999

Largest Single Cargos

MV Eiren	Wheat.....	39,116 Tonnes	December 1999
MV Artemis	Lupins	38,630 Tonnes	July 1999
MV Samjohn Captain.....	Canola	37,305 Tonnes	November 1999
MV CS Valiant.....	Barley.....	20,600 Tonnes	March 1997
MV Rubin Halcyon.....	Chickpeas	16,500 Tonnes	April 2000