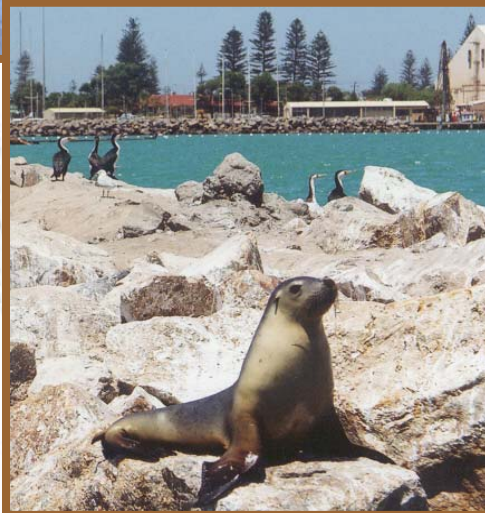




Geraldton Port Authority



Annual Report 2002-2003



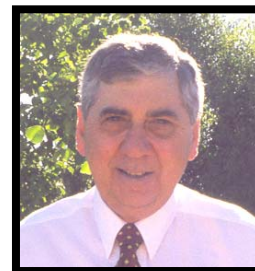
Geraldton Port Authority

2002 - 2003 Annual Report

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From the Chairman



The past year has been exciting and challenging for the Geraldton Port Authority with the highlight being the commencement of the \$103 million Port Enhancement Project.

The massive operation began in September 2002 and involved the dredging of approximately 4.5 million cubic metres of material to deepen the harbour basin and deepen and widen the shipping access channel. Other major works during the year have included wharf and Bulk Handling Facility modifications and upgrading of navigational aids.

The Port Enhancement Project will have a significant and positive impact on the Mid West, and in turn, the Western Australian economy. The construction phase of the project has provided an immediate boost to the regional economy through the creation of employment opportunities for local workers and local businesses.

The operating phase of the project will have an even more significant, long-term and sustainable economic impact. Over the next 20 years the enhancement work at Geraldton is expected to generate a regional economic output of \$130 million for grain alone. That equates to growth of \$6.5 million a year for wheat and coarse grains.

The impact of the dredging work in the harbour presented some challenges for the Port. Concern was raised over the plume of limestone particles, generated by the dredging work, and its potential effect on harbour seagrass and marine life.

The extent to which the particles were stirred up in Champion Bay was less than had been predicted by engineers advising the Geraldton Port Authority on the dredging operation, though the particles were extremely fine and the situation was compounded by calm weather conditions, which delayed the plume from being washed out of the Bay.

The response, determined by the Dredge Plume Management Advisory Group - set up by the Geraldton Port Authority under the approved Environmental Management Plan, involving major stakeholders and headed by former Environment Protection Authority Chair, Dr Bernard Bowen - was to advance the progress of dredging to the maximum possible extent, make greater use of the trailer dredges and deploy an additional dredge, *Obscured by Clouds*.

Ongoing monitoring, consultation and engagement of all stakeholders, including government, private industry and the local community, have been priorities for the Geraldton Port Authority throughout the Port Enhancement Project.

The partnerships with the community, industry and bodies such as the City of Geraldton, established as a result of the PEP will continue to bring benefits to the Port of Geraldton, its customers and the wider community of the Mid West.

I would like to pay tribute to my fellow Board Directors for their significant contribution throughout the year.

I would especially like to commend the work of Chief Executive Officer John Durant who is retiring in September. John has seen the Port through a momentous period in its history, including securing industry and State Government support for the Port Enhancement Project. John can look back on his six years at the Geraldton Port Authority with immense pride and in full confidence that he leaves the Port Authority in a very strong position to play its role in the development of the Mid West.

From the Chairman

I would also like to acknowledge the continued support of our key customers, especially Co-Operative Bulk Handling Ltd, The Grain Pool of WA, AWB Limited and our Mineral Exporters – Iluka Resources Ltd, Newmont Australia Golden Grove Operations, GMA Garnet Pty Ltd, Luzenac Australia Pty Ltd, Mount Gibson Iron Ltd, and Peak Hill Manganese Pty Ltd; our Importers - Summit Fertilisers, Wesfarmers CSBP Ltd, United Farmers Co-Operative Ltd, BP Australia & Shell Australia and the many companies involved in the Geraldton Fishery and those deep sea fishing companies which operate from Geraldton and the various Livestock Export companies.

I commend the hard work and commitment of all our staff during what has been a challenging and rewarding year for the Geraldton Port Authority. Their continued teamwork and support is essential to the success of our operations.

The coming year is an exciting one for the Geraldton Port Authority with the completion of the Port Enhancement Project and the start of a prosperous new era. We look forward to the challenges ahead.



Ian King
CHAIRMAN

From the Chief Executive Officer

It has been a groundbreaking and productive year for the Geraldton Port Authority.

The commencement of the Port Enhancement Project in September 2002 marked the start of a new and exciting future for the Port and the Mid West Region.

In addition, significant upgrades were undertaken during the year to Port facilities. These improvements will ensure the Port remains competitive by offering first class facilities to its customers and maximising opportunities for growth of the Port.

Throughout the year, the Geraldton Port Authority continued its commitment to extensive stakeholder consultation across all its business areas including the Port Enhancement Project. This process has established many productive working partnerships between the Port and its stakeholders and we have welcomed the valuable input and debate it has generated.

In my six years at the Port, it has always been my firm belief that a regional port such as Geraldton can be among the best and most productive in the country. This has been a challenge and a benchmark that we at the Geraldton Port Authority have set ourselves over the years.

We were immensely proud that the Port was highly commended in the 2002 Port of the Year Award for the Port Enhancement Project and its critical interface with the State Government's \$90 million Southern Transport Corridor road and rail network for the wider Geraldton area.

Second only to Sydney Ports Corporation, the commendation represented a huge accolade for the Port of Geraldton and much deserved recognition for the Authority and its significant achievements over the past few years.

I would particularly like to thank the staff of the Geraldton Port Authority for their commitment and hard work.

It is with some regret that I will be leaving the Port in September 2003.

My six years at the Geraldton Port Authority have been extremely challenging and rewarding and it has been a privilege to work alongside such a committed team of professionals.

We have achieved a great deal and I am pleased that the Port has played an important part in positioning Geraldton and the Mid West for an unprecedented period of strong economic growth.

The Port Enhancement Project and others including the Southern Transport Corridor, the road linking the Port with the northern goldfields and the City's own Town Beach and Foreshore Redevelopment Project have gone a long way to ensuring the future prosperity of the Mid West region.


John Durant
CHIEF EXECUTIVE OFFICER

Functions

The functions prescribed to the Port Authority in the Port Authorities Act 1999, are to:

- (a) Facilitate trade within and through the Port and plan for future growth and development of the Port.
- (b) Undertake or arrange for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the State through the use of the Port and related facilities.
- (c) Control business and other activities in the Port or in connection with the operation of the Port.
- (d) Be responsible for and promote the safe and efficient operation of the Port.
- (e) Be responsible for the maintenance and preservation of vested property and other property held by it.
- (f) Protect the environment of the Port and minimise the impact of Port activities on that environment.

The Act goes on to require that, in performing its functions, the Authority must:

- (a) Act in accordance with prudent commercial principles.
- (b) Endeavour to make a profit.

Purpose

The purpose of the Geraldton Port Authority is: *To facilitate trade.*

The Authority will achieve its purpose by:

- ◆ Providing a stimulating and safe working environment.
- ◆ Ensuring customer satisfaction.
- ◆ Value adding to the supply chain.
- ◆ Optimising its operational and economic performance.
- ◆ Operating with economic, environmental and social responsibility.
- ◆ Providing responsible corporate governance.
- ◆ Optimising the performance of its assets.

Trade Facilitation - Strategic Direction

The Geraldton Port Authority facilitates an estimated \$1 billion in trade annually. Its principal export is grain and, in normal growing seasons, is the second largest throughput tonnage grain port in Australia. The Port also facilitates a sizeable export trade in commercial minerals, imports fertilisers and fuels and conducts a small livestock trade.

A very significant component of the Authority's business is in facilitation of the Fishing and Western Rock Lobster industry which has an estimated trade value approaching \$0.4 billion. As part of this programme, the Authority operates a sizeable fishing boat harbour together with land-based support to process crayfishing and aquaculture.

The shore-side facility of the Port is significant with the provision of cargo assembly and storage areas, transport infrastructure and support services. Properties are owned both within and outside the gazetted Port with a very large land tenancy portfolio.

The total replacement value of Port Infrastructure is about \$1 billion, not including property improvements provided by tenants and lessees, but more particularly in cargo storage and handling facilities, break-walls, reclaims and dredged channels.

In keeping with the trade facilitation role of the Authority, the range of professions and skills available to the Authority has been upgraded and trade is now conducted through an environment of business supported by licences, contracts and key performance criteria. The Annual Gross Trade Value of \$1 billion derives primarily from grain, fishing, minerals, fertilisers and livestock with a total annual trade tonnage volume heading towards four million tonnes.

A significant amount of effort and work has been undertaken and extended in recent times to ensure that the Port is well positioned to perform and fulfil its ultimate task to facilitate trade. The principal focus of this commitment has been the Port Enhancement Project (PEP). The essential outcome being to ensure that the Port remains competitively and commercially viable in meeting the needs of Port customers, targeted at the Handymax vessel sized sector of core Port business activity.

In line with the Port's main purpose to facilitate trade, a number of marketing initiatives have been introduced to promote and maximise further Port usage. Such initiatives include:

- ◆ The development of a trade facilitation action plan (including the identification of new opportunities).
- ◆ The development of liaison with trade and industrial development organisations.
- ◆ The development of a trade enquiry and follow-up service.
- ◆ The development of a trade promotional service.
- ◆ Upgrading customer advisory services.
- ◆ Establishment and operation of Customer Service Focus Groups:
 - Grains
 - Minerals
 - Importers
 - Fishing
 - Shipping Agencies

Trade Facilitation - Strategic Direction

The Geraldton Port Authority is also challenging traditional trade routes - particularly for minerals and grain - and has identified many areas such as the North and East Murchison mineral fields and North Central grain belt where Geraldton is a more appropriate service port than, particularly, Esperance, Fremantle and the Pilbara. Land Transport cost savings of 20% are not unrealistic and an improved cost performance of Geraldton Port is being pursued. Sea freight savings of \$50,000 per ship are also not unrealistic.

These savings are now made possible resulting from the recent successful completion of the State Government supported and funded sealing of a road transport corridor from Mt Magnet through to Leinster. For the first time, the Mid West region now has access to existing business interests of the Northern Goldfields - thus creating competitive alternatives to the traditional transport routes of the southern and metropolitan areas of the State.

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 development of strategic 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 Geraldton Port Authority. The Board appoints the Chief Executive Officer and reviews performance and remuneration. It also oversees general remuneration policy for the Authority 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 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.

Director Audit Review Committees

Two Audit Committees have been established – one to address Financial Issues and the other compliance with Policies and Direction. The Chairman of the Financial Committee is Director Kim Halbert and the Chairman of the Compliance Committee is Director Bruce Anderson. Membership of each of the respective Committees will constitute available Directors.

The respective Committees will generally meet on the afternoon of the day before each monthly Board Meeting and conduct affairs in accordance with the following duties:-

Audit Committee - Chair Kim Halbert with all Directors

- ◆ Review activity of internal audit.
- ◆ Provide additional assurance to quality and reliability of financial information used by the Board and financial statements issued externally.
- ◆ Liaise with external auditors.
- ◆ Oversee compliance with statutory responsibilities relating to financial disclosure including related parties transaction.

Compliance and Remuneration Committee - Chair Bruce Anderson with all Directors

- ◆ Monitor legal and procedural requirements to ensure compliance with regulatory requirements and advise the Board on policy development requirements.
- ◆ Advise the Board on remuneration levels for senior management.

Directors' Rights

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

Directors' Education

As at the reporting date, advanced progress had been made on compilation of a Corporate Governance and Directors Manual that has as its primary purpose to provide a basis for Director induction, training and reference in the areas of Geraldton Port Authority strategic direction (through the Strategic Development Plan), Port policies, procedures and significant legal opinion.

Directors also have access to an annual programme 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 policy 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 and 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.

Codes of Conduct

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

The Code of Conduct relating to Employees 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.

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.

The Port's insurers, RiskCover, conducted a review of the Authority's 1999 Risk Management goals and strategies with a view to updating and identifying a new range of target initiatives for adoption by the Port. A Riskbase Database System was purposely designed and built by RiskCover as a means for the Geraldton Port Authority to undertake the review process.

A Risk Management Workshop was convened by RiskCover to facilitate the review process. All sections of the Port were represented at the workshop through senior personnel participation in the risk identification process.

A database matrix representing the key risks identified in the review process is currently being prepared by the Geraldton Port Authority with a view to formal adoption as part of the Port's future strategy formulation and risk mitigation process.

External 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 on its most recently completed financial year to the Minister within ten days of receipt of the first audit opinion from the OAG on the financial accounts of the Port.

Internal Audit

Under a negotiated and agreed arrangement, the Western Australian ports of Broome, Port Hedland, Geraldton and Albany carry out reciprocal internal audit functions on a rotating basis. The Port Hedland Port Authority conducted the Internal Audit function for Geraldton during the 2002/2003 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.

Special Assignment Internal Audit

A special assignment specific Internal Audit function has been established with a local service provider, Mr Tom Thuijs (B.Comm CPA). This enables the Port, through the Board's Compliance and Remuneration Committee, to undertake specific reviews when appropriate, for compliance and validation purposes.

2002 - 2003 Report on Operations

Highlights

- ◆ The Geraldton Port Authority awarded the \$73 million dredging contract for the Port Enhancement Project in August 2002 to Jan De Nul NV/Boskalis International BV Joint Venture.
- ◆ Work started on the \$103 million Port Enhancement Project in September 2002 – a project which will deliver significant economic benefits to Geraldton and the Mid West region.
- ◆ The Geraldton Port Authority signed an agreement with Mount Gibson Iron Ltd (MGI) for the export of a minimum of 1.5 million tonnes per annum of bulk hematite (iron ore) product from the Port of Geraldton. As part of this agreement, MGI lodged a \$5 million Bank Guarantee with the Geraldton Port Authority as security for the investment and development of storage facilities at the Port. Also included was a guaranteed commitment by MGI to contribute a set annual payment of \$2.25 million for the duration of the guarantee period.
- ◆ Geraldton Port Authority was highly commended in the 2002 Port of the Year Award (second only to Sydney Ports Corporation) for the PEP and its critical interface with the State Government's \$90 million Southern Transport Corridor road and rail network for the wider Geraldton area.
- ◆ Extensive stakeholder consultation was undertaken by the Authority on the PEP project during pre-construction and construction phases of the project.
- ◆ The Geraldton Port Authority and the City of Geraldton signed an historic Memorandum of Understanding – designed to progress the \$20 million Foreshore Redevelopment and streamline communication between the two organisations for the future benefit of the entire community.
- ◆ The Authority undertook significant environmental monitoring and reporting in respect of water quality; light attenuation; seagrass condition; whale migration; sea lion and other marine mammals; and artificial reef construction – ensuring an appropriate triple bottom line outcome for the PEP and providing useful baseline data for the future.
- ◆ The Port successfully continued with its strategy to hold port pricing at previously set levels. Apart from a small adjustment to mooring service charges, port tariffs at Geraldton remained static for the 11th consecutive year.
- ◆ The Geraldton Port Authority assisted the City of Geraldton in its endeavours to turn the ex-private vessel *South Tomi* into a dive wreck and tourist attraction.
- ◆ The Authority, as part of the PEP, assisted the Geraldton Yacht Club (GYC) with the relocation of mooring pen facilities from the Port's Recreational Boat Harbour facility to the Batavia Coast Marina (BCM).
- ◆ Formation of three deepwater artificial reef ridges built by using rocky limestone dredge material - providing a new home for rock lobsters and creating some long-term benefits for Geraldton's recreational fishermen and the commercial rock lobster industry.
- ◆ Significant upgrades were undertaken during the year to Port facilities including navigational aids, the Bulk Handling Facility, and modifications to breakwaters and groynes.

PORT ENHANCEMENT PROJECT

Work commenced on the \$103 million Port Enhancement Project. Cabinet approved the Port Enhancement Project in the previous reporting year and tenders for the dredging contract were immediately called for. A \$73 million contract for the dredging was signed between Geraldton Port Authority and the Jan De Nul NV/Boskalis International BV Joint Venture and witnessed by the Minister for Planning and Infrastructure on 1 August 2002.

The PEP has involved the dredging of approximately 4.5 million cubic metres of material to provide deepening of the harbour basin together with deepening and widening of the shipping access channel. Some of the world's most modern dredging technology is being used in the dredging works - the world's largest self-propelled cutter suction dredge *Leonardo da Vinci* and two trailer suction hopper dredges / barges *Nina* and *Pinta*. The method for the dredging works involves rock cutting by the *Leonardo da Vinci* which has a rotating cutter head located at the bow of the vessel which fragments the rock material and pumps it directly into the attendant barges *Pinta* and *Nina*. The barges then transfer the dredge material to three material relocation (artificial reef) sites.

The construction phase of the project has provided an immediate boost to the regional economy through the creation of employment opportunities for local workers and economic benefits for local businesses. The Mid West's output is estimated to grow by \$68 million in the year of construction, value-added by an increase of \$41 million to local businesses, a \$28 million boost to household income, and the creation of 660 new jobs.

The contract "date for practical completion" is 31 August 2003. In May 2003, the contractor advised that they would no longer be able to achieve completion by that date. The actual date of completion of the project is dependent on weather conditions and dredge productivity. It is anticipated, however, that completion to suit timing commitments to port customers will be achieved.

Consultation Programme

A programme of extensive stakeholder consultation has occurred during the pre-construction phases of the project development. This philosophy of transparency, communication and opportunity for input into decision-making was carried forward in the execution of the project works. The programme included the following key aspects:

- ◆ Weekly coordination sessions between the construction management team and all of the live lobster export organisations that draw sea water from Champion Bay.
- ◆ Regular meetings of the Dredge Plume Management Advisory Group (DPMAG) to assess issues and recommend actions resulting from water turbidity associated with the dredging operations. An eminent independent chairman - former Environmental Protection Authority Chair, Dr Bernard Bowen - was used for this group and it involved representation of the following groups and organisations:
 - Department of Environment
 - Fisheries WA
 - City of Geraldton
 - Live lobster export organisations
 - Recreational Fishing Committee
 - Representatives of the professional fishing industry
 - McBoats Pty Ltd
 - Active Community Environmentalists
 - CoastCare
 - Charter boat operator
- ◆ Publishing regular editions of the *Champion Bay Comment* and project updates in the local newspapers.
- ◆ Issuing daily dredge position reports to waterway users via local media outlets.
- ◆ Carrying out briefings on the project to various community groups.

Eastern Breakwater Mediation

Early in the financial year environmental approvals were received for the project to proceed. Part of the approval process included an agreement to support a mediation team to assist in the resolution of the Eastern Breakwater issue.

The Eastern Breakwater extension at the Port is to enable the working berths of the Port to operate effectively and efficiently. Removing the smaller vessels - tugs, trawlers and non-cargo vessels from the main berths to the new area will enable the Port to make full use of its cargo handling capacity. The proposal to construct a railway on the extension to the eastern breakwater followed extensive studies to determine the best option for unloading trains at the Port once the Geraldton Southern Transport Corridor is in operation. When the new corridor is complete, trains will enter the Geraldton Port facilities from the West instead of from the East - where the existing train lines run along the city foreshore. The rail line on the breakwater will blend into the working background of the Port and enable the City of Geraldton's Foreshore Redevelopment & CBD Revitalisation Project to become a reality by removing the rail line from Geraldton's foreshore.

The mediation involved the convening of multi-party stakeholder groups to review and discuss the Eastern Breakwater as part of the Geraldton Port Enhancement Project and the Foreshore Redevelopment Project to determine a community consensus on the best way forward.

The outcome of the two-day mediation session was the completion of an agreed concept plan for the ultimate development of this area and the Geraldton Port Authority looks forward to working with all parties to ensure expectations are met and the maximum potential is gained from this area.

Environmental Monitoring

Preservation and enhancement of the natural environment is a high priority for the Geraldton Port Authority. The approved Environmental Management Plan for the Port Enhancement Project involved significant amounts of monitoring and reporting in respect of water quality; light attenuation; seagrass condition; whale migration; sea lion and other marine mammals; and artificial reef construction. This has played an important part in ensuring an appropriate triple bottom line outcome for the project and will provide useful baseline data for the future.

PEP Customer Communications

The successful completion of the PEP will see the introduction of an A\$2.20 per tonne of cargo (GST inclusive) Port Enhancement Charge for all Port customers, allowing the Geraldton Port Authority to recover investment costs committed in the project. The new charge will be introduced on 1 January 2004.

During the year significant resources were invested by the Geraldton Port Authority in the preparation of Communication Documents for respective industry sectors as a means of identifying and quantifying the potential benefits to customers in the enhanced port.

Each report identified that the PEP will provide significant short and long-term benefits to all Port customers. Without the PEP, the threat to the Port's current prosperity, and ultimately its future, is real. The report identified that without the PEP, the Geraldton Port Authority cannot be expected to play a pivotal role in the changing environment and deliver effective service benefits to customers.

Artificial Reefs

Geraldton has an abundance of shallow reef but, further offshore, the sea floor is relatively flat and barren. It will soon have a new reef area that provides a habitat for rock lobsters and deepwater reef fish. As part of the Port Enhancement Project dredging works, a series of deepwater artificial reef ridges are being built using rocky limestone dredge material. These reefs are being developed in an area 2-3km West and 4.5km North West of Point Moore - an area chosen in conjunction with local industry people. The offshore reef will be the first of its type in Australian waters and the work is being carefully planned to ensure the structures being formed satisfy the Commonwealth's sea dumping permit requirements, as well as those of Fisheries WA and the local rock lobster industry.

PORT CHARGES

The reporting period continued with the Port's strategy of holding Port pricing at previously set levels. Apart from a small adjustment to mooring service charges, Port tariffs at Geraldton remained static for the 11th consecutive year. In real terms, charges at Geraldton have fallen during this period by some \$0.54 per tonne of cargo – an outstanding result for Port customers particularly during recent times of difficult trading conditions.

WHARF MODIFICATIONS

Towards the end of the financial year tenders were called for the modifications required at Berths 3, 4 and 5 as a result of the deepened harbour basin. Works will involve the installation of berthing dolphins at all of these berths and solid infill areas at one of the berths to enable the berthing and access to deeper draft vessels.

BERTH 4 SHIPLOADER

The boom of the Bulk Handling Facility minerals shiploader was replaced with a larger boom to facilitate the loading of vessels at the new berth face. This involved the shutdown of the Bulk Handling Facility for approximately one month towards the end of the financial year to permit these works to be completed.

PONTOON MANUFACTURE AND INSTALLATION

Following the shiploader boom extension, and prior to the construction of the new berthing dolphins, the use of temporary stand-off pontoons has been required to position vessels under the Berth 4 Shiploader. The pontoons came from the Mid West region at the dredge mine operations of Iluka Resources Ltd. They were modified on-site at the Port and commissioned during June 2003.

BREAKWATERS AND GROYNES

Modifications to the offshore viaduct and removal of part of the old northern breakwater to make way for the dredging of the wider harbour basin entrance were completed during the period. The material from the northern breakwater was relocated to provide a breakwater spur, extending north from the previously completed reclamation bund.

PORT MAKES WAY FOR SOUTH TOMI

The Geraldton Port Authority assisted the City of Geraldton in its endeavours to turn the vessel *South Tomi* into a dive wreck and tourist attraction.

The City of Geraldton successfully obtained the 57 metre-long vessel - taken into custody by fishing authorities in 2001 - from the Department of Transport and Regional Services and plans to scuttle it off the coast for use as an artificial reef and dive location.

The *South Tomi* was first sighted off Heard Island (4100km south west of Perth) in March 2001 with a \$1.5 million illegal cargo of Patagonian toothfish on board. It headed briefly toward Fremantle before fleeing across the Indian Ocean with fishing authorities in "hot pursuit". The pursuit lasted 14 days and ended 390 kilometres south of Cape Town.

The Port, recognising the tourism potential that the *South Tomi* presents to Geraldton, agreed to assist the City by undertaking work to accommodate the vessel.

In February 2003 the Port Authority cut 75 metres out of one of its breakwaters and dredged an area large enough to accommodate the *South Tomi*.

All artefacts must be cleaned, removed and catalogued from the *South Tomi* before any further action – such as scuttling the vessel - can be taken.

The Port Authority has agreed to provide berthage to the City free of charge during this process.

MEMORANDUM OF UNDERSTANDING

The City of Geraldton and the Geraldton Port Authority signed an historic Memorandum of Understanding (MOU) on 11 April 2003. The MOU is designed to progress the \$20 million Foreshore Redevelopment and streamline communication between the two organisations for the future benefit of the entire community.

The agreement, thought to be the first of its kind in Western Australia, results from 12 months negotiation between the Council and Port Authority. This included collaboration on the development of plans for the City's \$20 million Foreshore Redevelopment and CBD Revitalisation Project, in particular over provision in the new-look foreshore for a railway line servicing the Port for the mining and agricultural needs of the region.

Both parties have agreed to abide by the MOU and will consult regularly with each other particularly where major projects are involved.

FOCUS ON COMMUNICATIONS

The Geraldton Port Authority continues to ensure its customers and stakeholders are kept fully and regularly informed of issues relevant to operations at the Port. Through frequent *Customer Information Bulletins*, information can be communicated thus maintaining a high level of contact with all stakeholders. The Port's open-door/phone policy ensures that customers have access to Port Authority personnel to discuss any matters affecting their business, and regular Open Forums provide a opportunity to meet and share information in a semi-formal arena.

Numerous Port focus groups meet regularly and provide a forum in which collective issues can be discussed and considered between representatives of all stakeholders operating within the Port.

The Geraldton Port Authority is committed to ensuring its website contains all the latest information and statistics on the Port and is an easy reference point for any audience requiring information about the Port of Geraldton.

Representation by the Port on various local and state government committees and community groups means information can be disseminated and that ongoing contact is maintained.

Prepared media releases, together with the Port's newsletter *Champion Bay Comment*, published in the local media, provide an avenue for the Port to update the community on happenings at and around the Port. Briefings to community groups and schools are also undertaken.

PORT TOURS

Tours of the Geraldton Port and Co-operative Bulk Handling Ltd facilities commenced in June 2003 for a three month trial period. The two hour guided walking tours have been very successful and have created awareness of the Port, giving participants an insight into its role in our community. Industrial tourism is an important regional economic activity and with the trial period the Port hopes to gauge the interest from tourists and locals to see how a permanent tour programme can develop in the future.

MOUNT GIBSON IRON LTD

As a pre-condition of State Government support for the Port Enhancement Project (PEP), the Geraldton Port Authority successfully negotiated a Port Services Agreement with Mount Gibson Iron Ltd (MGI) for the export of bulk hematite (iron ore) product from the Port of Geraldton. The agreement includes the following essential elements:

- ◆ A requirement for MGI to export a minimum annual volume of 1.5 million tonnes per annum;
- ◆ A requirement for MGI to lodge a \$5 million Bank Guarantee with the Geraldton Port Authority as security for the investment and development of storage facilities at the Port;
- ◆ A guaranteed commitment by MGI to contribute a set annual payment of \$2.25 million for the duration of the guarantee period.

To accommodate MGI products through the Port, the Geraldton Port Authority will also be investing \$5 million in existing Bulk Handling Facility (BHF) modifications in the lead up to initial exporting activities. The modifications are required to enable hematite products to be effectively and efficiently handled through the Port and in a manner that achieves a sound environmental standard and socially acceptable outcome.

BULK HANDLING FACILITY

With the current servicing contract for provision of Bulk Handling Facility (BHF) services at Berth 4 due to expire on 31 July 2003, initial progress was made to secure a new servicing arrangement from 1 August 2003.

Expressions of Interest (EOI) were called and received from parties wishing to provide such a service on behalf of the Port's mining customers. Three organisations were short-listed and invited to lodge a further Request for Proposal (RFP) for consideration by the Geraldton Port Authority .

At the time of reporting, all three applicants had submitted a RFP for the consideration of the Evaluation Committee and then recommendation of a preferred tender. A three-month contract extension had also been granted to the current incumbent to allow additional time for the Authority to further consider and advance the process.

There is a high possibility that pricing for provision of BHF services will increase above the level currently enjoyed by mineral exporters. This is because independent engineering assessment has identified the annual maintenance task as a critical area in which service continuity is threatened unless appropriate funding resources are allocated and received.

GERALDTON YACHT CLUB PEN RELOCATION PROJECT

A critical part of the Port's plans concerning the PEP involved an agreement with the Geraldton Yacht Club (GYC) for the relocation of mooring pen facilities from the Port's Recreational Boat Harbour facility to the Batavia Coast Marina (BCM).

A formal contract will be entered into by the Geraldton Port Authority and the GYC which will see the Port fund the relocation costs of mooring pens from the RBH and into the BCM. To ensure total costs remain affordable to the GYC, the project requires a significant level of technical investment by the Authority in the relocation task – part of the Port's contribution to the construction arrangement.

Costs for the project will be recovered annually from the GYC until full repayment of the relocation investment. The term of the loan payback period has been set for 15 years, upon which ownership in the pen facilities will divest and transfer to the GYC.

SHIPHANDLING

Successful shiphandling techniques were developed and implemented to mitigate significant dredge downtime costs during the Port Enhancement Project. These techniques, when interfaced with shipping windows, upheld customer expectations and allowed the project to continue unaffected. A Certificate of Local Knowledge (COLK) system was developed and COLKS were issued to all Masters of dredge and associated craft to maintain safe waterway operations.

CHANNELS AND PILOTAGE INTERFACE

Enhanced port simulation continued using *Port Sim*, an in-house computer based shiphandling programme, which enables port pilots to carry out simulated pilotage movements using varying parameters. The Assistant and Deputy Harbour Masters successfully completed shiphandling courses at Port Ash in New South Wales to support shiphandling during dredging and in the future enhanced Port.

An alternative channel was established in Champion Bay as a bypass to the east west alignment for vessels with draft of less than 7.5 metres. This channel will be retained and be marked in the enhanced Port to facilitate operational expediency in future years.

NAVIGATIONAL AIDS

In the early stages of the Port Enhancement Project the existing channel beacons and sars towers, all of which were due for overhaul and/or replacement, were removed to facilitate the dredging. Procurement of materials and equipment is progressing for the provision of new channel beacons following the completion of the PEP.

The oscillating boundary PEL light was established on the rear bluff point lead to delineate the alternative channel. This will be rotated to cover the east/west alignment and channel approaches.

Five sars towers have been refurbished and four were reinstated in the east/west alignment. A reconditioned buoy has replaced the original *Racon G* Fairway buoy.

DGPS ROVER

During the year navigational aids were given a further boost with the purchase of a Differential Global Positioning System (DGPS) receiver and associated software. This system will be used in accurately positioning navigational aids, determining positions of existing structures/points and to provide assistance with seagrass monitoring by locating monitoring stations. The DGPS collection signal can determine positions accurately to within 0.5m. Selected staff attended training and will now train other users to utilise this equipment.

TOWAGE

A preferred tenderer has been selected to provide two 50 tonne Bollard Pull (minimum) Forward Azimuthing Tractor Tugs for provision of towage services in the enhanced Port. The Port's existing tugs *Beacon* and *Pelsaert* were dry-docked in December 2002 for scheduled maintenance and Adsteam Harbour's tug *Wandilla* relieved in Geraldton for one month during that period.

DYNAMIC UNDER KEEL CLEARANCE – DUKC

The final licence and operating arrangements between the Geraldton Port Authority and OMC International have been agreed upon and the system is due to be commissioned in October 2003.

DIANA AVRIL

A new pen was custom built for the fishing vessel *Diana Avril* in the southeast corner of the Commercial Shipping Harbour (CSH) basin. This is the first initiative in the Port's plan to provide berthage for large fishing vessels in the CSH without impacting upon customary Port operations. These larger vessels are unable to access the Fishing Boat Harbour due to draft constraints.

VHF MONITORING

Concise records of VHF transmissions transmitted and received from the Geraldton Port Authority are required for two main purposes. These are:

- 1) Monitor and record of exchanges between vessels, pilots, tugs, watercraft and port control for the purposes of evidence and data management.
- 2) Record of exchanges between port control and dredge contractors for the purpose of validating advice as to times of cessation and "all clear" to resume dredging.
- 3) Provide adequate backup communications capability.

A VHF system that will automatically monitor and record every transmission made in four VHF channels over 24 hours has been installed.

This now allows for the continuous recording of traffic on VHF channels 06, 08, 11 & 16. Data is time and date stamped for ease of review. This has been a vital tool in the management of dredging activity and any particular incidents that may occur in the Port.

EMERGENCY RESPONSE

The Port Emergency Plan was enhanced to interface emergency response capabilities with the Port Enhancement Project in September 2002. The PEP required a significant amount of activity, which inherently involved increased management of risk. The response plan has been activated on a number of occasions during the year, with successful outcomes on each occasion.

PILOTAGE MOVEMENTS

For the first time ever, pilotage operations were conducted outside the Commercial Shipping Harbour when two mechanically disabled fishing vessels required pilotage assistance into the Port's Fishing Boat Harbour main wharf.

The Port also provided assistance to the City of Geraldton on the arrival, under-tow, of the vessel *South Tomi*, which will be scuttled off the coast and used as an artificial reef and dive location. The *South Tomi* (dead ship) was boarded in the inner harbour by the Port's pilot and guided into berth at the former Recreational Boat Harbour utilising the Port's pilot vessel and workboats.

UPGRADE OF SEWER SCHEME / COAST & CLEAN SEAS

The Geraldton Port Authority has completed the detailed design and procured materials for the installation of a reticulated wastewater collection scheme at the Port. This will provide a facility for discharges to be treated at the Water Corporation's wastewater treatment plant. Existing septic tanks and small-scale sewage treatment plants at the Port will be decommissioned in due course.

RECLAMATION BUND AND SMOS DREDGING

The breakwater extension bund – which was constructed in the previous financial year - was lined with a plastic membrane and geotextile fabric to provide a secure area for the relocation of spilt mineral ore sediments (SMOS) prior to capital dredging of the harbour basin. The SMOS was dredged utilising small cutter suction dredges owned by a Perth contract operator.

NORTHERN BEACHES STABILISATION

Under the Memorandum of Understanding with the City of Geraldton, the Geraldton Port Authority has commenced sand bypassing to areas north of the Batavia Coast Marina, which were in need of renourishment due to interruption of the littoral drift in this area. The bypass sand will assist the City of Geraldton to develop management strategies for this section of its coastline. As part of the Port's commitments under the Port Enhancement Project, GPA's responsibilities will also extend to monitoring and assessing this section of coastline.

BULK HANDLING FACILITY MODIFICATIONS

An upgrade to the existing material handling facilities for unloading Mount Gibson Iron Ltd (MGI) iron ore delivered by rail and then transferring the ore from storage to ship has commenced. Works include:

- ◆ Relocation of existing GMA Garnet Shed
- ◆ Installation of a new train receiving hopper
- ◆ Upgrading of dust extraction at the rail unloader
- ◆ Further enclosing of existing conveyor CV03
- ◆ Provision of new wind shields to existing conveyor CV04
- ◆ Construction of a new enclosed conveyor to transfer ore into the MGI shed
- ◆ New enclosed transfer stations with associated dust extraction system
- ◆ Upgrading of Transfer Tower 4 by way of better enclosing
- ◆ Upgrading for the Transfer Tower 3 dust extraction systems
- ◆ Fully enclosing the shiploader tripper
- ◆ Enclosing the shiploader boom
- ◆ Installation of new conveyor drives as necessary
- ◆ Provision of an upgrade and chute extension to the shiploader dust extraction system
- ◆ Upgrading and reinforcing the electrical distribution system

NEW TUG AND WORKBOAT BOAT BASE

A new home for the Port's workboat and tug fleet will be developed at the site of the former Recreational Boat Harbour. Dredging was carried out to deepen this area and a new entrance was cut through the existing seawalls. This is the first stage of works that will eventually see the tugs and workboats relocated from their current facility in the Commercial Shipping harbour between Berths 4 and 5. Pens and wharves will be constructed at a later date.

BERTH 5 LIGHTING

Two lighting towers which supply lighting to Berth 5 and surrounding areas were dismantled and completely refurbished including rebuilding of corroded elements. Work included an entire abrasive sandblast, repaint and the installation of modern light fittings.

ASSET MANAGEMENT PROGRAMME

A five-year maintenance plan for all Port assets, including the Bulk Handling Facility, has been completed. All maintenance work is scheduled and recorded via CAMMS (Computer Aided Maintenance Management System) software. A thorough Asset Register and Asset Replacement Plan is also kept up to date and will be continually enhanced.

SAFETY AUDIT & RISK ANALYSIS

An external Independent Safety Audit / Risk Analysis was undertaken to review the status of Geraldton Port Authority safety plan and procedures and identify and recommend improvements. The Authority was generally compliant with its safety plan with the main recommendation for improvement focusing on job safety analysis. Follow up actions have been undertaken on audit recommendations.

PORT SECURITY - IMO ARRANGEMENTS

Geraldton Port Authority will be required to implement International Maritime Organisation port security arrangements by 1 July 2004. As a result of the September 11 terrorist attack in the USA, the USA approached IMO to instigate a code that covered security of both ships and ports. This code is called the International Ship and Port Facility Code - ISPS.

Australia became a signatory to the Code, which requires compliance by 1 July 2004. Department of Transport and Regional Services (DOTARS) is the Federal department responsible for overseeing the implementation of and compliance with the Code.

A requirement of the Code is to have a Port Security Plan that primarily establishes preventative security measures but includes responsive measures. This process is well underway with a Port Security Committee being formed comprising WA Police, Australian Customs Service, WA Quarantine & Inspection Service, Fire & Emergency Services Authority of WA and the Port. Consultation continues through stakeholder forums and Geraldton Port Authority focus groups. The Port Security Committee is a critical part of the implementation, monitoring and review of the Plan.

FISHING BOAT HARBOUR FUEL FACILITY

The Fishing Boat Harbour fuel facility, lease and licence was tendered and awarded to Bailey's Marine Fuels Australia for a five-year period. The tender resulted in no increase in charges to customers.

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 Authority has appointed a Port Safety Coordinator on a two-year contract to further develop and implement the Port Safety Management System and oversee contractors during the Port Enhancement Project.
- ◆ The Port has introduced a Safety Incentive Scheme, which has been embraced by all staff and has created interest and enthusiasm within the area of Occupational Safety and Health.

2002 - 2003 Report on Operations

OCCUPATIONAL SAFETY & HEALTH

- ◆ Two Safety Performance boards have been erected as a visible means to highlight the Port's safety performance.
- ◆ The OS&H Policy has been reviewed and updated as part of the Geraldton Port Authority Safety Management System review process.
- ◆ The Authority's continued focus on occupational safety and health 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. In addition there has been a strong emphasis in working with all contractors involved with the Port Enhancement Project to promote occupational safety and health values. Geraldton Port Authority related inductions have been conducted with all contractor staff.
- ◆ The Port is continuing to emphasise employee training, which has included Restricted Coxswains, First Aid, Advance Resuscitation, Building Excavation, Small Craft Proficiency and Marine Radio Operations.
- ◆ 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.
- ◆ Significant difficulties have been experienced with external Contractors culminating in a serious personal injury in 2003. Lost Time Injury Frequency Rate was as high as 60.

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):	1
No. of employees (12 month average)	33
Manhours worked:	59,166
Days lost:	25
Frequency rate:	16.90
Duration rate:	25
Severity Rate:	0.042

FACTORS	2002/03	2001/02	2000/01	1999/00	1998/99	1997/98
<i>Frequency Rate = $\frac{\text{Number of LTI/D} \times 1,000,000}{\text{Total Hours Worked}}$ *</i>	16.90	54.87	15.5	69.8	0	98.32
<i>Estimated cost of claims incurred per \$100 wage-roll</i>	1.26	3.16	3.41	4.22	0.7	2.60
<i>Premium Rate</i>	4.23	4.16%	4.29%	2.58%	1.86%	3.22%
<i>Number of Rehabilitation Cases</i>	0	0	0	1	0	0
<i>Rehabilitation Success Rate</i>	0	0	100	0	0	0

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

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 2002/2003
a) Advertising agencies	Marketforce Productions	\$23,439.00
b) Market research organisations	-	Nil
c) Polling organisations	-	Nil
d) Direct mail organisations	-	Nil
e) Media advertising organisations	Geraldton Newspapers	\$9,209.00
	Midwest Times	\$3,366.00
	Springdale Holdings	\$550.00
	West Australian News	\$300.00

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 has commenced development of a draft Records Management Plan for submission to the Director State Records by March 2004. The draft Records Management Plan will provide an accurate reflection of the record-keeping programme within the Geraldton Port Authority. Documentation will include record-keeping 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). A full table of Key Performance Indicators for the Geraldton Port Authority, including Average Ship Turnaround Times, is located at page 31 of this report.

Stevedoring

Non-exclusive licences are issued to Stevedoring companies wishing to provide services at the Port of Geraldton. These licensed 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 with observance of KPI compliance.

The slight increase over last year's turnaround time is due to the operation of dedicated shipping windows to facilitate the PEP dredging operations.

ENVIRONMENTAL MANAGEMENT SYSTEM

A comprehensive Environmental Management System (EMS), developed over the past three years for the Port of Geraldton, has seen a range of projects undertaken that identify aspects of Port operations that could adversely impact on the environment.

The EMS 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 programme, 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 over a two-year programme.

The Port Authority works closely with regulating authorities and is required to report annually on a range of environmental matters. 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 ENVIRONMENTAL PROGRAMME

The Port Enhancement Project has seen one of the largest environmental programmes embarked upon in the State. The range of environmental activities undertaken include seagrass studies, artificial reef studies, water quality monitoring, turbidity plume modelling, light attenuation studies, whale migration, sea lion and dolphin studies.

The Port Authority continues to liaise closely with regulating authorities to minimise any impacts on the environment as a result of the project.

The dredging operation generates natural limestone flour as a result of the dredge cutting head grinding against the limestone rock, and causes significant water discolouration. This discolouration is often visible for many kilometres and can at times significantly reduce the amount of available light penetrating to the seafloor. The close monitoring of aspects associated with the plume have therefore been of prime importance and it is pleasing to note there is no evidence of any long-term damage to the seagrasses in Champion Bay. The health of the seagrasses was actually better than that originally predicted in the approved Environmental Management Plan and the Geraldton Port Authority continues to comply with all environmental guidelines set for the project.

The project has shown no impacts upon whale migration patterns or local sea lion or dolphin populations. There have actually been unqualified reports that the dredging operation and associated plume has actually attracted fish species and in turn dolphin numbers.

BHF ENVIRONMENTAL ACTION PLAN

The Bulk Handling Facility Environmental Action Plan has progressed exceedingly well with the following initiatives completed to date:

- ◆ Shiploader risk management plan
- ◆ Shiploader washdown bay
- ◆ Conveyor scrapers upgrade
- ◆ Upgrade road hopper through dust extraction system upgrades and use of belly dumping trucks
- ◆ Cladding of conveyor transfer towers
- ◆ Upgrade shiploader radio control system to avoid trip outs
- ◆ Sealing around Tower 1 and 2 to help the clean up of spillage and eliminate ground contamination
- ◆ A wind barrier fence to stop spilt mineral sands being blown out of the BHF area
- ◆ Upgrading the intersection of the Bulk Handling Facility and Marine Terrace to assist road sweeping
- ◆ Relocation of spilt mineral ore sediments into an appropriately designed containment bund
- ◆ Purchase of a concertina chute to minimise dust during loading of certain minerals cargoes
- ◆ Dust extraction systems review and upgrade

The Geraldton Port Authority, Port customers and the Department of Environmental Protection are pleased with the progress of the action plan to date with real improvements visible.

Geraldton Port Authority - Origin & Destination of Cargo 2003 - 2003

PORTS	GRAINS	SANDS	OILS	FERTILISER	GENERAL	TALC	COPPER / ZINC	LIVESTOCK	BUNKERS	TONNES
Belgium		18,017		6,066			10,819			34,902
Brunei		816								816
Chile					6,240					6,240
China	14,938	56,125			448		98,904			170,415
France		24,119								24,119
Germany				2,966						2,966
India							22,014			22,014
Indian Ocean Islands	9,350				202			616		10,168
Indonesia	124,147				657			5,411		130,215
Interstate		1,000								1,000
Intrastate			188,082						4,076	192,158
Iraq	90,722									90,722
Israel				33,774						33,774
Italy		48,601				12,915				61,516
Japan	192,157	43,012				42,503	112,180			389,851
Jordan	25,000									25,000
Malaysia	56,096	8,810		18,335	785			3,781		87,808
Mexico		51,899								51,899
Netherlands	13,808	95,268				78,738				187,814
New Zealand	44,800									44,800
Philippines	6,428						18,507			24,935
Saudi Arabia	10,315	39,746		14,763	43			811		65,677
Singapore	50,270									50,270
South Africa	19,689			3,915						23,604
South Korea	99,255						22,120			121,375
Spain	18,200	24,510								42,710
Sri Lanka	24,787	16,013								40,800
St Vincent & The Grenadines					2,579					2,579
Sudan	15,329									15,329
Taiwan		60,852					11,015			71,867
Thailand	84,424									84,424
United Arab Emirates	28,640	15,113								43,753
Vietnam	52,608									52,608
USA		223,721		57,530		6,306				287,557
	980,962	727,621	188,082	137,349	10,954	140,462	295,559	10,619	4,076	2,495,685

Geraldton Port Authority

Comparative Trade Statistics

Ending 30 June

	<u>1997/98</u>	<u>1998/99</u>	<u>1999/2000</u>	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>
IMPORTS						
Fert DAP	31,176	32,329	31,311	21,059	22,801	28,106
Fert MAP	-	12,716	12,166	16,865	9,452	10,272
Vigor / NPK	-	904	4,783	3,988	13,447	8,379
Phosphate	40,052	38,761	13,371	-	-	-
New Phosphate (TSP+S)	-	-	-	15,518	16,826	29,132
Sulphur	5,368	-	-	-	-	-
Urea	56,977	73,513	108,813	65,319	66,874	43,375
Potassium Carbo	6,932	11,011	8,981	12,791	9,301	18,084
Petroleum Products	297,953	208,699	203,444	155,453	134,248	188,082
Mineral Sands	-	-	-	-	25,014	-
General	20,175	6,083	-	-	12	9,267
	458,633	384,015	382,868	290,993	297,975	334,698
EXPORTS						
Wheat	1,642,512	1,656,765	1,717,344	915,696	897,039	766,720
Oats	9,910	3,348	2,791	-	-	-
Barley	21,725	191,281	12,132	92,159	50,504	41,830
Lupins	407,444	446,510	619,486	376,627	269,867	146,201
Canola	31,278	77,359	106,009	68,278	32,691	26,211
Chickpeas	17,777	3,300	16,500	10,968	-	-
Faba Beans	1,945	-	-	-	-	-
Copper Cons/Ore	55,746	19,093	22,328	51,529	119,602	144,752
Zinc Cons/Ore	175,329	242,279	248,087	225,516	184,366	150,807
Mineral Sands	694,100	585,779	563,815	569,803	590,694	635,898
Garnet	46,299	36,589	42,545	53,224	47,110	71,998
Talc	156,724	150,686	189,988	127,912	134,033	140,462
Maganese	-	-	-	-	-	19,725
Nickel	-	-	-	29,124	-	-
Stockfeed	2,330	1,513	2,926	1,684	1,411	1,687
Livestock	9,880	5,205	11,012	6,751	6,993	10,619
General	-	-	-	-	-	-
	3,272,999	3,419,707	3,554,964	2,529,272	2,334,310	2,156,911
Bunkers - Oil	674	134	225	862	525	4,076
TOTAL TRADE	3,732,307	3,803,856	3,938,057	2,821,126	2,632,809	2,495,684
SHIPPING						
Gross Reg Tonnage	4,454,413	4,689,767	4,780,594	3,593,556	3,592,405	3,509,181
Deadweight Tonnage	7,368,598	7,877,660	8,050,441	6,023,468	6,016,957	5,829,650
No of Vessels	265	242	248	203	208	234
Average DWT	27,806	32,552	32,461	29,672	28,928	24,913

Geraldton Port Authority

Annual Customer Survey

ANNUAL CUSTOMER SURVEY	2000/2001 Average Performance Response	2001/2002 Average Performance Response	2002/2003 Average Performance Response
Customer Service	70%	72%	70%
Response to Feedback	64%	68%	68%
Value for Money	53%	58%	57%
Management of Facilities	70%	66%	68%
Maintenance of Facilities	69%	65%	65%
Environmental Performance	68%	65%	71%
Safety Performance	74%	74%	76%
Communication with Customers	73%	71%	77%
No of Responses Received	32	36	28
Response Rate	11%	9.25%	6.36%

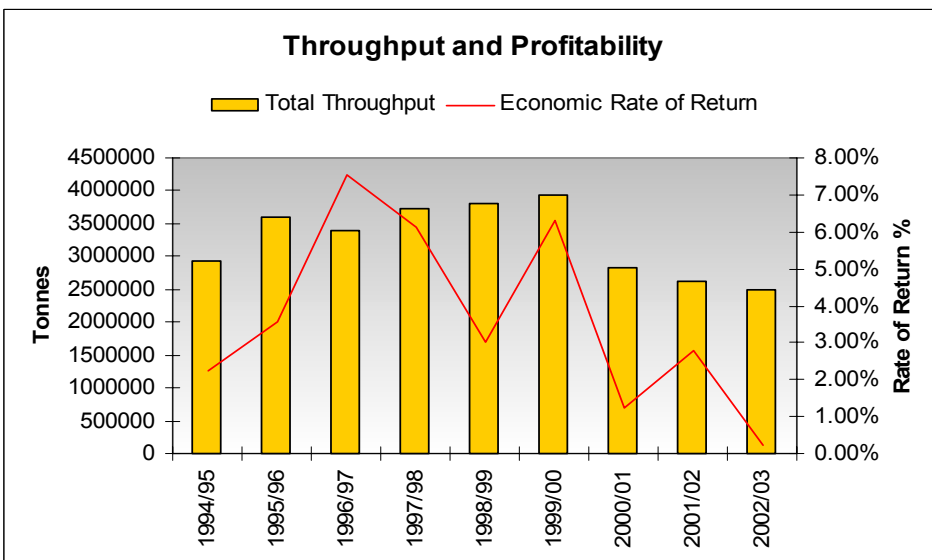
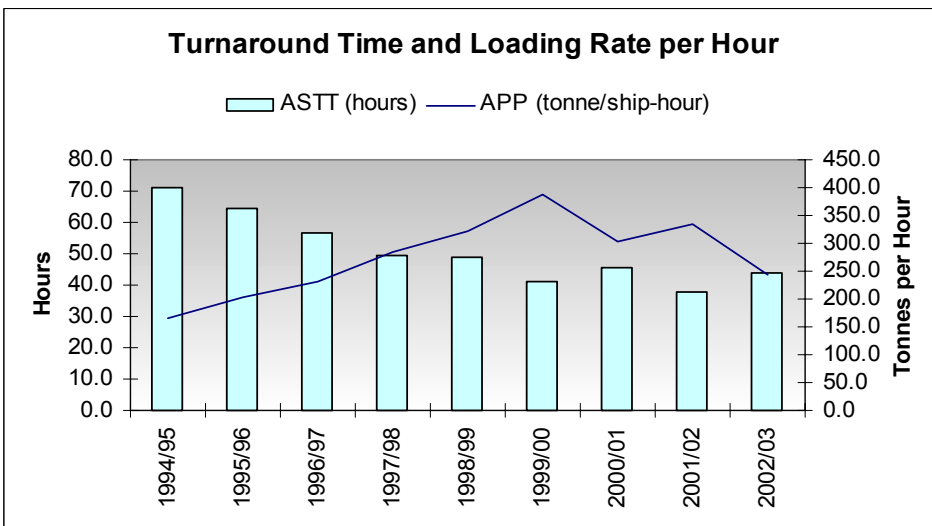
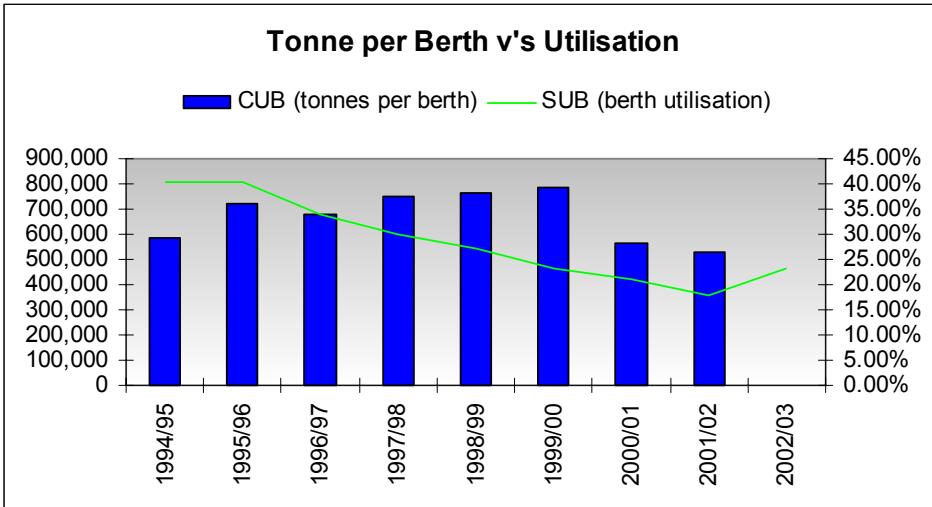
Key Performance Criteria

Poor = 0 - 25 Percentage Points
Fair = 26 - 50 Percentage Points
Good = 51 - 75 Percentage Points
Excellent = 76 - 100 Percentage Points

Geraldton Port Authority Key Performance Indicators As at 30 June 2003

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Liquidity Ratio						
Current Ratio	2.51	4.86	2.66	2.75	1.12	0.76
Cash Management Ratio						
Free Cash Ratio	82.11%	51.61%	83.50%	-10.07%	81.57%	47.65%
Debt Management Ratio						
Debt to Equity	0.62	0.51	0.51	0.49	0.46	4.33
Interest Cover	2.33	1.69	3.87	1.18	0.97	1.01
Profitability Ratios						
Return on Assets	15.52%	5.39%	10.45%	2.80%	2.07%	0.80%
Return on Shareholders Equity	16.86%	1.49%	7.95%	0.24%	-0.12%	0.05%
Economic Rate of Return	6.14%	3.02%	6.33%	1.22%	2.80%	0.24%
Port Efficiency Ratios						
REPUT (\$/tonne) - nominal	\$2.07	\$1.55	\$1.30	\$1.01	\$1.02	\$1.07
REPUT (\$/tonne) - real	\$2.00	\$1.48	\$1.20	\$0.89	\$0.92	\$0.94
REPS (\$/ship) - nominal	\$17,719	\$13,390	\$13,926	\$18,346	\$17,759	\$15,860
REPS (\$/ship) - real	\$17,116	\$12,793	\$12,893	\$16,023	\$15,978	\$13,854
PACPUT (\$/tonne) - nominal	\$3.67	\$3.09	\$2.40	\$3.66	\$3.78	\$4.04
PACPUT (\$/tonne) - real	\$3.54	\$2.95	\$2.22	\$3.20	\$3.40	\$3.53
CUB (tonnes per berth)	746,461	760,771	787,611	564,225	526,562	499,137
SUB (berth utilisation)	29.91%	27.01%	23.14%	21.09%	17.95%	23.36%
ASTT (hours)	49.44	48.89	40.98	45.64	37.90	43.84
APP (tonne/ship-hour)	284.89	321.52	387.49	304.53	333.99	243.27
Total Throughput	3,732,306	3,803,856	3,938,057	2,821,126	2,632,809	2,495,684
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 Key Performance Indicators As at 30 June 2003





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 2003.

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:

I King (appointed 10 September 2002)
K Halbert
K Altham
B Anderson
B Davidson (appointed 3 February 2003)
R Ramage (resigned 21 August 2002)
M Burrows (resigned 21 August 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

No Dividend was recommended for the 2001/02 Financial Year. An Efficiency Dividend of \$126,000 is recommended in respect of the 2002/03 Financial Year.

Review of Operations

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

	2003	2002
Total Trade (Tonnes)	2,495,684	2,632,809
Revenue from Cargo	\$ 2,671,790	\$ 2,698,066
Revenue from Ships	\$ 3,711,272	\$ 3,693,778
Other Revenue	<u>\$ 3,768,118</u>	<u>\$ 3,538,905</u>
Total Revenue	<u>\$10,151,180</u>	<u>\$9,930,749</u>
Less Expenditure	<u>\$10,144,847</u>	<u>\$9,950,779</u>
Operating Profit/(Loss) Before Tax	\$6,333	(20,030)
Income Tax on Operating Profit/(Loss)	<u>(\$4,045)</u>	<u>\$5,889</u>
Operating Profit/(Loss) After Tax	<u>\$10,378</u>	<u>\$(25,919)</u>

Comments on the operations are set out below.

The operating profit before tax was achieved despite a downturn in the trade volume of grain, but was sustained by an increase in mineral exports. Expenditure includes the cost of removing spilt mineral ore sediment from the Commercial Shipping Harbour.

Significant Changes in the State of Affairs

The Geraldton Port Authority received Cabinet approval on 22 July 2002 to undertake a \$103 Million deepening of the port. Work began on this project in September 2002 and will continue into the next financial year.

Matters Subsequent to the End of the Financial Year

On 2 September 2003, the Department of Environment issued a Section 73 Direction under the Environmental Protection Act (1986) that imposed significant new restrictions on the continued operation of dredging as part of the Port Enhancement Project. The restrictions will expose the Authority to significant contract delay costs if the dredge is required to cease dredging at times when turbidity levels exceed certain stated criteria. These costs may require the Authority to access additional funds to ensure that the project is completed.

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)
I King	Non-executive Director, Chairman (appointed 10 September 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
B Davidson	Non-executive Director (appointed 3 February 2003)
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)

**Geraldton Port Authority
Directors' Report**

As at June 30, 2003, the Board of Directors consisted of:

Chairman - Ian King

Occupation	Company Director
Appointments	Initial Appointment as Director and Chairman in September 2002 until 31 December 2003
Background / Qualifications	<ul style="list-style-type: none">• Former National Manager specialised oil and gas supply chain logistics company for a number of years.• Company Director for 18 years including responsibility of CEO• Diploma in Accounting• Diploma in Transport Management• Past State and National Chairman of the Chartered Institute of Logistics and Transport• Past State Chairman, Transport Forum WA• Fellow of the Chartered Institute of Logistics and Transport
Board Representation	<ul style="list-style-type: none">• Governance• Strategic Planning

Director - Kim Halbert

Occupation	Farmer
Appointments	Appointed Director in April 1997 and reappointed until 31 December 2003
Background / Qualifications	<ul style="list-style-type: none">• 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.
Board Representation	<ul style="list-style-type: none">• Grain Industry

Director - Kevin Altham

Occupation	Owner / Operator Professional Fisherman
Appointments	Appointed Director in August 1995 and reappointed until 31 December 2003
Background / Qualifications	<ul style="list-style-type: none">• Owns and operates 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	<ul style="list-style-type: none">• Fishing Industry

Director - Bruce Anderson

Occupation	Mining Engineer
Appointments	Appointed Director in January 1996 and reappointed until 31 December 2003
Background / Qualifications	<ul style="list-style-type: none">• Diploma in Mining Engineering from the Ballarat School of Mines.• Experience in the total operation of underground and surface metalliferous mines and processing plants.• Mine Managers Certificate of Competency – W.A• Mine Managers Certificate of Competency – N.T• Mine Managers Certificate of Competency – Fiji• Mine Managers Certificate of Competency - NSW - above ground• Mine Managers Certificate of Competency - NSW - below ground
Board Representation	<ul style="list-style-type: none">• Mining Industry

**Geraldton Port Authority
Directors' Report**

Director - Beverley Davidson

Occupation	Branch Manager, Home Building Society
Appointments	Initial appointment as Director in February 2003 until 31 December 2005
Background / Qualifications	<ul style="list-style-type: none"> • Branch Manager, Home Building Society (13 years) • Member College Governing Council, Central West College of TAFE • Member Board of Management, Queens Park Theatre • Former Executive Member, Mid West Chamber of Commerce
Board Representation	• Regional Business

Meetings of Directors

The number of meetings of the Authority's Board of Directors during the year ended 30 June 2003 and the number of meetings attended by each Director were:

Number of meetings held **21**

Director	Total Number of Meetings Attended by Director	Total Number of Meetings Director Could Have Attended
I King	15	15
K Altham	20	21
B Anderson	21	21
K Halbert	21	21
B Davidson	07	07
R Ramage	05	05
M Burrows	04	05

Reappointment of Directors

The Minister for Planning and Infrastructure appoints Directors for terms not exceeding 3 years. Two Directors had terms expiring during the current year and both were reappointed for a further 1 year term. R Ramage and M Burrows resigned as Directors during the current year. I King and B Davidson were appointed as directors.

Insurance of Officers

During the financial year, Geraldton Port Authority paid a premium of \$12,071 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.

Directors' and Executives' Emoluments

The Minister for Planning and Infrastructure determines the remuneration and other terms and conditions of the board.

Directors Names	Emoluments	Superannuation	Total
	\$	\$	\$
I King (Chairman)	4,521	10,421	14,942
K Altham	7,600	684	8,284
B Anderson	7,600	684	8,284
B Davidson	3,277	295	3,572
K Halbert	7,600	684	8,284
R Ramage	525	2,179	2,704
M Burrows	1,150	104	1,254

**Geraldton Port Authority
Directors' Report**

The Board determines the remuneration and other terms and conditions of Senior Executive staff.

Name	Base Salary \$	Motor Vehicle \$	Superannuation \$	Other Costs \$	Total \$
J Durant Chief Executive Officer	\$132,041		\$18,523		\$150,564
D Parsons Harbour Master	\$119,230	\$16,074	\$2,570	\$5,909	\$143,783
G Treasure Finance Manager	\$104,973	\$12,753	\$8,133	\$4,495	\$130,354

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
Geraldton
10 September 2003



K Halbert

Geraldton Port Authority
Statement of Financial Performance
For the year ended 30 June 2003

	Notes	2003 \$	2002 \$
Revenue from ordinary activities	2	10,151,180	9,930,749
Borrowing costs expense		659,598	769,507
Expenses from ordinary activities	3(a)	<u>9,485,249</u>	<u>9,181,272</u>
Profit/(Loss) from ordinary activities before income tax expense	3(b)	6,333	(20,030)
Income tax expense/(benefit)	4	<u>(4,045)</u>	<u>5,889</u>
Net Profit/(Loss)	30	<u>10,378</u>	<u>(25,919)</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 2003

	Notes	2003 \$	2002 \$
Current Assets			
Cash Assets	6, 21	30,624,304	2,314,335
Receivables	7, 21	2,149,122	1,514,215
Other	8	<u>1,099,658</u>	<u>560,269</u>
Total Current Assets		<u>33,873,084</u>	<u>4,388,819</u>
Non-Current Assets			
Other financial assets	9, 21	119,814	113,639
Property, plant and equipment	10	96,641,330	30,587,452
Deferred tax assets	11	<u>768,925</u>	<u>736,351</u>
Total Non-Current Assets		<u>97,530,069</u>	<u>31,437,442</u>
Total Assets		<u>131,403,153</u>	<u>35,826,261</u>
Current Liabilities			
Payables	12, 21	13,025,902	1,848,757
Interest bearing liabilities	13, 21	30,675,100	860,187
Provisions	14	<u>873,183</u>	<u>637,198</u>
Total Current Liabilities		<u>44,574,185</u>	<u>3,346,142</u>
Non-Current Liabilities			
Payables	15	520,274	558,308
Interest bearing liabilities	16, 21	63,708,427	9,246,076
Deferred tax liabilities	17	212,750	161,444
Provisions	18	<u>641,822</u>	<u>652,974</u>
Total Non-Current Liabilities		<u>64,083,273</u>	<u>10,618,802</u>
Total Liabilities		<u>109,657,458</u>	<u>13,964,944</u>
Net Assets		<u>21,745,695</u>	<u>21,861,317</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>12,291,508</u>	<u>12,407,130</u>
Total Equity		<u>21,745,695</u>	<u>21,861,317</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 2003**

	Notes	2003 \$	2002 \$	
Cash Flows from Operating Activities				
Receipts from customers (GST Inclusive)		9,983,606	10,701,326	
Payments to suppliers and employees (GST Inclusive)		(13,990,975)	(6,556,864)	GST Received
From ATO		6,086,436	1,321,519	
GST Paid To ATO		(1,121,530)	(1,341,685)	
Interest Received		123,150	233,152	
Borrowing Costs		(480,300)	(724,477)	
Payment of Taxation Equivalents		-	(226,745)	
Net cash inflow from Operating Activities	30	<u>600,387</u>	<u>3,406,226</u>	
Cash Flows from Investing Activities				
Payments for Property, Plant & Equipment		(56,756,470)	(7,914,717)	
Proceeds from Sale of Property, Plant & Equipment		211,000	27,272	
Net cash outflow from Investing Activities		<u>(56,545,470)</u>	<u>(7,887,445)</u>	
Cash Flows from Financing Activities				
Proceeds from Borrowings Other		-	200,000	
Proceeds from WATC Borrowings		84,953,674	-	
Repayment of Borrowings to WA Treasury Corporation		(381,147)	(508,196)	
Repayment of Borrowings Other		(295,263)	(295,263)	
Payment to Sinking Funds		(6,175)	(5,704)	
Payments of Dividends		(16,037)	-	
Net cash inflow/(outflow) from Financing Activities		<u>84,255,052</u>	<u>(609,163)</u>	
Net Increase\decrease) in Cash Held		28,309,969	(5,090,382)	
Cash at beginning of financial year		<u>2,314,335</u>	<u>7,404,717</u>	
Cash at the End of the Financial Year	6	<u>30,624,304</u>	<u>2,314,335</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 2003

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. 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 using a discount rate of 8.65%.

(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 using the straight line depreciation method, 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 depreciated over 40, 50, 80 and 15 years respectively.

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

(d) National 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 2003

1. Summary of Significant Accounting Policies (continued)

(e) Income Tax

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.

(f) 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.

(g) Receivables

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

Interest is charged 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.

(h) 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.

(i) 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.

(j) Maintenance and Repairs

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

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

1. Summary of Significant Accounting Policies (continued)

(k) Employee Benefits

(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 rate that the leave is expected to be paid out at (nominal rate).

(ii) Sick Leave

Sick Leave benefits for staff who work under the Geraldton Port Authority Award/Agreement 2002 are vesting and calculated on a pro rata basis for the amount owing at the reporting date and have been included at nominal rates of pay. Sick Leave benefits 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 2003. 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. Staff may also contribute to SERF a scheme to satisfy existing workforce requirements for waterside employees who transferred to the Authority during 1992.

Equivalent employer contributions are made to SERF. Employer contributions are made to National Flexi super, superannuation schemes nominated by new staff, or the West State Superannuation Scheme, provided the scheme complies 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, West State Superannuation Scheme, SERF, National Flexi and other superannuation schemes are extinguished by monthly payment of employer contributions.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

1. Summary of Significant Accounting Policies (continued)

The note disclosure, required by paragraph 6.10 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.

(v) **Employees**

The Geraldton Port Authority employed 33 employees as of the 30th June 2003 (as of 30 June 2002 30 employees).

(l) **Payment of Dividend to the State**

Provision is made for the amount of dividends which have been declared as part of the Strategic Development Plan reporting process to Government.

(m) **Investments**

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

(n) **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.

(o) **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).

(p) **Cash**

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

(q) **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 2003

1. Summary of Significant Accounting Policies (continued)

(r) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. The Port's Port Enhancement Project is deemed a qualifying asset. Interest from borrowings made during the year and specifically for this project are capitalised to the project. The weighted average interest rate is 5.20%. Borrowing costs include interest on short term and long term borrowings.

	2003	2002
	\$	\$

2. Revenue from Ordinary Activities

Revenue from Operating Activities

Charges on Ships	3,711,272	3,693,778
Charges on Cargo	<u>2,671,790</u>	<u>2,698,066</u>
	<u>6,383,062</u>	<u>6,391,844</u>

Revenue from outside the operating activities

Rental & Leases	536,677	463,851
Interest Received	123,150	233,152
Fishing Industry Facilities	1,066,122	912,472
Private Craft Marina	49,327	77,687
Power and Water	1,347,093	1,363,129
Plant Hire	31,031	27,982
Proceeds from Sale of Assets	211,000	27,272
Land Tax Revenue	133,584	133,636
Commonwealth Grant	-	200,000
Other	<u>270,134</u>	<u>99,724</u>
	<u>3,768,118</u>	<u>3,538,905</u>

Revenue from ordinary activities

	<u>10,151,180</u>	<u>9,930,749</u>
--	--------------------------	-------------------------

3. Profit/(Loss) from Ordinary Activities

(a) Expenses from Ordinary Activities

Corporate Services	150,560	196,374
Depreciation	1,396,811	2,524,946
Doubtful Debts	(276)	(15,631)
Salaries and Benefits	2,712,969	2,266,094
Written Down Value of Assets Disposed	57,844	232,181
Maintenance	2,926,820	1,956,400
Power and Water	1,223,080	1,309,113
Local Government Rates Equivalent	131,604	123,225
Other Expenditure	<u>885,837</u>	<u>588,570</u>
	<u>9,485,249</u>	<u>9,181,272</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

	2003	2002
	\$	\$
3. Profit/(Loss) from Ordinary Activities (Continued)		
(b) Profit/(Loss) from ordinary activities before income tax expense includes the following specific expenses:		
Expenses		
Borrowing costs		
Interest paid	659,598	769,507
Net Profit on disposal of Property,		
Plant and Equipment		
Cash Consideration	211,000	27,272
Written Down Value of Assets Disposed	<u>57,844</u>	<u>232,181</u>
	<u>153,156</u>	<u>(204,909)</u>
Other charges against assets		
Bad – Trade Debtors	-	7,161
Doubtful Debts – Trade Debtors	(276)	(15,631)
Provisions		
Annual Leave	111,820	(27,674)
Long Service Leave	36,670	40,105
Sick Leave	(109,475)	37,830
Time in Lieu	9,179	17,653
Superannuation	<u>66,676</u>	<u>26,758</u>
	<u>114,870</u>	<u>94,672</u>
Depreciation		
Buildings	19,011	19,011
Port Facilities	706,096	1,665,848
Plant and Equipment	<u>671,704</u>	<u>840,087</u>
	<u>1,396,811</u>	<u>2,524,946</u>

A review during the 2001/2002 financial year of the Berth class of assets revealed that one asset was not being depreciated in accordance with other assets within the class. This was corrected by a one-off additional depreciation charge during that year of \$1,061,908.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

	2003	2002
	\$	\$
4. Income Tax		
<p>The income tax expense differs from the amount prima facie payable on the profit from ordinary activities. The differences are reconciled as follows:</p>		
Profit/(Loss)from ordinary activities before income tax expense	6,333	(20,030)
Income Tax @ 30%	1,900	(6,009)
Tax effect of permanent differences:		
Entertainment	<u>1,888</u>	<u>1,298</u>
Income tax adjusted for permanent differences	3,788	(4,711)
Income tax adjusted for timing differences		
Depreciation Charge	12,275	12,275
Capitalised Revenue	2,725	-
Under provision of deferred tax last year	<u>(22,833)</u>	<u>(1,675)</u>
Income Tax Expense/(Benefit)	<u>(4,045)</u>	<u>5,889</u>
Income tax expense comprises:		
Current income taxation provision	(22,777)	286,971
Deferred income tax provision	51,306	(273,804)
Future income tax benefit	<u>(32,574)</u>	<u>(7,278)</u>
	<u>(4,045)</u>	<u>5,889</u>
5. Dividends		
Efficiency Dividend	<u>126,000</u>	<u>-</u>
<p>No dividend was recommended in respect of the 2001/02 Financial Year.</p>		
6. Current Assets – Cash assets		
Cash at bank	29,964,051	1,654,282
Cash on hand	500	300
Term Deposits	<u>659,753</u>	<u>659,753</u>
	<u>30,624,304</u>	<u>2,314,335</u>

Significant Terms and Conditions

Cash at Bank is held at the local National Australia Bank and earns interest at 4.25%.

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.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

	2003	2002
	\$	\$
6. Current Assets – Cash Assets (continued)		
Term deposits		
The deposits are bearing interest at rates between 3.95% and 4.67% (2002 – 4.20% and 6.25%). These deposits are invested for terms between 1 and 3 months.		
7. Current Assets – Receivables		
Trade Debtors	2,149,122	1,514,491
Less: Provision for Doubtful Debts	<u>-</u>	<u>276</u>
	<u>2,149,122</u>	<u>1,514,215</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
GST Receivable	543,479	-
Overpaid Tax Equivalent Instalments	<u>556,179</u>	<u>533,402</u>
	<u>1,099,658</u>	<u>560,269</u>

9. Non-Current Assets – Other financial assets

Sinking Fund No 12	<u>119,814</u>	<u>113,639</u>
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Other financial assets represents an interest bearing deposit held by Department of Treasury & Finance (DTF).

Significant Terms and Conditions

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

Interest Risk

Interest on the sinking fund is earned at rates between 4.843% and 4.931% (2002: 4.42% to 5.12%)

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

	2003	2002
	\$	\$
10. Non-Current Assets – Property, Plant and Equipment		
Land and Buildings		
Freehold land		
At cost	<u>1,108,779</u>	<u>1,153,876</u>
Buildings		
At cost	687,516	687,516
Less: Accumulated depreciation	<u>296,006</u>	<u>276,995</u>
	<u>391,510</u>	<u>410,521</u>
Total land and buildings	<u>1,500,289</u>	<u>1,564,397</u>
Port Facilities		
Breakwater at cost	4,164,030	467,417
Less: Accumulated depreciation	<u>337,904</u>	<u>233,803</u>
	<u>3,826,126</u>	<u>233,614</u>
Dredging at cost	2,338,605	2,338,605
Less: Accumulated depreciation	<u>613,454</u>	<u>584,221</u>
	<u>1,725,151</u>	<u>1,754,384</u>
Berths No 1-6 at cost	28,713,185	28,713,185
Less: Accumulated depreciation	<u>16,371,655</u>	<u>15,798,893</u>
	<u>12,341,530</u>	<u>12,914,292</u>
Total Port Facilities	<u>17,892,807</u>	<u>14,902,290</u>
Port Facilities under construction		
Port Enhancement Investigation at cost	5,375,546	4,814,126
Port Enhancement Project at cost	64,271,897	-
Other Capital Works at cost	<u>2,846,673</u>	<u>3,924,332</u>
Total Port Facilities under construction	<u>72,494,116</u>	<u>8,738,458</u>
Plant and Equipment		
At cost	15,051,765	15,022,507
Less: Accumulated depreciation	<u>10,297,647</u>	<u>9,640,200</u>
Total Plant and Equipment	<u>4,754,118</u>	<u>5,382,307</u>
Total Property, Plant and Equipment	<u>96,641,330</u>	<u>30,587,452</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

10. Non Current Assets – Property, Plant & Equipment (Continued)

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	Port Facilities under construction	Total
Carrying amount at 1 July 2002	1,153,876	410,521	14,902,290	5,382,307	8,738,458	30,587,452
Additions	-	-	-	56,263	67,452,271	67,508,534
Transfer from WIP	-	-	3,696,613	-	(3,696,613)	-
Disposals	(45,097)	-	-	(12,748)	-	(57,845)
Depreciation expense	-	(19,011)	(706,096)	(671,704)	-	(1,396,811)
Carrying amount at 30 June 2003	<u>1,108,779</u>	<u>391,510</u>	<u>17,892,807</u>	<u>4,754,118</u>	<u>72,494,116</u>	<u>96,641,330</u>

Valuation of land and Buildings

A Directors' valuation of freehold land and buildings was undertaken on 30 June 2003. The valuation was based on an assessment of properties current market value.

Freehold land and buildings	8,753,000	
	2003	2002
	\$	\$

Capitalised Borrowing Costs

Borrowing costs incurred	1,368,163	-
Investment revenue earned on borrowed funds	(9,086)	-
Borrowing costs capitalised	<u>1,359,077</u>	-

11. Non-Current Assets – Deferred tax assets

Future Income Tax Benefit	<u>768,925</u>	<u>736,351</u>
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12. Current Liabilities – Payables

Trade Creditors	389,436	282,576
Accrued Expenses	5,108,592	378,837
Retention Monies	6,510,590	-
Accrued Salaries	-	75,318
Income in Advance	<u>1,017,284</u>	<u>1,112,026</u>
	<u>13,025,902</u>	<u>1,848,757</u>

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 2003. Income in Advance represents rents and lease payments billed prior to 30 June 2003 but relates to the period beginning 1 July 2003.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

	2003	2002
	\$	\$
12. Current Liabilities – Payables (continued)		
<p>Included in Trade Creditors and Accrued Expenses are amounts payable for the Port Enhancement Project. These amounts when paid are funded from borrowings from the WATC.</p> <p>Significant Terms and Conditions Trade Creditors are generally settled within 30 days.</p> <p>Net Fair Values The Authority considers the carrying amounts of Trade Creditors approximate their net fair values.</p>		
13. Current Liabilities – Interest bearing liabilities		
Inscribed Stock	200,000	-
WATC PEP Borrowings	29,671,641	-
Federal Government	295,263	295,263
WA Treasury Corporation	<u>508,196</u>	<u>564,924</u>
	<u>30,675,100</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% (2002: 4.76%). The WATC PEP Borrowings has an interest rate of 4.75%.

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

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

Interest Risk

Interest is payable quarterly. The WA Treasury Corporation borrowings have a variable interest rate. The WATC PEP Borrowings have a fixed interest rate.

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 2003

	2003	2002
	\$	\$
14. Current Liabilities – Provisions		
Employee Benefits		
Annual Leave	352,781	240,961
Long Service Leave	151,848	159,204
Sick Leave	142,445	134,005
Superannuation	60,763	56,824
Time in Lieu	39,346	30,167
Dividend	<u>126,000</u>	<u>16,037</u>
	<u>873,183</u>	<u>637,198</u>

15. Non Current Liabilities – Payables

Income in Advance	<u>520,274</u>	<u>558,308</u>
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Income in Advance represents rents and lease payments billed prior to 30 June 2003 but relates to the period beginning 1 July 2004.

16. Non-Current Liabilities – Interest bearing liabilities

Borrowings		
Inscribed Stock	-	200,000
WA Treasury Corporation – PEP Fixed	5,000,000	
WA Treasury Corporation	58,413,163	8,455,549
Federal Government	<u>295,264</u>	<u>590,527</u>
	<u>63,708,427</u>	<u>9,246,076</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 5.28% (2002: 9.62%).

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.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

2003 2002
 \$ \$

16. Non-Current Liabilities – Interest bearing liabilities (Continued)

Interest Risk

Interest is payable quarterly. The WA Treasury Corporation – PEP Fixed loan has fixed interest rate. The WA Treasury Corporation Loan has a variable interest rate.

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.

17. Non-Current Liabilities – Deferred tax liabilities

Provision for Deferred Income Tax	<u>212,750</u>	<u>161,444</u>
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18. Non-Current Liabilities – Provisions

Employee Benefits		
Long Service Leave	219,871	175,845
Sick Leave	30,680	148,595
Superannuation	<u>391,271</u>	<u>328,534</u>
	<u>641,822</u>	<u>652,974</u>

19. Contributed Equity

State Equity Contribution	<u>2,640,620</u>	<u>2,640,620</u>
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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.

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	12,407,130	12,433,049
Net profit(loss) for financial year	10,378	(25,919)
Efficiency Dividends provided for	<u>126,000</u>	-
Retained profits at the end of the financial year	<u>12,291,508</u>	<u>12,407,130</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

20. Reserves and retained profits (continued)

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.

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: -

2003	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	29,964,051	659,753	-	-	500	30,624,304
Receivables	7	68,252	-	-	-	2,080,870	2,149,122
Other financial assets	9	119,814	-	-	-	-	119,814
		<u>30,152,117</u>	<u>659,753</u>	<u>-</u>	<u>-</u>	<u>2,081,370</u>	<u>32,893,240</u>
Weighted Average Interest Rate		0.59%	4.29%				
Financial Liabilities							
Payables	12	-	-	-	-	11,990,181	11,990,181
Loan - Inscribed Stock	16	-	200,000	-	-	-	200,000
Loan - WATC	13,16	-	30,179,837	63,413,163	-	-	93,593,000
Loan - Federal	13,16	-	-	-	-	590,527	590,527
		<u>-</u>	<u>30,379,837</u>	<u>63,413,163</u>	<u>-</u>	<u>12,580,708</u>	<u>106,373,708</u>
Weighted Average Interest Rate			4.97%	4.91%			
Net financial assets (liabilities)		<u>30,152,117</u>	<u>(29,720,084)</u>	<u>(63,413,163)</u>	<u>-</u>	<u>(10,499,338)</u>	<u>(73,480,468)</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

21. Financial Instruments (continued)

(b) Interest Rate Risk Exposure (continued)

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>

(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.

2003	2002
\$	\$

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>45,041</u>	<u>43,074</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	6	4
\$10,000 - \$20,000	1	1

Directors' remuneration excludes insurance premiums of \$12,071 (2002 \$10,620) 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
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	2003	2002
	\$	\$
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>779,079</u>	<u>391,735</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	1
\$130,000 - \$139,999	1	1
\$140,000 - \$149,999	1	-
\$150,000 - \$159,999	1	-
24. Remuneration of Auditors		
Remuneration for audit of the financial statements of the Authority	<u>24,000</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>127,157</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	151,504	82,949
Amounts due later than one year and not later than five years	<u>107,012</u>	<u>76,761</u>
	<u>258,516</u>	<u>159,710</u>
Capital Commitments		
Commitments for the dredging portion of the Port Enhancement Project contracted for at the reporting date but not recognised as liabilities payable within the next twelve months.	<u>18,793,680</u>	<u>-</u>

Geraldton Port Authority
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	2003	2002
	\$	\$
27. Employee Benefits		
Employee Benefits Liabilities		
Provision for employee benefits		
Current (note 14)	747,183	621,161
Non-current (note 18)	<u>641,822</u>	<u>652,974</u>
	<u>1,389,005</u>	<u>1,274,135</u>

Net Fair Values

The Authority considers the carrying amounts of employee benefits 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: I King; K Altham; B Anderson; K Halbert, B Davidson; R Ramage and M Burrows.

Remuneration and Retirement Benefits

Information on remuneration of Directors is disclosed in note 22.

Other Transactions with Directors and Director related Entities

A former 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.

	2003	2002
	\$	\$
Aggregate amounts of the above transaction whilst Mr R Ramage was a director is:		
Accommodation and meals	<u>1,988</u>	<u>9,201</u>

29. Event Occurring After Reporting Date

On 1 July 2003 the Authority repaid \$29,671,641 to WA Treasury Corporation. These funds had been drawdown on the 30 June 2003 to ensure that access to borrowed funds from the financial year 2002/03 would be fully available to the Authority during the 2003/04 financial year thereby allowing completion of the Port Enhancement Project.

On 2 September 2003, the Department of Environment issued a Section 73 Direction under the Environmental Protection Act (1986) that imposed significant new restrictions on the continued operation of dredging as part of the Port Enhancement Project. The restrictions will expose the Authority to significant contract delay costs if the dredge is required to cease dredging at times when turbidity levels exceed certain stated criteria. These costs may require the Authority to access additional funds to ensure that the project is completed.

Geraldton Port Authority
Notes to the Financial Statements
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	2003	2002	
	\$	\$	
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	10,378	(25,919)	
Taxation Equivalents Paid	-	(226,745)	
Depreciation	1,396,811	2,524,946	
Provision for Time in Lieu	9,179	17,653	
Provision for Annual, Sick and Long Service Leave	39,015	50,261	
Provision for Superannuation Liability	66,676	26,758	
Provision for Doubtful Debts	(276)	(15,631)	
(Profit) Loss on Sale of Assets	(153,156)	204,909	
Changes in Assets and Liabilities: -			
Decrease (Increase) in Receivables	(634,907)	614,188	
Decrease in Unexpired Expenses	26,867	63,834	
Increase in Other Expenses	(651,773)	-	
Increase in Future Income Tax Benefit	(32,574)	(7,278)	
Increase in Payables	234,602	282,467	
Increase (Decrease) in Provision for Income Tax Payable	(22,777)	286,971	
Increase (Decrease) in Accrued Expenses	393,791	(499,881)	
Increase (Decrease) in Provision for Deferred Income Tax	51,306	(273,804)	Increase
(Decrease) in Income in Advance	<u>(132,775)</u>	<u>383,497</u>	
Net cash inflow (outflow) from operating activities	<u>600,387</u>	<u>3,406,226</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 business segment.

Geographical segments

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

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

31. Segment Information (continued)

Primary reporting – business segments

2003	Commercial Harbour	Fishing Boat Harbour	Other	Total
Revenue from External Customers	8,045,973	1,562,143	49,328	9,657,444
Other Revenue	<u>472,412</u>	<u>21,324</u>	-	<u>493,736</u>
Total Revenue	<u>8,518,385</u>	<u>1,583,467</u>	<u>49,328</u>	<u>10,151,180</u>
Segment Result	<u>(401,151)</u>	<u>426,378</u>	<u>(18,894)</u>	<u>6,333</u>
Segment Assets	<u>121,624,429</u>	<u>2,276,471</u>	<u>138,309</u>	124,039,209
Unallocated Assets				<u>7,363,944</u>
Total Assets				<u>131,403,153</u>
Segment Liabilities	<u>85,279,325</u>	<u>1,211,908</u>		86,491,233
Unallocated Liabilities				<u>23,166,225</u>
Total Liabilities				<u>109,657,458</u>
Acquisition of Assets	<u>67,177,390</u>	<u>331,144</u>	-	<u>67,508,534</u>
Depreciation Expense	<u>1,279,499</u>	<u>108,768</u>	<u>8,544</u>	<u>1,396,811</u>
Non cash expenses other than depreciation	<u>222,418</u>	<u>9,689</u>	-	<u>232,107</u>
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>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2003

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 was 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.

Geraldton Port Authority Directors Declaration


The Directors declare that the financial statements and notes set out on pages 39 to 61.

- (a) comply with Accounting Standards, the Corporations Regulations 2001, other mandatory professional reporting requirements, and the financial reporting provisions of the Port Authorities Act 1999; and
- (b) give a true and fair view of the Authority's financial position as at 30 June 2003 and its performance as represented by the results of its operations and cash flows for the financial year ended on that date.

In the Director's opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001 and the financial reporting provisions of the Port Authorities Act 1999; and
- (b) there are reasonable grounds to believe the Authority will be able to pay its debts as and when they become due and payable.

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



I King



K Halbert

Geraldton
10 September 2003



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON GERALDTON PORT AUTHORITY

To the Parliament of Western Australia

Audit Opinion

In my opinion, the financial statements of the 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, 2003 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.

Scope

The Board's Role

The Board of Directors is responsible for the financial statements.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying Notes and Directors' Declaration.

Summary of my Role

As required by the Port Authorities Act 1999, I have independently audited the financial statements to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON
AUDITOR GENERAL
September 26, 2003

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

2002/2003

Largest Vessel

MV Heinrich Oldendorff
73,926 DWT
January 2003

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.....	39,166 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

Cover photographs

1. *Leonardo da Vinci* (background) and *Obscured by Clouds* (foreground) - Photo Brendon Brodie-Hall
2. Wildlife at the Port's outer breakwater - Sea Lions & Cormorants
3. Berth 4 Shiploader upgrade