



GERALDTON PORT AUTHORITY



ANNUAL REPORT 2005

GERALDTON PORT AUTHORITY

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KIM HALBERT

KEVIN ALTHAM

BEVERLEY DAVIDSON



EXECUTIVE OFFICERS

CHIEF EXECUTIVE OFFICER

Keith Gordon

COMMERCIAL SERVICES MANAGER

William Headley

PORT OPERATIONS MANAGER / HARBOUR MASTER

Ken Scully

ENGINEERING MANAGER

Peter Duplex

GERALDTON PORT AUTHORITY

2004 - 2005 Annual Report

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FROM THE CHAIRMAN

2004/05 has seen rapid growth at the Geraldton Port Authority (GPA). As Western Australia experiences a resource boom, so too does the GPA experience a period of unparalleled growth, fuelled by growing iron ore exports and strong support from long-term customers in minerals and grain exports.

In fact one of the Geraldton Port's greatest strengths is our diversity. In addition to catering for exports of grains, minerals and livestock and imports of fertilizer and fuels, this year the Port has welcomed cruise ships, oil rig tenders and unusual cargo such as the huge blades and towers for the wind farm constructed at Walkaway.

More importantly, are the partnerships we maintain and promote in our community. The GPA is a key member of the Mid West community, forming strong relationships with its customers, suppliers, industry bodies and local government. We also continue to support Geraldton's fishing industry, providing berthing facilities, maintenance, waste disposal and security services to the Fishing Boat Harbour.



In everything we do, we aim to fulfill our mission to encourage trade facilitation by being a profitable, cost effective and efficient logistics provider. To do this, we need the best people available.

In February, we welcomed a new Chief Executive Officer in Keith Gordon to build on the solid foundations set by our management team. Keith brought with him 22 years experience in the Port business, along with a high degree of commercial discipline and operational knowledge. He has worked quickly to meet the Port's Strategic direction for future growth and success in our business.

All indications are that the growth experienced this financial year will continue for the foreseeable future. With our dedicated team behind Keith Gordon, and the continued support of our clients and the Mid West community, the GPA looks forward to meeting the challenges of the future.

A handwritten signature in purple ink, reading "Ian King".

Ian King
CHAIRMAN

FROM THE CHIEF EXECUTIVE OFFICER

Identifying opportunities and catering for growth brought about by the State's resource boom have been, and will continue to be, major focuses of the Geraldton Port Authority (GPA) as we move into an exciting future.

My vision is to see the GPA take a more holistic approach to the logistics of trade, strategically positioning the business to drive outcomes rather than be reactive. To do this, we need to first understand the scope and potential for growth in our region and then set strategic targets to handle this growth.

This cannot happen in isolation. The GPA must be part of the entire supply chain and take a leading role in determining the infrastructure we, as a region, need to meet demand. Road, rail, electricity, gas and water supplies all have ramifications on how we develop the Port. Our clients will be, and should be, looking to us for assistance in all these areas to ensure their ventures can become reality so that the region continues to grow.



Already we have made good inroads in 2004/05 to cater for growth.

Berths at Geraldton have recently been upgraded and a new berth is on the drawing board to accommodate continued growth in iron ore exports. We've increased the capacity of our mobile ship loader while commissioning two new tugs at the start of 2005 – the Tarcoola and Wajarri. Both have a 50 tonne bollard pull capacity, easily catering for the heaviest loaded Panamax vessels and attributing to the records that tumbled time and time again during the year for the heaviest loads shipped through Geraldton.

But, this is only the beginning. Potentially, as much as 25million tonnes of throughput could be shipped through Geraldton by 2010. Such growth requires high level strategic planning by the GPA, up-to-date information from key clients and a willingness from Government to provide financial support necessary to facilitate the next phase of growth.

To this end the GPA will continue to seek and offer open communication to all key stakeholders. We will continue to be highly accountable to our customers, the local community, the State Government and the employees of the GPA.

We will continue to provide a stable and well skilled workforce, on which all sectors can rely.

In short, we will fulfill our mission to encourage trade facilitation by being a profitable, cost effective and efficient provider of port services through the use of existing and new infrastructure.

We look forward to having you on the journey with us.

Keith Gordon
CHIEF EXECUTIVE OFFICER

PURPOSE

The purpose of the Geraldton Port Authority is:

To encourage trade facilitation by being a profitable, cost effective and efficient provider of port services through the use of **existing and new infrastructure**.

A strong management structure heads up a dedicated team of highly skilled Port operators, working to:

- Create an environment that encourages teamwork, communication and co-operation.
- Enhance business development and ensuring superior customer service.
- Optimise its operational and economic performance.
- Value add to the supply chain.
- Operate with economic, environmental and social responsibility.
- Provide responsible corporate governance.
- Optimise the performance of its assets.
- Operate with the values of honesty, integrity and fairness.

The GPA, through its Strategic Development Plan, has identified and prioritised the following as the major focuses over the next five years:

- Review and develop all GPA's operating parameters and policies
- Increase the volume of trade through the Port
- Achieve commercial outcomes that satisfy both financial and Government objectives
- Land strategy
- Risk management/mitigation



In everything we do, we meet our functions as prescribed in the Port Authorities Act 1999:

- (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 our functions, we must:

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

CURRENT SITUATION

Geraldton Port – Facilitating Trade for the Mid West

The State's resource boom and a strong grain harvest resulted in a significant increase in trade through the Geraldton Port in 2004/05.

In the twelve months to June 2005, an increase in trade of 26.15 per cent was recorded - compared to the same period last year. Reflecting the strong Chinese demand for the State's resources, the balance of materials exported through Geraldton shifted significantly towards mining products this financial year.

Minerals and iron ore accounted for 54.52 per cent of all trade in the twelve months to June 2005, compared to 36.25 per cent during the same period last year. Consistent tonnages from long term mineral export customers, coupled with new iron ore exports, have contributed to the increases.

All indications are that this is set to continue. Our long term customers such as Iluka Resources, Luzenac, Newmont Mining (Oxiana) and GMA Garnet indicate their rates of export will continue. Iron ore customers, like Mt Gibson Iron, are forecasting significant increases.

New iron ore customers are also expected to come on line over the next 12 months such as Midwest Corporation and Murchison Metals. Midwest Corporation and Murchison Metals have indicated their volumes are expected to be in the vicinity of 1-1.5million tonnes in the first year. While these iron ore tonnages are impressive, the GPA has built its strength by shipping a diverse range of products for clients through the Mid West and Murchison.

Iluka Resources continue to ship in excess of 600,000 tonnes of synthetic rutile and zircon through Geraldton - as well as importing more than 50,000 tonnes of mineral sands, to use in value-adding processes at its Namgulu facility in Geraldton.

Luzenac shipped over 100,000 tonnes of talc in 2004/2005 while Newmont Mining exported over 200,000 tonnes of zinc and copper concentrates in the same period. GMA Garnet also exported in excess of 100,000 tonnes of garnet sand through Geraldton in 2004/2005.

Simultaneously, grain exports were strong in 2004/05 exporting in excess of 2.1 million tonnes. Exports of grain to Indonesia accounted for approximately one quarter of this result; Geraldton's proximity to the market again proving advantageous for customers in South East Asia.

Facilitating this trade, the GPA has a dedicated grains berth and two berths dedicated for minerals and ore, as well as berths available (with suitable backup land) for the export of livestock and import of fertilizers, fuel and general cargo. Co-operative Bulk Handling continues to operate two ship loaders each with a 1000tonne per hour capacity for cereal grains while, until recently, a 1800tonne per hour ship loader was being used for both iron ore and minerals. However, in a quest for greater ease of trade and more efficient loading operations, talc exports have been handled, for some months, utilising a mobile ship loader. The mobile loader is now being trialed for garnet and zircon exports.

Trade through the Geraldton Port continues to produce significant royalties for the State Government as well as bolstering the strength of the Geraldton economy. As demand in China is forecast to remain high, this strength is expected to be sustainable. In fact, the GPA is only expecting demand to grow further, resulting in potentially as much as 25million tonnes of throughput a year by 2010.

The GPA is carefully managing this growth, setting a series of key milestones to indicate when greater investment in infrastructure should take place to facilitate the next phase of growth.



2004/05 HIGHLIGHTS

Records and upgrades – a year of many highlights

2004/05 has been a year of many highlights, a summary of which is provided below:

- Additional funding of \$1.85million saw further upgrades to port infrastructure as demand for port facilities increased. These included the installation of a programmable logic control (PLC) and Scada system, upgrade to electrics and installation of quick release gear for changing chutes to assist cleaning between cargoes.
- \$2.15million of funding enabled the commissioning of a mobile ship loader at Berth 6 to create a second minerals berth.
- End of financial year figures reveal total trade tonnages had increased by 1,140,955 tonnes.
- The GPA saw its millionth tonne of iron ore shipped on board the MV 'Habil Duckling' bound for China in November 2004.
- The MV 'Sydney King' shipped a record wheat cargo of 63,073.99 tonnes bound for Port Sudan from Geraldton in April 2005.
- A new record has been set for the number of ships handled through the Port in a financial year. 306 ships berthed, carting a total cargo of 5,504,241 million tonnes.
- Significant changes were made to the Strategic Development Plan to meet anticipated future demands for both import and export product.
- The GPA officially handed over new purpose built pens at the Batavia Coast Marina to the Geraldton Yacht Club. The upgraded facilities were completed in August and now boast water and power provisions together with improved moorings and additional tie off points. Finger jetties between pens have also been constructed to suit Geraldton Yacht Club requirements.
- Stage 1 of the GPA's \$2million security upgrade came into full effect on 1 July 2004, securing our critical international trade links. The upgrade brought the Port in line with the Australian Government's new Maritime Transport Security Act 2003.
- Two new \$7million tugs 'Tarcoola' and 'Wajarri', constructed for Adsteam, were welcomed and officially named in mid December. The two 50 tonne bollard pull tractor tugs are a key element in the enhanced operations of the Port.
- Construction of the Southern Transport Corridor by Main Roads WA and Thiess progressed rapidly, reaching Port land with the construction of the rail tunnel on the western boundary. The new rail link will provide a single rail line from the Geraldton Port to the existing rail line at the Narngulu Industrial Area allowing for the future removal of the rail line along the city foreshore - a key element of Geraldton's Foreshore Redevelopment and Central Business District Revitalisation Project.
- GPA and City of Geraldton finalised a joint program which will see the effective management of Geraldton's northern beaches into the future. The "Northern Beaches Stabilisation Programme" details a range of management measures such as annual sand bypassing, shoreline surveys, aerial photography and vegetation management.
- A pedestrian access gate for ships' crew and authorised personnel has been installed at the eastern end of Ian Bogle Road. Improved barrier fencing was also installed on the western fence line parallel to the railway line.
- A massive logistics exercise commenced on 28 February as the first of 162 blades, together with 54 towers, generators and hubs for the Alinta Wind Farm arrived in Geraldton on board the MV 'Egelantiersgracht'. Measuring 40 metres long and weighing 7.5 tonnes each, the timber constructed blades made quite a spectacle as they were transported through Geraldton streets to the Walkaway site.



Staff

- The GPA engaged an apprentice boilermaker/welder and administration trainee through the Apprentice and Traineeship Company.
- Our commitment to safety paid off with GPA staff recording 12 months without a Lost Time Injury – in fact 890 days have been recorded without an LTI to 30 June.

Community

- The GPA welcomed the return of the Blessing of the Fleet Ceremony to the Fishing Boat Harbour in November 2004.
- The GPA assisted the City of Geraldton in its endeavours to turn the South Tomi into a dive wreck and tourist attraction.
- The GPA provided mooring facilities for the FESA sea rescue boat as well as support with a licensing course and provision of an aerial photograph for training purposes.
- January 28 saw a hive of activity at the Fishing Boat Harbour and northern reclaim area as GPA personnel, family members, students and volunteers from the fishing industry participated in a clean-up blitz, both above and below the water line, as part of Clean Up Australia Day.
- Geraldton was the focus in January as donated relief supplies poured into the City to be shipped to tsunami ravaged areas of South East Asia. The *'Limousin Express'* sailed from Geraldton with an additional 90 pallets of donated items bound for Banda Aceh province in Sumatra. The ship sailed with a further 57 pallets bound for Jakarta on January 24.
- Geraldton hosted a one day visit by the German cruise ship 'Maxim Gorkyi' on 11 March 2005. The Cruising Geraldton Committee (on which GPA has representation) organised a variety of tours and activities for the visitors.
- The GPA became one of six major sponsors to the Geraldton Economic Alliance (\$3,000) to go towards the staging of the 2005 Mid West Economic Summit.



OPERATIONS

Operationally, the GPA has instigated many changes and improvements in 2004/05 to increase efficiency of its port service. These include:

Relocation of GPA Maintenance Depot

The financial year saw major upgrades to electrical, water and computer facilities as well as workshop accommodation to facilitate the relocation of the GPA's maintenance depot from Connell Road to the sheds adjacent to Berth 1. This relocation was necessary due to the realignment of the Port railway system from the construction of the Southern Transport Corridor, new Port security requirements and the need to bring the workforce closer to the workplace.

Upgrade Of Sewer Scheme / Coast & Clean Seas

The GPA has completed the construction and installation of a reticulated vacuum wastewater collection scheme at the Port to allow 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 progressively once the Water Corporation's connection mains are available. This is now expected to occur towards the end of 2005.

Bulk Handling Facility Modifications

A \$1.85million upgrade to the existing material handling facilities commenced during the financial year. These works have included:

- Upgrading of a train receiving hopper and associated drive unit
- Installation of new conveyor drive motors, pulleys and belts as necessary
- Upgrading and reinforcing the electrical distribution system
- Additional lighting
- Provision of a wash down water recovery and re-use system
- Further enclosing of conveyors
- Installation of a PLC/SCADA control system.

Port Security

Stage one of the Geraldton Port Authority's \$2million security upgrade came into full effect on 1 July 2004, in line with the Australian Government's new Maritime Transport Security Act 2003. Compliance with these international obligations secures our critical international trade links, protecting the livelihood of local farmers and miners that comes from the millions of dollars of export income generated through the Geraldton Port.

The interface between the Port berths and its waters has been completely secured with fencing and is now only accessible to authorised persons, with access swipe cards, through gates at either end of the Port.

As part of the new port security arrangements a new port induction program has been developed which includes occupational health and safety, environmental and security considerations. This induction program has been delivered to all staff, contractors, customers and port users who need to work within the security regulated port zone. This new regime includes the wearing of personal protective equipment, such as hard hats, high visibility vests, life jackets and safety shoes, as mandatory within the GPA Port Zone.

Northern Beaches Stabilisation

In keeping with environmental commitments and the Memorandum of Understanding (MOU) with the City of Geraldton, the GPA continued sand by-passing to the beaches immediately north of the Batavia Coast Marina to assist with beach erosion. The GPA's commitment to the project has been agreed at 12,500 banked cubic metres annually.

South Pens 4 Upgrade

The GPA has completed major maintenance works at South Pens 4 with minimal disruption to the Fishing Boat Harbour community. The maintenance crew fabricated and fitted extended walkways as well as upgraded electricity capacity and water supply, sandblasting, painting and repairs to damaged piles.

Installation of CCTV Network

CCTVs have been installed through the Port precinct including the Fishing Boat Harbour, the Port's main administration building, pedestrian gates, gatehouse and work boat base. Port Operations and security staff have access to cameras around the Port 24 hours a day, seven days a week. The local Police are able to use footage from the CCTVs in their prosecution of incidents that occur at the Port.

Asset Management Program

A condition and compliance audit has been undertaken of all electrical and mechanical Port assets. The Port's computer aided Maintenance Management System (MEX) has undergone an overhaul with heightened focus on asset management in the post-PEP environment.

Occupational Health & Safety

Occupational health and safety continues to be a prime focus of GPA staff at all times whilst working in the Port. With a commitment to continuous improvement in the Port working environment a heightened enthusiastic attitude towards safety has been evident over the year. The Safety Performance Boards are updated on a monthly basis and give a highly visible status report on the Port's safety performance.

Random testing for illegal substance use and abuse has continued throughout the year to ensure our work force maintains a culture of coming to work fit for work, and going home in the same condition as they arrived.

Employees have undertaken training in the following areas:

- Oil Spill Containment and Clean-up – Several key members of the work-force undertook training facilitated by AMSA.
- Risk Assessment Training – The majority of the maintenance staff have undertaken Workplace Risk Assessment and Control (WRAC) training and the remainder of the staff will have completed the training in the near future. As a key part of the workplace safety culture, it has been absorbed and ongoing training and mentoring is taking place.
- First Aid Training – In an effort to maintain the current skills level, first aid training and Advanced Resuscitation have continued with key personnel trained to the higher level as required for the various job descriptions.

OH&S Statistics

Due to the strong work practices in place at the Port and the hard-working and committed team employed here, GPA is proud to report that in the 2004/05 financial year there were no lost time injuries recorded.

No. of Lost Time Injuries (LTIs):	0
No. of employees: (12 month average)	31.7
Manhours worked:	66044
Days lost:	0
Frequency rate:	0
Duration rate:	0
Severity Rate:	0

FACTORS	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00
Frequency Rate = $\frac{\text{Number of LTI/D} \times 1,000,000^*}{\text{Total Hours Worked}}$	0	0	16.90	54.87	15.5	69.8
Estimated cost of claims incurred per \$100 wage-roll	0	0	1.26	3.16	3.41	4.22
Premium Rate	1.8%	3.95%	4.23%	4.16%	4.29%	2.58%
Number of Rehabilitation Cases	0	0	0	0	0	1
Rehabilitation Success Rate	0	0	0	0	100	0

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

Efficiency of Port Operational Licence 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 24 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.

Stevedoring licences expired on 30 June 2005 however extensions to those licences have been granted to 30 September 2005. During this time submissions will be called for the granting of future stevedoring licences.



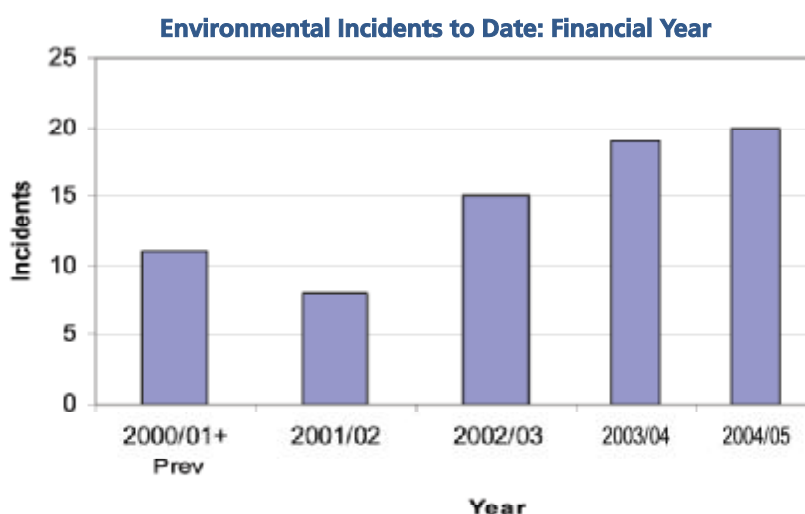
ENVIRONMENT

Environmental Management System

The GPA will soon be seeking certification of its Environmental Management System (EMS), developed over the past year for the Port. The EMS is a dynamic document, detailing the GPA's environmental policy, environmental aspects and impacts, objectives and targets, roles and responsibilities, inspections and audits and environmental management projects in accordance with the guiding principles of the Australian and New Zealand Standards AS/NZS ISO 14001.

The EMS includes an annual environmental management plan for the Port to achieve its yearly objectives and targets. A Bulk Handling Facility (BHF) Environmental Action Plan, endorsed by mineral exporting customers and the Department of Environment, is also addressing environmental issues associated with the handling of bulk mineral cargoes through the Port's BHF. It details priority areas and timing requirements over a two-year program.

The GPA continues to work closely with regulating authorities, reporting annually on a range of environmental matters. The GPA is totally committed to an environmentally sound Port, ensuring customers and potential customers have a clear commercial advantage by using the Port of Geraldton.



Whilst environmental incidents reported have risen over the past four years, the GPA sees this as a positive sign that Port users are becoming better at reporting incidents, allowing us to respond and address the issues appropriately. Most incidents in the year have related to inappropriate use of waste oil receptacles and skip bins in the Fishing Boat Harbour resulting in leaking of wastes, such as oil, from the bins. These incidents have been managed so as to avoid ground and water contamination.

The Port has recently commissioned a complete upgrade to these waste oil receptacles in combination with an advanced awareness program for users, to ensure improvements are made.

All major environmental incidents are reported to the Department of Environment with the GPA continuing to work closely with the Department to resolve each issue.

New Export Projects

In accordance with the Port Authorities Environmental Licence issued annually by the Department of Environment, a number of new export projects have come online at the Port of Geraldton. Two new iron ore projects, namely Midwest Corporation and Murchison Metals, are making the most of the enhanced Port and have now made iron ore the largest export commodity from Geraldton. These projects have adopted some of the latest environmental technologies in relation to shed design and ship loading, ensuring the environmental performance of the Port remains high.

Research Project – Seagrass Recovery (in Conjunction with CSIRO)

In 2003, a major dredging project was completed by the GPA. As predicted in the public environmental review (PER), the seagrasses within the Bay were impacted. The recovery of these seagrasses continues to be monitored in a large and comprehensive survey by the CSIRO and the GPA.

The recovery monitoring extends from Dongara in the south to Port Gregory in the north. To date the seagrasses, dominated by *Amphibolis griffithii*, *Amphibolis antarctica* and *Posidonia sinuosa*, have shown excellent recovery and, apart from minor cases, are nearing original condition. The recovery monitoring will continue for another two years. The information gathered will greatly assist the GPA and regulating authorities, such as the Department of Environment, in understanding the recovery of seagrasses after exposure to large, long-term dredging projects.

Joint Research Project – Seagrass Shading Experiment

In addition to this monitoring, the GPA has joined forces with the Strategic Research Fund for the Marine Environment (SRFME) and Edith Cowan University (ECU) to fund a major seagrass experiment over the next three years. The experiment, based around imposed shading, will focus on the dominant mid west coast seagrass species *Amphibolis griffithii* in Jurien Bay.

The shading experiment will replicate one of the major stressors dredging projects place on aquatic marine plants - turbid water reducing the light available to these plants. The project will involve setting up 90 shading units just above an *Amphibolis griffithii* meadow and monitoring their response over varying durations up to nine months. The project will then remove the shading component and monitor the recovery of the seagrass for a further six months.

The project will greatly assist regulating authorities and project proponents in better understanding this seagrass species and allowing projects to be managed to ensure the long term survival of these important marine plants.



COMMUNICATIONS

External Communications

With a commitment to always ensuring our customers and stakeholders are kept fully informed of our operations at the Port, the GPA undertook the following initiatives this financial year:

- Frequent Customer Information Bulletins were distributed to key stakeholders
- The GPA continued to facilitate a number of Port focus groups to provide a forum for issues to be discussed and considered between representatives of all stakeholders operating within the Port
- The GPA website, www.gerport.wa.gov.au is an interactive and proactive website with the latest information and statistics on the Port.
- Regular media releases were issued to local and state media, maintaining a constant profile of the GPA in the community
- The Champion Bay Comment changed its name to Port News but continued to run monthly in local newspapers
- Briefings to community groups and schools were undertaken
- To add value to the GPA's communications with potential clients and the community at large, a new suite of promotional product was prepared including a corporate folder, fact brochure, business plan summary, posters and a roll up display banner.
- The GPA continued to be represented on important community bodies such as the Mid West Chamber of Commerce and the Geraldton Economic Alliance.

GPA/City of Geraldton Liaison Committee

The City of Geraldton and the Geraldton Port Authority signed an historic Memorandum of Understanding (MOU) on 11 April 2003. A City of Geraldton and GPA liaison committee was formed and this committee continued to meet quarterly throughout 2004/05.



CORPORATE GOVERNANCE

Role of Board

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

Board Composition

The Geraldton Port Authority consists of a Board of Directors comprising five people appointed by the Minister for Planning and 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 re-appointment. Periods of appointment are to be fixed in a way that results in approximately one third of the Directors retiring each year.

Director Review Committees

Two Committees have been established – one to address Financial Issues and the other compliance with Policies and Direction. The Chairman of the Finance Committee is Director Kim Halbert and the Chairman of the Compliance Committee is Director Bruce Anderson.

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:-

Finance 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 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 Authority expense; access to GPA 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 the GPA strategic direction (through the Strategic Development Plan), Port policies, procedures and significant legal opinion.

Directors also have access to an annual program of visits to key operations, including detailed briefings by management, monthly operational reports from each business area 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 GPA 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 GPA'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 GPA 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 GPA 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 GPA, which is an assessment formulated to identify specific sources of risk and alternative controls for mitigation. 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 which updates and identifies a range of target initiatives for action by the Port. A Riskbase Database System was purpose designed and built by RiskCover as a means for the Geraldton Port Authority to undertake this ongoing review 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 GPA conducted the Internal Audit function for the Port Hedland Port Authority during the 2004/2005 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.



FINANCE & COMPLIANCE

Port Charges

Port commercial fees and charges have been reviewed and increased for the 2005/06 financial year, with information available on [the GPA website](#). A new Port Security fee has been introduced at \$0.0600 per GRT.

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 2004/2005
A	Advertising agenciesTotal:	Market Creations Media Monitors	\$20,014.15 \$11,396.86 \$31,411.01
B	Market research organisations	N/A	
C	Polling organisations	N/A	
D	Direct mail organisations	N/A	
D	Media advertising organisationsTotal:	Geraldton Newspapers Marketforce Productions Midwest Times WA Business News	\$7,153.29 \$10,174.34 \$3,012.00 \$185.00 \$20,524.63

Total expenditure for 2004/05 was \$51,935.64.

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 approved Records Management Plan provides an accurate reflection of the record-keeping program within the Geraldton Port Authority. Documentation includes record keeping systems, policies, practices and processes.

The record keeping system is currently being reviewed for its effectiveness with a view to upgrading to an electronic data base and archive system.

All employees will be trained in the revised system on implementation.

GERALDTON PORT AUTHORITY ORIGIN & DESTINATION OF CARGO 2004-2005

PORTS	GRAINS	SANDS	OILS	FERT	GENERAL	IRON ORE	TALC	COPPER / ZINC	LIVESTOCK	BUNKERS	TONNES
BELGIUM		20,810		4,341				5,707			30,858
CHILE					7,657						7,657
CHINA		37,050		14,730		1,833,460		60,558			1,945,798
COLOMBIA	14,067										14,067
EGYPT	32,230										32,230
FRANCE		11,102									11,102
GERMANY				1,556							1,556
INDIA		10,007						37,677			47,684
INDIAN OCEAN ISLANDS		36			6						42
INDONESIA	566,347				2,698				11,227		580,273
INTERSTATE		2,058			1,467						3,525
INTRASTATE			195,789							1,712	197,501
IRAQ	247,999										247,999
ISRAEL				21,600							21,599
ITALY		50,045									50,045
JAPAN	89,495	37,685					14,122	53,591			194,893
KUWAIT	71,300										71,300
LIBYA		5,007									5,007
MALAYSIA	138,226	21,702		16,059	5,130				1,766		182,883
MEXICO		131,422									131,422
NETHERLANDS	25,500	97,741					87,095				210,337
OMAN	98,325										98,325
PAKISTAN	52,512										52,512
QATAR				10,983							10,983
SAUDI ARABIA	66,491	68,011		14,324		33,031					181,857
SINGAPORE					243				322		565
SOUTH KOREA	316,497							37,850			354,347
SPAIN	38,500	30,738									69,238
SUDAN	184,877										184,877
TAIWAN		95,339									95,339
THAILAND		2,002						31,813			33,815
UNITED ARAB EMIRATES		19,746									19,746
UNITED KINGDOM					4,286						4,286
USA		159,323		56,919	40		6,001				222,283
VIETNAM	181,782				6,508						188,291
	2,124,148	799,824	195,789	140,512	28,035	1,866,491	107,218	227,196	13,315	1,712	5,504,242

GERALDTON PORT AUTHORITY
COMPARATIVE TRADE STATISTICS - ENDING 30 JUNE

	2000/01	2001/02	2002/03	2003/04	2004/05
IMPORTS					
Fert DAP	21,059	22,801	28,106	15,874	21,203
Fert MAP	16,865	9,452	10,272	15,517	15,459
Vigor / NPK	3,988	13,447	8,379	5,156	4,463
Phosphate	-	-	-	-	-
New Phosphate (TSP+S)	15,518	16,826	29,132	29,125	14,709
Sulphur	-	-	-	-	-
Urea	65,319	66,874	43,375	61,811	51,354
Potassium Carbo	12,791	9,301	18,084	17,673	33,324
Petroleum Products	155,453	134,248	188,082	186,179	195,789
Mineral Sands	-	25,014	-	56,653	-
General	-	12	9,267	12,463	17,537
TOTAL IMPORTS	290,993	297,975	334,697	400,451	353,838
EXPORTS					
Wheat	915,696	897,039	766,720	1,733,059	1,707,265
Oats	-	-	-	-	4,200
Barley	92,159	50,504	41,830	219,749	113,707
Lupins	376,627	269,867	146,201	420,583	238,411
Canola	68,278	32,691	26,211	41,320	60,567
Chickpeas	10,968	-	-	-	-
Faba Beans	-	-	-	-	-
Copper Cons/Ore	51,529	119,602	144,752	135,662	81,881
Zinc/Lead Cons/Ore	225,516	184,366	150,807	135,983	145,315
Mineral Sands	569,803	590,694	635,898	671,356	659,065
Garnet	53,224	47,110	71,998	92,912	140,759
Talc	127,912	134,033	140,462	102,316	107,218
Manganese	-	-	19,725	-	-
Nickel	29,124	-	-	-	-
Iron Ore	-	-	-	386,973	1,866,491
Stockfeed	1,684	1,411	1,687	1,525	1,895
Livestock	6,751	6,993	10,619	12,139	13,315
General	-	-	-	3,980	8,603
TOTAL EXPORTS	2,529,271	2,334,310	2,156,910	3,957,557	5,148,692
Bunkers - Oil	862	525	4,076	5,278	1,712
TOTAL TRADE	2,821,126	2,632,810	2,495,683	4,363,286	5,504,242
SHIPPING					
Gross Reg Tonnage	3,593,556	3,592,405	3,509,181	4,677,617	5,391,926
Deadweight Tonnage	6,023,468	6,016,957	5,829,650	7,672,609	8,868,915
No of Vessels	203	208	234	284	306
 Average DWT	 29,672	 28,928	 24,913	 27,016	 28,983

RECORD INFORMATION

2003 / 2004

Largest Vessel

MV Clipper Sussex
76,773 DWT
February 2005

History

Largest Vessel

MV Clipper Sussex
76,773 DWT
February 2005

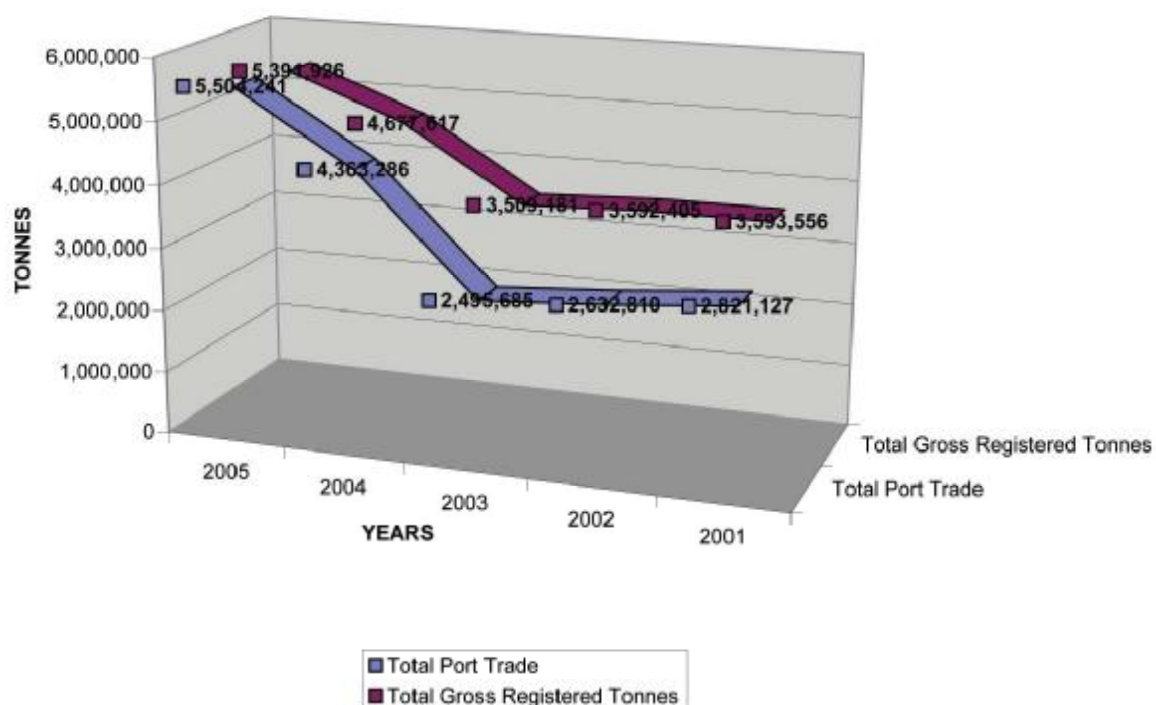
Largest Total Cargo

MV Sydney King
63,073.99 Tonnes Wheat
April 2005

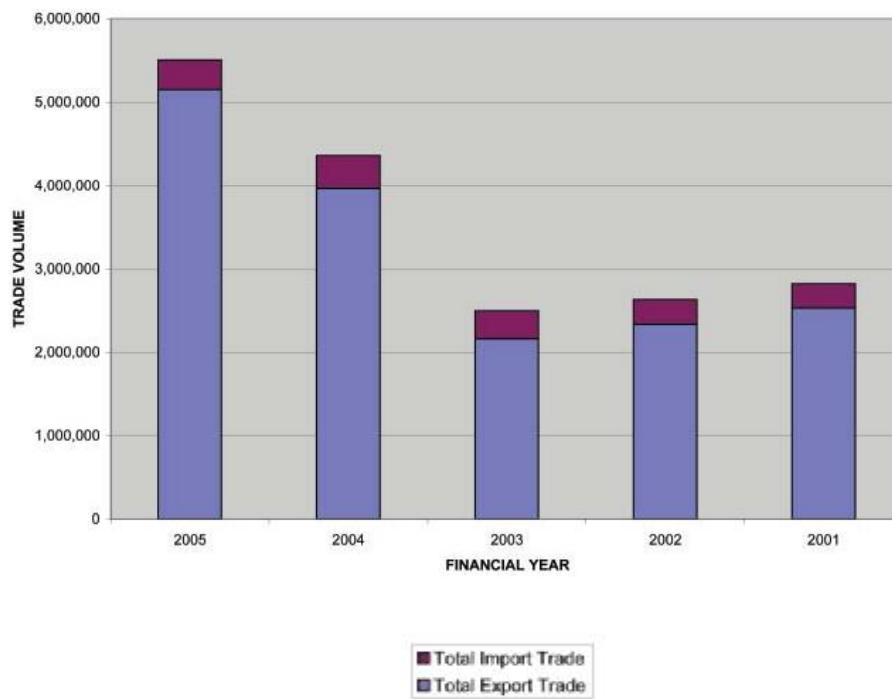
Largest Single Cargoes

MV Sydney King	Wheat	63,073.99 Tonnes	April 2005
MV Galateia	Iron Ore	60,500.00 Tonnes	March 2005
MV Kang Long	Lupins	50,190.23 Tonnes	November 2004
MV Aristeia M	Canola	38,025.53 Tonnes	December 2004
MV New Ambition	Barley	32,550.00 Tonnes	June 2004
MV Ming Hai	Talc	23,111.00 Tonnes	August 2003
MV Yang Hai	Ilmenite	30,008.80 Tonnes	January 2002
MV Mikom Accord	Petroleum	29,103.41 Tonnes	March 2001

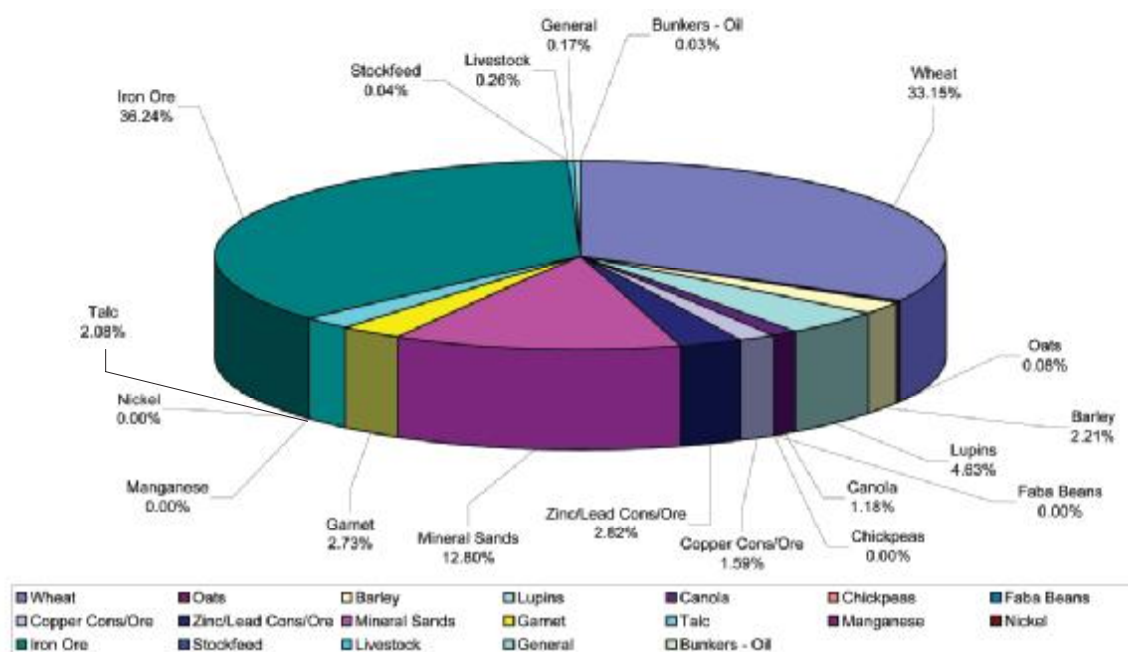
GPA Port Trade & GRT Comparison



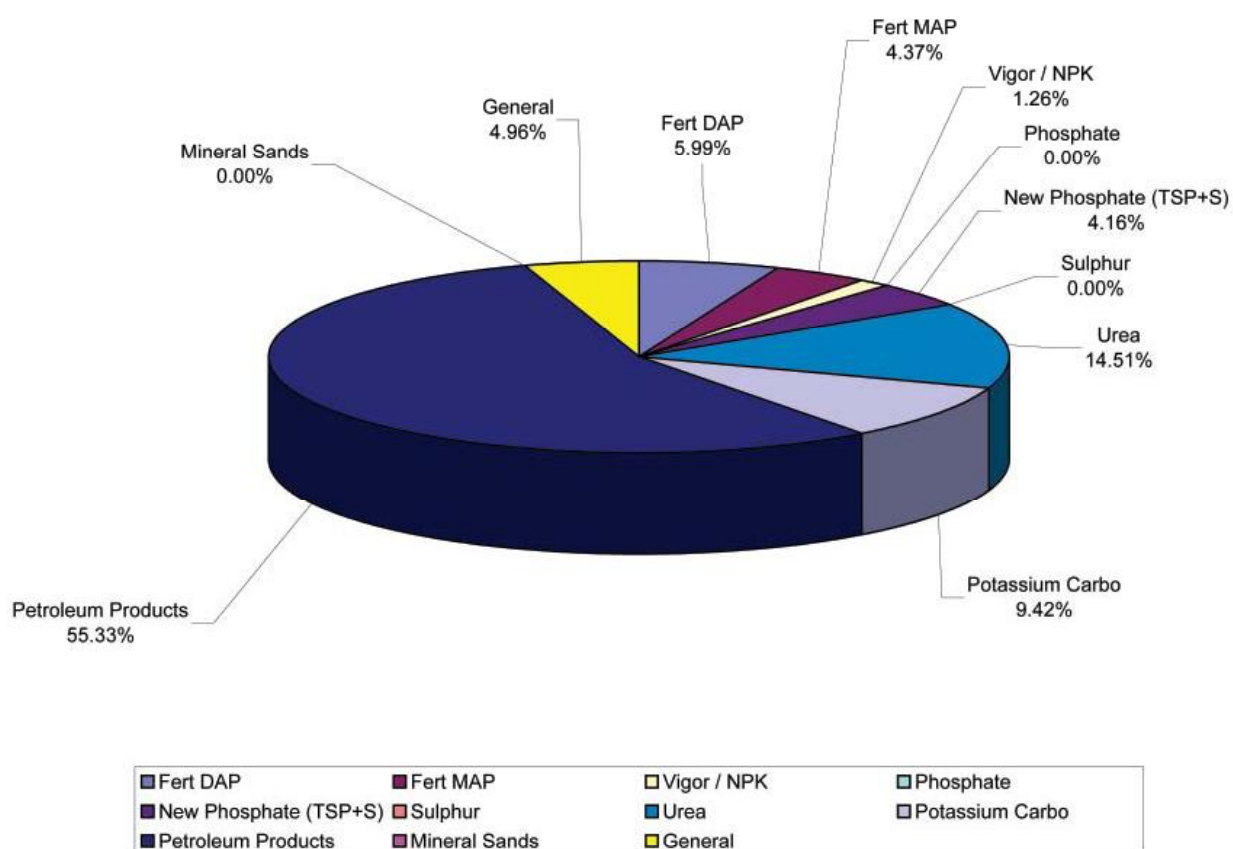
GPA Export & Import Trade Volume by Financial Year



GPA Break-up of Export Trade



GPA Break-up of Import Trade



Key Performance Indicators - As at 30 June 2005

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Liquidity Ratio Current Ratio	2.66	2.75	1.12	0.76	1.20	2.42
Cash Management Ratio Free Cash Ratio						
	83.50%	-10.07%	81.57%	47.65%	55.16%	53.27%
Debt Management Ratio Debt to Equity	0.51	0.49	0.46	4.33	4.92	5.35
Interest Cover	3.87	1.18	0.97	1.01	1.22	1.38
Profitability Ratios						
Return on Assets	10.45%	2.80%	2.07%	0.80%	6.11%	6.92%
Return on Shareholders Equity	7.95%	0.24%	-0.12%	0.05%	4.78%	8.84%
Economic Rate of Return	6.33%	1.22%	2.80%	0.24%	7.37%	9.42%
Port Efficiency Ratios REPUT (\$/tonne) - nominal	\$1.30	\$1.01	\$1.02	\$1.07	\$2.10	\$2.58
REPUT (\$/tonne) - real	\$1.20	\$0.89	\$0.92	\$0.94	\$1.73	\$2.00
REPS (\$/ship) - nominal	\$13,926	\$18,346	\$17,759	\$15,860	\$17,962	\$20,021
REPS (\$/ship) - real	\$12,893	\$16,023	\$15,978	\$13,854	\$14,802	\$15,552
PACPUT (\$/tonne) - nominal	\$2.40	\$3.66	\$3.78	\$4.04	\$2.95	\$2.80
PACPUT (\$/tonne) - real	\$2.22	\$3.20	\$3.40	\$3.53	\$2.43	\$2.17
CUB (tonnes per berth)	787,611	564,225	526,562	499,137	872,657	917,374
SUB (berth utilizations)	23.14%	21.09%	17.95%	23.36%	27.11%	29.03%
ASTT (hours)	40.98	45.64	37.90	43.84	41.92	41.66
APP (tonne/ship-hour)	387.49	304.53	333.99	243.27	366.48	431.73
Total Throughput	3,938,056	2,821,126	2,632,810	2,495,683	4,363,286	5,504,242

REPUT - Revenue Earned per Unit Throughput

REPS - Revenue Earned per Ship

PACPUT - Port Authority Costs per Unit Throughput

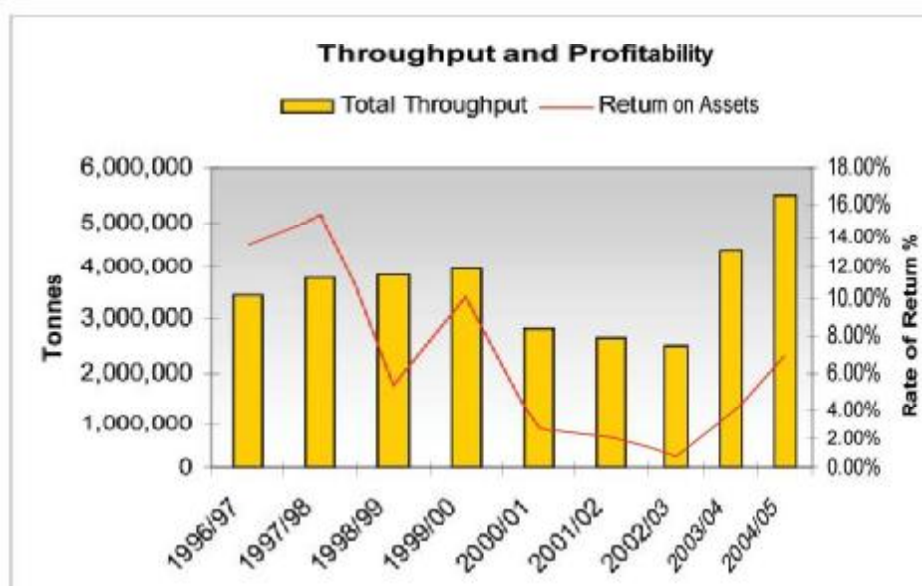
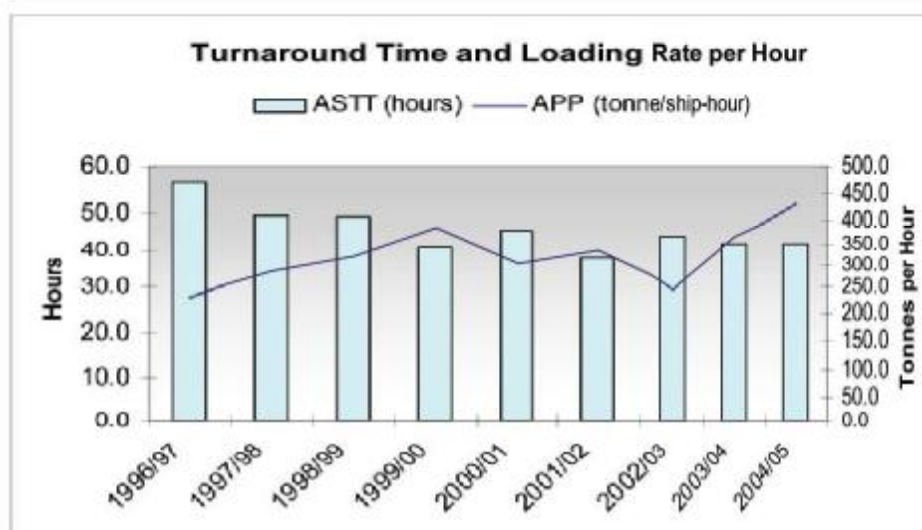
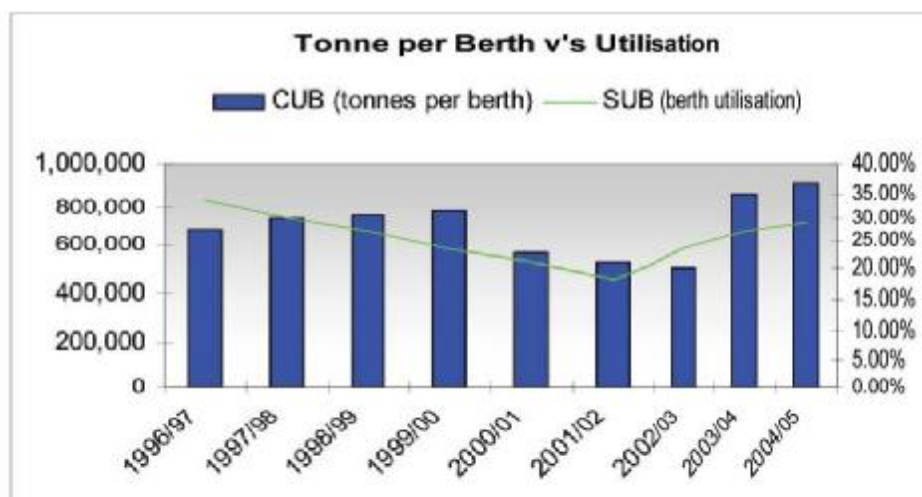
CUB - Cargo Units Berth

SUB - Ship Utilisation Berth

ASTT - Ship Turnaround Time

APP - Average Port Productiveness

Key Performance Indicators - AS at 30 June 2005



GERALDTON PORT AUTHORITY DIRECTORS' REPORT

The Directors present their report on the Geraldton Port Authority for the year ended 30 June 2005.

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
K Halbert
K Altham
B Anderson
B Davidson

Principal Activities

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

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

Dividends

A Nominal Dividend of \$0.00 is recommended in respect of the 2004/2005 Financial Year.

An Efficiency Dividend of \$126,000 and a Nominal Dividend of \$345,778 was paid during the financial year 2003/2004.

Review of Operations

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

	2005	2004
Total Trade (Tonnes)	5,504,241	4,363,287
Revenue from Cargo	\$14,177,728	\$ 9,153,668
Revenue from Ships	\$6,126,367	\$ 5,101,088
Other Revenue	\$5,567,917	\$ 4,154,632
Total Revenue	\$25,872,012	\$18,409,388
Less Expenditure	\$22,969,125	\$17,399,435
Operating Profit Before Tax	\$2,890,549	\$1,009,953
Income Tax on Operating Profit	\$5,276,708	\$318,397
Operating Profit After Tax	(\$2,386,159)	\$691,556

Comments on the operations are set out below.

The operating profit before tax was achieved through a record trade of grain and the reintroduction of Iron Ore exports for the first time in 30 years. Expenditure includes the ongoing costs of financing the loan portfolio of \$122m for the capital works undertaken at the **Port**.

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 was completed during the 2003/04 financial year.

Matters Subsequent to the End of the Financial Year

There are no matters subsequent to the end of the Financial Year.

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 Environment monitors compliance with this licence and frequent liaison occurs between the Authority's officers and the department.

The Geraldton Port Authority has a number of environmental programs developed to meet Ministerial conditions associated with recent major projects being the Geraldton Port Enhancement Project, and Fishing Boat Harbour Reclamation. Environment programs include seagrass; water quality; sediment; shoreline and artificial reef monitoring. The Port Authority submits an annual environmental report to the Department of Environment detailing finding and recommendations of these monitoring programs.

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

Information on Directors

<i>Director Experience</i>	<i>(Years of Service)</i>
I King	Non-executive Director, Chairman for 2 years
K Altham	Non-executive Director for 9 years
B Anderson	Non-executive Director for 8 years
K Halbert	Non-executive Director for 7 years
B Davidson	Non-executive Director for 2 years

GERALDTON PORT AUTHORITY DIRECTORS' REPORT (CONT)

As at June 30, 2005, the Board of Directors consisted of:

Chairman - Ian King

Occupation	Company Director and Systems Auditor
Appointments	Initial Appointment as Director and Chairman in September 2002 reappointed until 30 June 2007 (Ministerial approval August 2004)
Background /Qualifications	<ul style="list-style-type: none"> • Former National Manager specialised in oil and gas supply chain logistics company for a number of years. • Company Director for 20 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 2005. (Ministerial approval December 2004)
Background /Qualifications	<ul style="list-style-type: none"> • Farms a 6,400ha property in Eneabba cropping and growing wool and 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 30 June 2005 (Ministerial approval August 2004)
Background /Qualifications	<ul style="list-style-type: none"> • Owns and has operated a crayfishing business since 1981. • Associate Diploma in Mine Technology (Surveying) from the WA School of Mines in Kalgoorlie. • Inaugural member of the Mid West Development Commission. • Master Class 5 (Skippers Ticket). • Marine Engine Drivers Grade 2 (Engineers Ticket) • Commercial Pilots Licence
Board Representation	<ul style="list-style-type: none"> • Fishing Industry

Director - Bruce Anderson

Occupation	Mining Engineer
Appointments	Appointed Director in January 1996 and reappointed until 30 June 2006. Deputy Chairman (Ministerial approval August 2004)
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

Director - Beverley Davidson

Occupation	Ministerial Liaison Officer
Appointments	Initial appointment as Director in February 2003 until 31 December 2005
Background /Qualifications	<ul style="list-style-type: none"> • Former Branch Manager, Home Building Society (15 years) • Former Member College Governing Council, Central West College of TAFE • Former Member Board of Management, Queens Park Theatre • Former Executive Member, Mid West Chamber of Commerce
Board Representation	<ul style="list-style-type: none"> • Regional Business

Meetings of Directors

The number of meetings of the Authority's Board of Directors during the year ended 30 June 2005 and the number of meetings attended by each Director were:

Type of Meeting	Board	Finance	Compliance
Number of meetings held	11	11	11
Numbers of meetings attended by:			
I King	11	11	11
K Altham	7	7	7
B Anderson	8	8	8
K Halbert	11	11	11
B Davidson	11	11	11

Reappointment of Directors

The Minister for Planning and Infrastructure appoints Directors for terms not exceeding 3 years. Chairman Ian King was reappointed as Chairman for a term of three years expiring on 30 June 2007, B Anderson was reappointed for a term of two years expiring on 30 June 2006, K Altham was reappointed for a term of one year expiring on 30 June 2005 and K Halbert was reappointed for a term of twelve months expiring on 31 December 2005.

Remuneration of Directors

The Minister for Planning and Infrastructure determines the level of remuneration for the Board members

The nature and amount of the emoluments of each director is set out below

Name	Fees	Superannuation	Total
I King	22,000	990	22,990
K Altham	11,000	990	11,990
B Anderson	11,000	990	11,990
K Halbert	11,000	990	11,990
B Davidson	0	0	0
Total	\$55,000	\$3,960	\$58,960

Insurance of Officers

During the financial year, Geraldton Port Authority paid a premium of \$20,157.51 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.

Executives' Emoluments

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

Name	Salary Paid	Motor Vehicle	Superannuation	Other Costs	Total
	\$	\$	\$	\$	\$
Keith Gordon Chief Executive Officer	62,400	7,999	5,616	-	76,015
Ken Scully Port Operations Manager/Harbour Master	108,909	11,568	9,801	-	130,278
Peter Duplex Engineering Manager	101,221	13,075	9,109	-	123,405
Bill Headley Commercial Services Manager	116,469	14,682	10,482	-	141,633
Peter George	44,041	11,151	3,963	-	59,155

The above payments reflect total cash payments for the financial year and may include payments on termination.

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.

GERALDTON PORT AUTHORITY
Statement of Financial Performance
for the year ended 30 June, 2005

	Notes	2005 \$	2004 \$
Revenue from ordinary activities:	2	25,872,012	18,409,388
Borrowing costs	3(b)	7,575,491	4,533,694
Expenses from ordinary activities	3(a)	15,405,972	12,865,741
		22,981,463	17,399,435
Profit from ordinary activities before income tax equivalent expense:		2,890,549	1,009,953
Income tax equivalent expense / (benefit):	4	5,276,708	318,397
Net profit/(Loss)		(2,386,159)	691,556

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, 2005

	Notes	2005 \$	2004 \$
Current assets			
Cash assets	6	15,938,292	7,270,451
Receivables	7	2,179,691	3,656,879
Other	8	143,351	2,045,199
Total current assets		18,261,334	12,972,529
Non-current assets			
Property, plant and equipment	9	135,433,618	135,379,307
Deferred tax assets	10	723,457	794,026
Total non-current assets		136,157,075	136,173,333
Total assets		154,418,409	149,145,862
Current liabilities			
Payables	11	4,136,735	5,025,679
Interest bearing liabilities	12	2,458,359	3,944,496
Provisions	13, 19	1,725,670	1,112,311
Total current liabilities		8,320,764	10,082,486
Non-current liabilities			
Interest bearing liabilities	15	120,486,237	113,671,992
Deferred tax liabilities	16	4,743,582	2,396,567
Provisions	17, 19	912,428	572,835
Other	14	379,250	459,675
Total non-current liabilities		126,521,497	117,101,069
Total liabilities		134,842,261	127,183,555
Net assets		19,576,148	21,962,307
Equity			
Reserves	18 (a)	6,813,567	6,813,567
Contributed Equity	18 (c)	2,640,620	2,640,620
Retained profits	18 (b)	10,121,961	12,508,120
Total equity		19,576,148	21,962,307

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, 2005

	Notes	2005 \$	2004 \$
Cash Flows from operating activities			
Receipts from customers (inclusive of GST)		29,492,045	17,713,676
Payments to suppliers and employees (inclusive of GST)		(12,630,162)	(12,926,198)
Interest received		593,478	150,508
Borrowing costs paid		(7,286,326)	(3,280,317)
GST Paid to the ATO		(2,681,095)	(335,131)
GST Received from the ATO		1,148,197	4,318,037
Net cash inflow from operating activities	25	8,636,137	5,640,575
Cash flows from investing activities			
Payments for property, plant and equipment		(4,731,863)	(52,388,830)
Proceeds from sale of property, plant and equipment		0	164,961
Net cash (outflow) from investing activities		(4,731,863)	(52,223,869)
Cash flows from financing activities			
Net of Proceeds & Repayments of Borrowings		5,328,108	23,358,607
Dividends paid		(471,778)	(129,166)
Net cash (outflow) from financing activities		4,856,330	23,229,441
Net increase (decrease) in cash held		8,667,841	(23,353,853)
Cash at the beginning of the financial year		7,270,451	30,624,304
Cash at the end of the financial year	6	15,938,292	7,270,451

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

GERALDTON PORT AUTHORITY 5 Year Performance Summary

	2005 \$	2004 \$	2003 \$	2002 \$	2001 \$
Financial Performance					
Operating income	25,278,534	18,258,880	10,028,030	9,697,597	9,707,612
Interest income	593,478	150,508	123,150	233,152	541,676
Total operating income	25,872,012	18,409,388	10,151,180	9,930,749	10,249,288
Operating expenses	(10,728,420)	(9,753,121)	(8,088,438)	(6,656,326)	(7,798,177)
Operating profit before depreciation, interest paid and income tax equivalent	15,143,592	8,656,267	2,062,742	3,274,423	2,451,111
Depreciation and amortization	(4,677,552)	(3,112,620)	(1,396,811)	(2,524,946)	(1,442,592)
Borrowing costs	(7,575,491)	(4,533,694)	(659,598)	(769,507)	(852,659)
Net profit before income tax equivalent	2,890,549	1,009,953	6,333	(20,030)	155,860
Income tax equivalent	(5,276,708)	(318,397)	4,045	(5,889)	(102,404)
Net profit after tax	(2,386,159)	691,556	10,378	(25,919)	53,456

Financial Position

Current assets	18,261,334	12,972,529	33,873,084	4,388,819	10,201,818
Non-current assets	136,157,075	136,173,333	97,530,069	31,437,442	26,266,870
Total assets	154,418,409	149,145,862	131,403,153	35,826,261	36,468,688
Current liabilities	8,320,764	10,082,486	44,574,185	3,346,142	3,415,460
Non-current liabilities	126,521,497	117,101,069	65,083,273	10,618,802	11,165,992
Total liabilities	134,842,261	127,183,555	109,657,458	13,964,944	14,581,452
Net assets	19,576,148	21,962,307	21,745,695	21,861,317	21,887,236

Equity

Reserves & Contributed Equity	9,454,187	9,454,187	9,454,187	9,454,187	9,454,187
Retained earnings	10,121,961	12,508,120	12,291,508	12,407,130	12,433,049
Total equity	19,576,148	21,962,307	21,745,695	21,861,317	21,887,236

Statistics

Financial:

Operating profit margin	60%	47%	21%	34%	25%
Operating expense ratio	89%	95%	100%	100%	98%
Debt to equity ratio (total liabilities/equity)	689%	579%	504%	64%	67%
Interest cover - profit basis (times) (EBIT/Int)	1.38	1.22	1.01	0.97	1.18
Return on average net assets (RONA)	50%	25%	3%	3%	9%

Trade:

Total Export Trade	5,150,404	3,962,835	2,160,987	2,334,835	2,530,134
Total Import Trade	353,837	400,451	334,698	297,975	290,993
Total Port Trade	5,504,241	4,363,286	2,495,685	2,632,810	2,821,127
Total Commercial Vessels	306	284	234	208	203
Total Gross Registered Tonnes	5,391,926	4,677,617	3,509,181	3,592,405	3,593,556

Total Port Trade	5,504,241	4,363,286	2,495,685	2,632,810	2,821,127
Total Gross Registered Tonnes	5,391,926	4,677,617	3,509,181	3,592,405	3,593,556

GERALDTON PORT AUTHORITY

Notes to the Financial Statements

30 June 2005

Note 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 years. 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 the 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% (2004: 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 using the straight line depreciation method, which reflects the consumption of their service potential.

For the year ending 30 June 2003 and prior, the Authority's depreciation policy in regards to dredging costs previously capitalised was to depreciate on a straight line basis over 80 years.

Based on the information available, the Authority now considers dredging will be required to be undertaken every 40 years. Accordingly from 1 July 2003, dredging costs are now depreciated on a straight line basis over 40 years.

Depreciation rates for each class of fixed assets varies in accordance with this policy, with major groups such as Berths, Breakwaters and Dredging being depreciated over 40, 50 and 40 years respectively.

Buildings and Plant and Equipment are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives for Buildings range from 10 years to 50 years and for Plant and Equipment 3 to 30 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 and 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 2005

Note 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) Acquisition of Assets

The purchase method of accounting is used for acquisition of assets. Cost is measured at the fair value of the assets given up, or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(g) 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 revenue on a pro rata basis for the period of the lease.

(h) 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.

(i) 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.

(j) 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.

(k) 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 2005

Note 1. Summary of Significant Accounting Policies (continued)

(I) 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). The liability has been calculated by an actuarial review by PriceWaterHouseCoopers Securities Ltd.

(ii) Sick Leave

Sick leave entitlements for staff who work under the Geraldton Port Authority Award/Agreement 2002 are 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 entitlements of staff who work under an Australian Workplace Agreement (AWA) are non-vesting except in the case of permanent disablement, retirement and retrenchment and the liability was calculated by an actuarial review undertaken by William M Mercer Pty Ltd in June 2003.

(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. The liability has been calculated by an actuarial review undertaken by PricewaterHouseCoopers Securities Ltd.

(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. Monthly contributions are also made to SERF to satisfy existing workforce requirements for waterside employees who transferred to the Authority during 1992 and for casual staff. New staff can nominate a superannuation scheme of their own, or join as non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

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

The liabilities for superannuation charges under the Gold State Superannuation Scheme, West State Superannuation Scheme and the SERF Superannuation Fund are extinguished by monthly payment of employer contributions.

GERALDTON PORT AUTHORITY
Notes to the Financial Statements
30 June 2005

Note 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 been provided for based on actuarial review information obtained from the Government Employees Superannuation Board at the financial year ending 30 June 2005.

- (v) **Employees**
 The Geraldton Port Authority employed 35 employees as of the 30th June 2005 (as of 30 June 2004 37 employees).

- (m) **Payment of Dividend to the State**
 Provision is made for the amount of any dividend declared, determined or publicly recommended on or before the year end of the financial year, which has not as yet been paid to Government at reporting date.

- (n) **Investments**
 Investments are stated at cost and interest revenue is recognised when accrued.

- (o) **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.

- (p) **Net Fair Values of Financial Assets and Liabilities**
 Net fair values of financial instruments are determined on the following basis:

 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).

- (q) **Cash**
 For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and term deposits.

- (r) **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 has been similarly reclassified for the purpose of showing comparative figures.

- (s) **International Financial Reporting Standards (IFRS)**
 For reporting periods beginning on or after 1 January 2005, the Authority must comply with Australian Equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.

 This financial report has been prepared in accordance with Australian Accounting Standards (AGAAP) and other financial reporting requirements applicable for reporting periods ended 30 June 2005.

The Authority has established a process to manage the transition to AIFRS, including training of staff and systems and internal control changes necessary to gather all the required financial information. The process is overseen by the Commercial Services Manager, who reports progress to the Audit Committee and the Board regularly. A timetable for managing the transition has been prepared and is currently on schedule.

GERALDTON PORT AUTHORITY
Notes to the Financial Statements
30 June 2005

Note 1. Summary of Significant Accounting Policies (continued)

Below are the key areas where Accounting policies are expected to change on adoption of AIFRS and our best estimates of the quantitative impact of the changes on total equity as at the date of transition and on net profit for the year ended 30 June 2005.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to:

- 1) Ongoing work being undertaken by the Authority
- 2) Potential amendments to AIFRS and interpretations
- 3) Emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations.

(a) Reconciliation of Retained Profits as presented under AGAAP to equity under AIFRS

	30 June 2005	1 July 2004
Total Retained Profits (AGAAP)	10,121,961	12,508,120
Adjustments to Retained Profits (net of tax)		
Impact of Taxation	(i) 809	5,297,808
Impact of Employee Benefits	(ii) 2,696	0
Impact of Transfer of Asset Revaluation Reserve	(iii) (4,208,290)	(4,208,290)
Impact of Reversal of Dividends Provided For	(iv) 0	471,778
Total Equity (AIFRS)	5,917,176	14,069,416

- (i) **Taxation**
To comply with AASB 112 Income Taxes, the Authority will be required to use the balance sheet liability method, rather than the income statement method currently adopted under AGAAP. The balance sheet liability method recognises tax balances when there is a difference between the carrying value of an asset or liability and its corresponding tax base.
- (ii) **Employee Benefits**
Under AASB 119 Employee Benefits, all employee benefit entitlements that are expected to be settled more than twelve months after the reporting date must be measured at their present value.
- (iii) **Revaluation Reserve**
Property, plant and equipment will be measured at cost under AIFRS. Any revaluation reserve balance relating to assets recognised at deemed cost will be transferred to retained earnings at transition date.
- (iv) **Provision for Dividends**
AASB 110 Events after The Balance Sheet Date, provide that a dividend liability is not to be recognised if the dividends are declared after the reporting date. "Declared" is considered to mean that the dividends are appropriately authorised and no longer at the discretion of the entity. Undeclared dividends do not meet the criteria of a present obligation. Under Section 84 (2) of the Port Authorities Act 1999, the Board recommends a dividend to the Minister after reporting date and the dividend is subject to the Minister's subsequent approval.
- (v) **Financial Instruments**
Management has decided to apply the exemption provided in AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standard which permits entities not to apply the requirements of AASB 132 Financial Instruments: Presentation and Disclosures and AASB 139 Financial Instruments: Recognition and Measurement for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005.

GERALDTON PORT AUTHORITY
Notes to the Financial Statements
30 June 2005

Note 1. Summary of Significant Accounting Policies (continued)

(b) Reconciliation of net profit under AGAAP to that under AIFRS

		Year Ended 30 June 2005
		<hr/>
Net Profit / (Loss) (AGAAP)		(2,386,159)
		<hr/>
Adjustment to Income Tax Expense	(i)	809
Adjustment to Employee Benefits Expense	(ii)	2,696
		<hr/>
Net Profit / (Loss) (AIFRS)		(2,382,654)
		<hr/>

(i) Income Tax expense

Arising out of lower employee benefits liability under AIFRS

(ii) Employee Benefits

The adjustment for employee benefits relates to the discounting of sick leave expected to be settled more than twelve months **after the reporting date to be measured at present value.**

(c) Reconciliation of net cash flows under AGAAP to that under AIFRS

There is no material differences between the cash flow statement presented under Australian equivalents to IFRS and cash flow statement presented under previous AGAAP.

(t) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the cost of qualifying assets.

GERALDTON PORT AUTHORITY
Notes to the financial statements
for the year ended 30 June 2005

	Notes	2005 \$	2004 \$
Note 2. Revenue			
Revenue from operating activities			
Charges on Ships		6,126,367	5,101,088
Charges on Cargo		4,167,454	4,446,507
Port Enhancement Charge		10,010,274	4,707,161
Total Shipping Services Revenue		20,304,095	14,254,756
Revenue from outside the operating activities			
Rental & Leases		1,944,878	580,090
Interest Received		593,478	150,508
Fishing Industry Facilities		1,082,603	1,140,180
Power and Water		1,692,608	1,595,149
Plant Hire		25,047	23,613
Proceeds on Sale of Assets		0	164,961
Land Tax Revenue		154,861	132,278
Town Beach Groyne Development		0	294,188
Other		74,442	73,665
		5,567,917	4,154,632
Total revenue from ordinary activities		25,872,012	18,409,388

Note 3. Profit from ordinary activities

(a) Expenses from Ordinary Activities

Corporate Services	388,461	418,016
Depreciation	4,677,552	3,112,620
Doubtful Debts	0	60,000
Salaries and Benefits	4,010,841	3,321,685
Written Down Value of Assets Disposed	0	114,077
Maintenance	2,109,510	1,242,607
Power and Water	1,540,027	1,550,916
Legal Expenses	533,113	394,031
Environmental expenses	325,928	0
Land Tax	240,823	240,245
Local Government Rates Equivalent	159,293	138,184
Town Beach Groyne Development	0	1,178,122
Other Expenditure	1,420,424	1,095,238
	15,405,972	12,865,741

(b) Profit (Loss) from ordinary activities before income tax
expense includes the following specific expenses:

Borrowing costs	7,575,491	4,533,694
Net Profit on Disposal of Property, Plant and Equipment		
Cash Consideration	0	164,961
Written Down Value of Assets Disposed	0	(114,077)
	0	50,884
Other Charges Against Assets		
Doubtful Debts - Trade Debtors	0	(60,000)
Provisions		
Annual Leave	49,604	(28,365)
Long Service Leave	(7,440)	(31,634)
Sick Leave	24,589	(77,574)
Time In Lieu	(12,029)	(22,251)
Superannuation	(460,650)	(15,813)
	(405,926)	(175,637)
Depreciation		
Buildings	17,683	18,518
Port Facilities	3,843,887	2,253,061
Plant and Equipment	815,982	841,041
	4,677,552	3,112,620

GERALDTON PORT AUTHORITY
Notes to the financial statements
for the year ended 30 June 2005

Notes 2005 2004
\$ \$

Note 4. Income tax equivalent expense

The income tax equivalent expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:

Profit from ordinary activities before income tax equivalent expense	2,890,549	1,009,953
Income tax calculated @ 30% (2004 @ 30%)	867,165	302,986
Tax effect of permanent differences:		
Non-deductible depreciation	0	12,275
Non-deductible entertainment expenses	764	3,136
Sundry items	3806	0
Income tax adjusted for permanent differences	871,735	318,397
Under/over provision in prior years (a)	4,404,973	0
Income tax equivalent expense	5,276,708	318,397
Income tax equivalent expense comprises:		
Current taxation provision	1,018,804	0
Deferred income tax provision	(280,304)	2,183,817
Future income tax benefit	133,235	(1,865,420)
Under/Over Provision in prior years	4,404,973	0
	5,276,708	318,397

- (a) The under provision of tax in prior years arose as a result of a reassessment of the tax effect of timing differences caused by variations between accounting and tax treatment of capital expenditure relating to the Port Enhancement Project undertaken by the Authority.

Note 5. Dividends paid

Efficiency Dividend	126,000	126,000
Ordinary Dividend	345,778	3,166
	471,778	129,166

Note 6. Current assets - cash assets

Cash at Bank	7,364,622	6,770,225
Cash on Hand	300	226
Term Deposits	8,573,370	500,000
	15,938,292	7,270,451

Significant Terms and Conditions

Cash at Bank is held at the local National Australia Bank and earns interest at 5.15% (2004: 4.75%). Cash assets represent the Cash at Bank and Term Deposits. Funds set aside for specific purposes have been invested in term deposits to maximise earnings. The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows.

Term deposits

The deposits are bearing interest at rates between 4.95% and 5.76% (2004 @ 3.95% and 5.06%). These deposits are invested for terms between 1 and 3 months.

Note 7. Current assets - receivables

Trade debtors	2,239,691	3,716,879
Less: Provision for doubtful debts	60,000	60,000
	2,179,691	3,656,879

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 predominantly 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 to their net fair values.

GERALDTON PORT AUTHORITY
Notes to the financial statements
for the year ended 30 June 2005

Notes 2005 2004
\$ \$

Note 8. Current assets - other

Accrued Income	143,351	173,734
Unexpired Expenses	0	6,300
Other Income	0	24,845
Future Income Tax Benefit	0	1,840,320
	143,351	2,045,199

Note 9. Non-current assets - Property, plant and equipment

Freehold Land		
At cost	1,108,779	1,108,779
Buildings :		
At cost	996,564	701,387
Less: Accumulated depreciation	(331,404)	(314,524)
	665,160	386,863
Port Facilities		
Breakwaters at cost		
At cost	9,241,235	9,238,458
Less: Accumulated depreciation	(5,140,284)	(516,661)
	4,100,951	8,721,797
Dredging at cost		
At cost	87,469,148	87,144,380
Less: Accumulated depreciation	(851,710)	(2,055,579)
	86,617,438	85,088,801
Berths No 1-6 at cost		
At cost	43,562,295	40,038,062
Less: Accumulated depreciation	(17,561,554)	(17,003,831)
	26,000,741	23,034,231
	116,719,130	116,844,829
Plant and Equipment		
At cost	24,053,001	26,392,631
Less: Accumulated depreciation	(11,052,542)	(10,852,961)
	13,000,459	15,539,670
Work in Progress		
At cost	3,940,090	1,499,166
Total at cost	170,371,112	166,122,863
Total accumulated depreciation	(34,937,494)	(30,743,556)
Total property, plant and equipment	135,433,618	135,379,307

	Freehold Land	Buildings	Port Facilities	Plant & Equipment	Work in Progress	Total
Carrying amount at 30 June 2004	1,108,779	386,863	116,844,829	15,539,670	1,499,166	135,379,307
Additions	-	58,564	387,252	345,947	3,940,100	4,731,863
Disposals	-	-	-	-	-	-
Transfers	-	237,416	3,330,936	(2,069,176)	(1,499,176)	-
Depreciation Expense	-	17,683	3,843,887	815,982	-	4,677,552
Carrying amount at 30 June 2005	1,108,779	665,160	116,719,130	13,000,459	3,940,090	135,433,618

A directors' valuation of freehold land and buildings was undertaken on 30 June 2004. The valuation was based on an assessment of properties current market value.

Freehold land and buildings	8,753,000	8,753,000
Capitalised Borrowing Costs		
Borrowing costs incurred	0	1,229,517
Investment revenue earned on borrowed funds	0	(9,086)
Borrowing costs capitalised	0	1,229,517

GERALDTON PORT AUTHORITY
Notes to the financial statements
for the year ended 30 June 2005

Notes	2005 \$	2004 \$
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Note 10. Non Current Assets - Deferred Tax Assets

Future Income Tax Benefit	723,457	794,026
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Note 11. Current liabilities - payables

Trade Creditors	408,479	482,395
Accrued Expenses	1,251,450	2,056,278
GST Payable	101,170	215,997
Accrued Interest	2,131,611	1,842,446
Accrued Salaries	0	33,013
Security Deposits	39,400	120,245
Income In Advance	204,625	275,305
	4,136,735	5,025,679

Payables represent Trade Creditors, Accrued Expenses, Accrued Interest, Accrued Salaries and Income in Advance. Accrued Expenses are comprised of charges for goods and services received but not invoiced as at 30 June 2005. Income in Advance represents rents and lease payments billed prior to 30 June 2005 but relates to the period beginning 1st July 2005. Trade Creditors are generally settled within 30 days. The Authority considers the carrying amounts of Trade Creditors approximate their net fair values.

Note 12. Current liabilities - Interest bearing liabilities

Federal Government	0	295,263
WA Treasury Corporation Direct Borrowings	2,458,359	3,649,233
	2,458,359	3,944,496

The amounts shown for WA Treasury Corporation are the principal amounts expected to be repaid as part of the quarterly repayments during the next twelve months. The weighted average interest rate on the current portions of the loans is 6.57% (2004: 6.07%). The loan from the Federal Government is interest free and is repayable in four annual instalments beginning June 2002. The Authority considers the carrying amount of all borrowings approximate their net fair values.

Note 13. Current liabilities - Provisions

Provision for Income Tax	1,018,804	0
Dividends	0	471,778
Employee benefits	706,866	640,533
	1,725,670	1,112,311

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Note 14. Non Current liabilities - Other

Income received in advance	379,250	459,675
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Income in Advance represents rents and lease payments billed prior to 30 June 2005 but relates to the period beginning 1st July 2005.

GERALDTON PORT AUTHORITY
Notes to the financial statements
for the year ended 30 June 2005

Notes 2005 2004
\$ \$

Note 15. Non-current liabilities - Interest bearing liabilities

WA Treasury Corporation	120,486,237	113,671,992
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The amounts shown for WA Treasury Corporation are the principal amounts expected to be repaid as part of the quarterly repayments during the life of the loans. The weighted average interest rate on the non-current portions of the loan is 6.57% (2004: 6.07%).

Net Fair Values

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

Note 16. Non-current liabilities - Deferred tax liabilities

Provision for deferred income tax:	4,743,582	2,396,567
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Note 17. Non-current liabilities - Provisions

Employee benefits	19	912,428	572,835
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Note 18. Contributed Equity, Reserves and Retained Profits

(a) Reserves

Asset Revaluation Reserve (a)	4,208,290	4,208,290
Developers Contribution Reserve (b)	2,605,277	2,605,277
Total reserves	6,813,567	6,813,567

(a) 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).

(b) Developers contribution reserve

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

(b) Retained profits

Retained profits at the beginning of the financial year	12,508,120	12,291,508
Dividend provided for 2005	0	(471,778)
Dividend paid	0	(3,166)
Net profit/(loss)	(2,386,159)	691,556
Retained profits at the end of the financial year	10,121,961	12,508,120

(c) Contributed Equity

State Equity Contribution	2,640,620	2,640,620
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The Authority became subject to the Western Australian Tax Equivalent Regime (Income Tax) as from 1st 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 wholesale 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.

GERALDTON PORT AUTHORITY
Notes to the financial statements
for the year ended 30 June 2005

Note 19. Employee benefits

Employee benefits liabilities

Provision for employee benefits

Current

13

Non-current

17

	Note	2005 \$	2004 \$
Current	13	706,866	640,533
Non-current	17	912,428	572,835
		1,619,294	1,213,368
Current liabilities			
Annual Leave		274,812	324,416
Long Service Leave		244,117	138,063
Sick Leave		70,962	95,551
Superannuation		87,851	65,408
Time in Lieu		29,124	17,095
		706,866	640,533
Non-current liabilities			
Long service leave		103,408	202,022
Superannuation		809,020	370,813
		912,428	572,835
Total provision		1,619,294	1,213,368

Note 20. Remuneration of officers

(a) Remuneration of Directors

The Minister for Planning and Infrastructure determines remuneration of non-executive Directors. The Board oversees the remuneration policy for the Chief Executive Officer. Directors receive no other income from the Authority other than that disclosed below.

The numbers of Directors of the Authority whose total fees, and other benefits received or due and receivable for the year, falls within the following bands:

\$0 - \$9,999	0	4
\$10,000 - \$19,999	3	1
\$20,000 - \$29,999	1	0
The total of all fees and other benefits received or due and receivable for the year, by Directors of the Authority.	\$58,960	\$51,541

Directors' remuneration excludes a proportion of insurance premiums of \$20,157 (2004:\$14,005) paid by the Authority in respect of a directors and officers liability insurance contract. Information relating to the insurance contract is set out in the Directors' report.

(b) Remuneration of executives

The number of executive officers whose total income due and receivable for the year falls within the following bands, were:

\$50,000 - \$59,999	1	0
\$70,000 - \$79,999	1	0
\$100,000 - \$109,999	0	1
\$110,000 - \$119,999	0	1
\$120,000 - \$129,999	1	1
\$130,000 - \$139,999	1	1
\$140,000 - \$149,999	1	2
\$180,000 - \$189,999	1	0
The aggregate income of the executives referred to above:	\$720,306	\$774,225

Income of executives comprises amounts paid or payable to executive officers directly or indirectly, by any related party in connection with the management of the affairs of the Authority whether as executive officers or otherwise.

Note 21. Remuneration of auditors

Remuneration received, or due and receivable, by the Auditor General for:
- Audit of the financial statements

31,500	28,000
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GERALDTON PORT AUTHORITY
Notes to the financial statements
for the year ended 30 June 2005

Notes	2005 \$	2004 \$
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Note 22. 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

127,157	127,157
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A payment claim by a contractor is currently in dispute. The matter is being negotiated and maximum contingent consideration is \$400,000

A payment claim has been received from another contractor for alleged losses relating to the PEP dredging contract. The contractor is claiming up to \$77 million from the Authority and another party. No formal proceedings have been commenced by the contractor. The Authority believes this is an ambit claim and does not consider itself to be at all liable to the contractor. The Authority's solicitors are preparing the Authority's response to the claim and the matter has also been referred to the Authority's insurers.

Note 23. Commitments for Expenditure

Operating Leases
Commitments for minimum lease payments in relation to operating leases are payable as follows:

Not later than one year

144,232	79,711
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Amounts due later than one year and not later than five years

343,269	37,024
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These reflect future commitments for vehicles under lease

487,501	116,735
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Contribution towards cost of Southern Transport Corridor extension of rail tracks is payable as follows:

Not later than one year

1,300,000	1,300,000
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Amounts due later than one year and not later than five years

0	1,300,000
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1,300,000	2,600,000
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Note 24. Events Occurring After Reporting Date

There are no material events occurring after the reporting date.

Note 25. Reconciliation of Profit after Income Tax to Net Cash Flows from Operating Activities

Profit / (Loss) from ordinary activities after income tax	(2,386,159)	691,556
Non Cash Items		
Depreciation	4,677,552	3,112,620
Profit on sale of assets	0	(50,884)
Other	12,338	0
Change in Assets and Liabilities		
Receivables	1,477,188	(1,507,757)
Other Current Assets	61,528	894,779
Provision for Income Tax	2,859,124	0
Income Tax Benefit	70,569	(1,865,420)
Payables	(888,944)	2,357,501
Employee Benefits	405,926	(175,637)
Deferred Tax Benefit	2,347,015	2,183,817
Cash Flows from Operating Activities	8,636,137	5,640,575

GERALDTON PORT AUTHORITY
Notes to the financial statements
for the year ended 30 June 2005

Note 26. 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:

2005	Notes	Floating Interest Rate \$	1 Year or less \$	Fixed Interest Maturing in		Non interest Bearing \$	Total \$
				Over 1 Year to 5 years \$	More than 5 years \$		
Financial Assets							
Cash assets	6	7,364,622	8,573,370			300	15,938,292
Receivables	7					2,179,691	2,179,691
Weighted Average Interest Rate		5.00%	5.66%			0%	
Financial Liabilities							
Payables	11					(408,479)	(408,479)
Loan – WATC	12, 15		(34,906,488)	(18,006,213)	(70,031,895)		(122,944,596)
Weighted Average Interest Rate			5.72%	7.29%	5.80%	0%	
Net financial assets (liabilities)		7,364,622	(26,333,118)	(18,006,213)	(70,031,895)	1,771,512	(105,235,092)

2004	Notes	Floating Interest Rate \$	1 Year or less \$	Fixed Interest Maturing in		Non interest Bearing \$	Total \$
				Over 1 Year to 5 years \$	More than 5 years \$		
Financial Assets							
Weighted Average Interest Rate		6,770,225	500,000			3,657,105	10,927,330
		4.75%	5.05%				
Financial Liabilities							
Weighted Average Interest Rate			(37,211,637)	(19,775,946)	(60,333,641)	(5,324,635)	(122,645,859)
			5.68%	5.83%	6.28%		
Net financial assets (liabilities)		6,770,225	(36,711,637)	(19,775,946)	(60,333,641)	(1,667,530)	(111,718,529)

Note 27. Segment Reporting

2005	Commercial Harbour	Fishing Boat Harbour	Other	Total
Revenue from external customers	13,688,064	1,505,755	10,010,274	25,204,092
Other Revenue	667,920	0	0	667,920
Total Revenue	14,355,984	1,505,755	10,010,274	25,872,012
Segment Result	2,857,892	228,190	(153,954)	2,932,127
Segment Assets	133,458,479	1,975,139	0	135,433,618
Unallocated Assets	0	0	0	0
Total Assets	133,599,951	1,975,139	0	134,575,090
Segment Liabilities	132,036,533	456,375	0	132,492,908
Unallocated Liabilities	0	0	0	0
Total Liabilities	132,036,533	456,375	0	132,492,908
Acquisition of Assets	3,873,335	0	0	3,873,335
Depreciation Expense	4,555,311	122,241	0	4,677,552
Non cash expenses other than Depreciation	0	0	0	0

2004	Commercial Harbour	Fishing Boat Harbour	Other	Total
Revenue from external customers	11,444,462	1,560,914	4,707,161	17,712,537
Other Revenue	674,275	22,576	0	696,851
Total Revenue	12,118,737	1,583,490	4,707,161	18,409,388
Segment Result	1,538,626	344,981	(873,654)	1,009,953
Segment Assets	138,899,640	2,110,328	129,765	141,139,733
Unallocated Assets	0	0	0	8,006,129
Total Assets	138,899,640	2,110,328	129,765	149,145,862
Segment Liabilities	105,465,400	459,675	0	105,925,075
Unallocated Liabilities	0	0	0	21,258,480
Total Liabilities	105,465,400	459,675	0	127,183,555
Acquisition of Assets	41,964,674	0	0	41,964,674
Depreciation Expense	2,964,462	148,158	0	3,112,620
Non cash expenses other than Depreciation	276,206	7,867	0	284,073

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.

Directors Declaration

The Directors declare that the Financial Statements and Notes:

(a) comply with Accounting Standards, Port Authorities Act 1999, other mandatory professional reporting requirements, and

(b) give a true and fair view of the Authority's financial position as at 30 June 2005 and its performance as represented by the results of its operations and cash flows for the financial year ended on that date.

In the Directors' opinion:

(a) the financial statements and notes are in accordance with 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.



Ian King



Kim Halbert

Geraldton
26 August 2005



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON GERALDTON PORT AUTHORITY

To the Parliament of Western Australia

Audit Opinion

In my opinion, the financial report of the Geraldton Port Authority is in accordance with:

- (a) schedule 5 of the Port Authorities Act 1999, including:
 - (i) giving a true and fair view of the Authority's financial position at 30 June 2005 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards in Australia; and
- (b) other mandatory professional reporting requirements in Australia.

Scope

The Board's Role

The Board of Directors is responsible for the financial report.

The financial report consists 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 report to express an opinion on it. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial report 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 report.

D D R PEARSON
AUDITOR GENERAL
9 September 2005



GERALDTON
PORT AUTHORITY