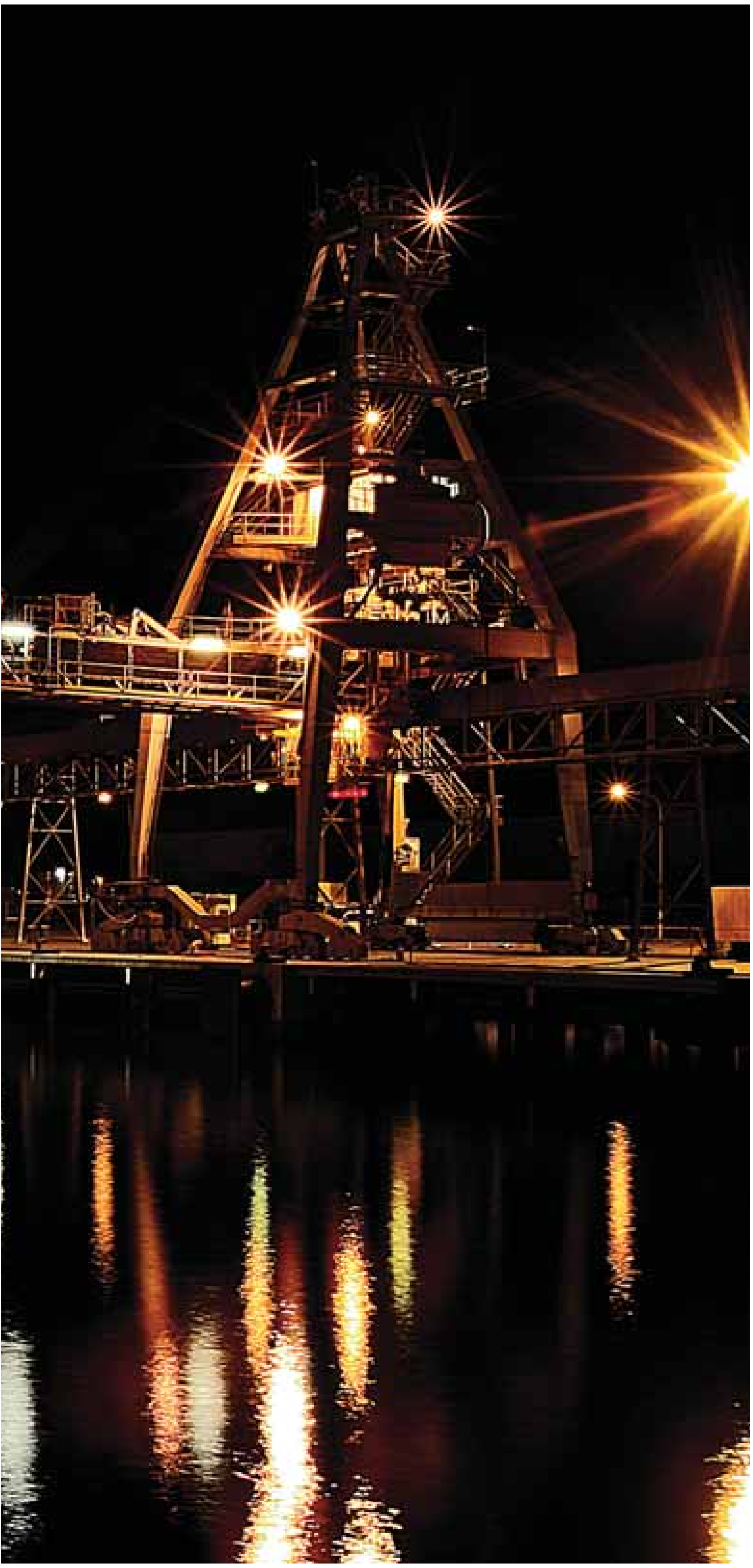
GERALDTON PORT AUTHORITY

ANNUAL REPORT 2005/2006

REPORT 2005/2006



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FROM THE CHAIRMAN

2005/06 has once again seen the Geraldton Port Authority perform strongly for Western Australia. It has been a period of rapid change as the role of the Port becomes ever more important in supporting the financial lifeblood of the Mid West community.

The GPA farewelled Chief Executive Officer Keith Gordon in March. It was a testament to the strong strategic position Keith left the GPA in, and the fine job performed by acting CEO Berndt R. Olesen, that momentum on important projects and activities at the Port was unaffected during this transition.

We welcomed new CEO Peter Klein at the end of June from a senior position at the Port of Portland. Peter has hit the ground running, working to harness the potential of our rapidly growing port operations.

Trade through the Geraldton Port continues to bolster the Geraldton and Mid West economies. We have broadened our business over the past two years with the return, and rapid growth of iron ore exports. This growth has led to the need for strategic expansion plans to be fast tracked. The berth 5 Iron Ore Expansion Project is already underway – a multi million State Government funded initiative that will see berth 5 become a dedicated iron ore berth with a capacity of 10mtpa.

Two iron ore juniors in the Mid West have raised proposals for the creation of a seventh berth at the Port. The exact nature of this expansion is still to be determined but will vastly increase our capacity.

Even so, the boom in stage one developments has set in motion momentum for the development of the long-talked about deep water port at Oakajee, 25km to the north of Geraldton that will manage stage two projects. The State Government has now approved the development of a new port and related infrastructure at Oakajee.

The Port of Oakajee will fall under the jurisdiction of the Port of Geraldton and will initially cater for iron ore shipments in Cape-Size vessels, taking as much as three times the cargo volumes lifted by the Panamax vessels, the largest vessels that can be accommodated at Geraldton.

This will allow large volume deposits of iron ore from Mid West mines to be brought to market in a cost efficient manner through deep water ports, benefiting not only our region, but our State, and, indeed, Australia as a whole.

It's an exciting future, with the GPA committed to working with all involved stakeholders to ensure the best possible outcomes.

Ian King
CHAIRMAN

FROM THE CHIEF EXECUTIVE OFFICER

Addressing opportunities and managing growth brought about by the State's resource boom continues to be a major focus for the Geraldton Port Authority (GPA). Importantly, as a result of the Port Enhancement Project, Geraldton now has the capacity to expand its service levels to accommodate the Mid West's rapidly emerging iron ore sector. This capacity will play a major role in the port's future success.

Looking back, 2005/06 was another strong year for grain exports through Geraldton. Yet even with this result, the balance of trade through the Port significantly moved in favour of mining exports. With the forecast for crop yields in the Mid West to drop substantially in 2006/07, and mining exports set for further growth, the Port's relative reliance on the minerals sector is forecast to continue to grow.

No matter the balance, we will continue to focus on our existing customers whilst allowing new players access. Potentially, as much as 20 to 30 million tonnes of cargo could be shipped through Geraldton over the next 5 to 10 years. Such growth requires high level strategic planning, up-to-date information from key clients, and the continued support from Government, Government departments, and agencies.

Consequently our focus for the coming year will be to continue to work on the strategic development plan for the commercial port as well as to revise planning for the Fishing Boat Harbour.

The Fishing Boat Harbour is set for a new era of activity with planning underway for the establishment of a Heavy Boat Lifter by a local consortium, partly funded by the State Government. The GPA is fully supportive of this project, making available land to the north of the existing harbour and is working with the Heavy Boat Lifter consortium to assist with other services.

To cater for the growth in iron ore exports, the GPA has embarked on a significant Iron Ore Expansion Project involving both Berth 5 and 6. An announcement on a new shiploader for Berth 5 is imminent and all indications are that the project is on track for implementation in 2007. It is my expectation that the development of Berth 5 will be the catalyst for further development which may ultimately involve construction of a new Berth 7.

The rail system in general however presents as a potential bottle neck for increased iron ore exports. Consequently, the Port is supporting a study commissioned by the Geraldton Iron Ore Alliance into the Port's rail unloading system. The study is assessing the capacity of the current system and determining what upgrades or improvements will be necessary to ensure it can reliably handle up to 15 million tonnes of iron ore per annum. This study will help the GPA and the Alliance to make the appropriate preparations and investments for the future.

Pushing for continuous improvement is a strong focus of the GPA. This year we have been working towards accreditation for both our environmental and occupational health and safety (OH&S) systems. We will continue to work on these during 2007 and aim to have these performing to the AS/NZS ISO 14001: 1996 and AS 4801-2000 standards by mid 2007.

The GPA is also commencing a trial of a shore based mooring system in an effort to alleviate swell and long period wave penetration effects in the harbour, ensuring safe berthing of vessels. This system is being trialled after extensive review of a successful system being used in New Zealand ports.

The success of these, and indeed all our programs, depends on the quality of our staff. The GPA values its staff and is committed to establishing itself as a preferred employer as a strategy to retain staff in an exceedingly tight skilled labour market. We will continue to strengthen our human resource base by recruiting new talent while improving the skills of our staff through increased training and a focus on human resource management.

Similarly, the Port cannot function effectively without the support of the Geraldton community. We place an extremely high importance on maintaining our relationship with the City of Geraldton via open and regular communication and through our efforts to meet our obligations in the Memorandum of Understanding. This commitment has been evidenced this year through activities such as the northern beaches stabilisation program where the Port has bypassed some 12,500 cubic metres of sand from south of the Port to the beach north of the Batavia Coast Marina.

As we head into the future, we will continue to seek and offer open communication to all key stakeholders and we will continue to be highly accountable to our customers, the local community, to the State Government, and to all employees of the GPA.

Peter Klein
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 ensure 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

2005/06 saw the Geraldton Port consolidate on the rapid growth experienced since the completion of the Port Enhancement Project. After a significant trade increase (26 %) from 2003/2004 to 2004/2005, the overall volume of trade through Geraldton in 2005/06 experienced somewhat of a plateaux.

In recent years, Geraldton has emerged as one of the fastest growing ports in Australia, yet some of our customers had to face reduced exports during 2005/2006. This was caused partly by adverse weather conditions in our local region.

Despite slight reductions in grain, mineral sands, and iron ore exports, overall Port trade volumes were stabilised with record exports volumes of canola, zinc/lead concentrates, and garnet.

Notwithstanding this, all indications are that the Mid West resource boom – led by the growth in iron ore extraction - is set to continue. Our long term customers such as Iluka Resources, Luzenac, Oxiana and GMA Garnet are also confident that their rates of export will continue a healthy growth.

To facilitate this, Oxiana and GMA Garnet have indicated that they wish to invest in additional infrastructure in the Port and Iluka are upgrading their existing infrastructure.

The GPA's second iron ore customer, Midwest Corporation Limited, has now started shipping and currently holds the record for the largest iron ore cargo shipped through the Port. Mt Gibson Iron is expecting to increase their shipping volumes considerably, and Murchison Metals Limited is planning to start shipping during the first half of 2006/07.

The Port is well placed to facilitate this increased demand with the major Berth 5 Iron Ore Expansion Project and Associated Works underway and on track for completion in late 2007.

While we can look forward to strong growth in the region's mining sector, the fortunes of the region's farmers this financial year is not so bright. The current drought will have a negative impact on grain harvests, which in turn will lead to reduced grain exports through the Port.

2005/2006 HIGHLIGHTS

Records and Upgrades - Yet Another Year With Many Highlights

2005/06 has been a year of many highlights with records continuing to be broken throughout the year. For example:

- January saw the largest ever single shipment of lupins from Geraldton.
- February, the largest single shipment of canola.
- April, the largest single shipment of talc was recorded.
- May, the GPA recorded the largest ever single shipment of iron ore – 63,953 mt.
- June saw the largest ever single shipment of wheat – 65,954 mt – leave the Port.

A new record was also set for the number of ships handled through the Port in a financial year. 384 ships berthed, carrying a total cargo of 5,219,475 million tonnes.

Upgrades

Continuing capital expenditure saw further upgrades to Port infrastructure as demand for Port facilities increased. These included the completion of a programmable logic control (PLC) and Scada system, upgrade to electrics and installation of new mechanical equipment on material handling and conveying circuits.

To alleviate congestion on berth 4, the mobile ship loader at berth 6 has been used successfully throughout the year for zircon and garnet shipments, while talc has continued to be loaded from this berth.

A pedestrian rail overpass bridge for ships' crew and authorised personnel has also been installed at the eastern end of Ian Bogle Road.

This financial year also saw the completion of phase one of the $88 million Southern Transport Corridor by Main Roads WA and Thiess. The new rail link created under this project provides a single rail line from the Geraldton Port to the existing rail line at the Narngulu Industrial Area. This has allowed the rail line along the city foreshore to be removed, which in turn has triggered the Geraldton Foreshore Redevelopment and Central Business District Revitalisation Project.

Staff

A commitment to providing opportunities for Mid West youth saw the GPA engage two apprentice boilermaker/welders and two administration trainees through the Apprentice and Traineeship Company this year.

To meet the future needs of the Port, a trainee pilot has been engaged by the GPA for the first time. Training under the Port's two experienced pilots, trainee Captain Michael Holmes is expected to achieve a full licence for the Port of Geraldton during 2007.

A dedicated mooring crew was also employed for the first time.

Community

The GPA highly values its relationship with the community as evidenced by some of these highlights in 2005/06:

- The GPA again welcomed the return of the Blessing of the Fleet Ceremony to the Fishing Boat Harbour in November 2005.
- The Port engaged more than 50 students from Nagle Catholic College and Geraldton Senior College to create a massive mural at the Geraldton Fishing Boat Harbour as part of their Art and Design course. The students' designs were devised as an innovative way to cover up the waste-oil bins at the harbour and to create a fence of beauty.
- Demonstrating our support for the business community, the GPA became one of six major sponsors of the Geraldton Economic Alliance ($3,000) to go towards the staging of the 2005 Mid West Economic Summit as well as hosting a business after hours function for the Chamber of Commerce and Industry.

OPERATIONS

Operationally, the GPA has instigated many changes and improvements in 2005/06 to increase efficiency of its port service. These include:

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 will be decommissioned progressively

Bulk Handling Facility Reliability Reinforcements.

Work to lift the reliability and availability of the BHF has proceeded with the following projects being completed during the year:

- Replacement of conveyor drives, pulleys and conveyor belting.
- Installation and commissioning of the hydraulic drive for the NICO feeder in the train unloading facility.
- Upgrading of the electrical system is continuing but a large amount of work has been completed.
- The PLC/SCADA system has been installed and commissioned and is operating successfully with the exception of one area, where the radio control system needs some further refining.
- The lighting project is substantially complete. Some additional lighting is to be installed on the berth 4 ship loader.
- Testing of the prototype pump and cyclone system for wash down water recovery and reuse is complete. The GPA is waiting on interpretation of the results before committing to the next stage.
- Enclosing of the CV13 gallery is now set to become part of the berth 5 project because of the installation of the new conveyor CV500 in place of most of CV13.

New Jetty for Tugs

During the course of the year, work commenced on the construction of a new facility within the work boats base marina which will house tugs. This facility will replace the existing berth area in the south west corner of the main harbour basin.

Gillam Road/Marine Terrace Intersection Roundabout

In conjunction with the City of Geraldton, the GPA has implemented a solution to manage road traffic between Marine Terrace and the CBH shipping silos and mineral storage areas. It will allow for increased traffic flow in an efficient and safe manner.

Pedestrian Rail Overpass

The provision of the rail spur on the Eastern Breakwater, and fencing associated with required security upgrades, made pedestrian linkages between the wharves and the City more difficult. To alleviate this problem, the GPA has installed a rail overpass bridge to accommodate and assist authorised visitors, ship's crews, and workers alike to make their way between the Port and the CBD.

East End of Port Ancillary Works

Work has commenced on the provision of new power supply arrangements from the Western Power network for the eastern zone of the Port. This will help to meet growing demand at that end of the Port and will allow some aging internal infrastructure to be retired. It will also ease the load on feeders into the main part of the Port.

Port Security

The interface between the berth area and the rest of the Port has been completely secured with fencing and is now only accessible to authorised persons.

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.

The introduction of the Maritime Security Identity Card (MSIC) is underway with the GPA having been approved as an Issuing Body. The processing of MSIC appointments was scheduled to commence from 1 July 2006.

Northern Beaches Stabilisation

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

Asset Management Program

During the year, the Port embarked on the usage of a new financial reporting, shipping and asset management system. The new program, called Synergy Soft is used widely by local government agencies and also by several West Australian and some Eastern States ports. As a part of this changeover, the GPA is looking at transferring its operational asset management system from Mex to Synergy Soft over the next financial year. This will provide integration of the asset management system from the existing structure of a separate accounting and operational asset management system.

Occupational Health and Safety

The GPA regards Occupational Health and Safety to be the keystone of our entire operations. A formalised Port-wide OH&S inspection program is now in operation and has been well accepted by staff. The successful program sees staff working in pairs with one being unfamiliar with an area, allowing a "fresh set of eyes" to view the inspected area for safety.

The past year has seen a major increase in the amount of work being undertaken around the Port. This work ranges from basic repairs to major building. At various times it has involved the Port Maintenance team as well as Port hired contractors through to large teams of construction workers. Construction and operations worked together seamlessly with minimal disruption and very few and minor injuries.

Testing for substance abuse continued throughout this year. The Port is now carrying out blanket testing of all staff, with contractors working for the Port also undertaking testing. Breath testing of all personnel entering the Security Gate is also undertaken on a regular basis.

Employee Training

Employees have undertaken training in the following areas:

- Rail Safety Level 5 – Two staff have undertaken this course to allow them to organise work tasks in the vicinity of the Port rail system.
- First Aid Training – The Port has ensured appropriate staff have undertaken Senior First Aid and Advanced Resuscitation as part of our ongoing commitment to having staff from key areas first aid trained.
- Oil Spill Containment and Cleanup – Key staff members have undertaken training facilitated by AMSA.
- Recreational Skipper's Ticket (RST) – Staff members who utilise the various work boats in their workday operations were trained and attained their tickets.
- Mobile Crane Ticket – Several staff members have undertaken a re-skilling session in the operation of mobile cranes.

OH&S Statistics

Number Lost Time Injuries (LTI's)	2 (1 GPA, 1 Contractor)
Number of employees (12 month average)	38.17
Man-hours worked for the 12 month period	84,484
Days lost	43 (42 GPA, 1 Contractor)
LTI Frequency Rate	23.67
LTI Duration Rate	21.5
LTI Severity Rate	0.051
LTI Incidence Rate	0.052

Lost Time Injury Frequency Rate (LTIFR)	Number of LTI Injuries/Diseases in the period / Number of Hours Worked in the Period	X	1,000,000
Duration Rate (LTIDR)	Number of Working Days Lost in the Period / Number of Injuries per Report Period		
Severity Rate (LTISR)	Number of Working Days Lost in the Period / Number of Hours Worked in the Period	X	100 / 1
Incidence Rate (LTIIR)	Number of LTI Injuries/Diseases in the Period / Number Workers Worked During the Period	X	100 / 1

NB: LTI/D is Lost Time Injury with one or more days lost.Efficiency of Port Operational Licence and Procedures

FACTORS	2005/2006	2004/2005	2003/2004	2002/2003	2001/2002	2000/2001
Frequency Rate	23.67	0	0	16.90	54.87	15.5
Estimated cost of claims incurred per $100 wage-roll	3.46%	1.8%	3.95%	4.23%	4.16%	4.29%
Number of Rehabilitation Cases	1	0	0	0	0	0
Rehabilitation Success Rate	100%	0	0	0	0	100%

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 25 of this report.

Stevedoring

During the year, a request for proposal was called for the provision of Stevedoring services. Proposals were received from four companies which have all been issued non-exclusive licences to provide services at the Geraldton Port .

The licensed stevedores have had an initial Audit conducted and are now required to meet rigorous operating system benchmarks prior to receiving a Compliance Notice to allow them to operate for the full term to 31 December 2008. KPI's will be set for the purpose of measuring the performance and achievements in carrying out their duties and for the additional purpose of setting appropriate targets going forward. Performance indicators include provision of a continuous service, safety, operational procedures, manning levels, tariffs, customer satisfaction and improvement in stevedoring practices.

ENVIRONMENT

Environmental Management System

The GPA is committed to the management of our environment. Whilst it is recognised the Port is an industrial zone, every effort is made to minimise and manage any impact of the Port on the environment.

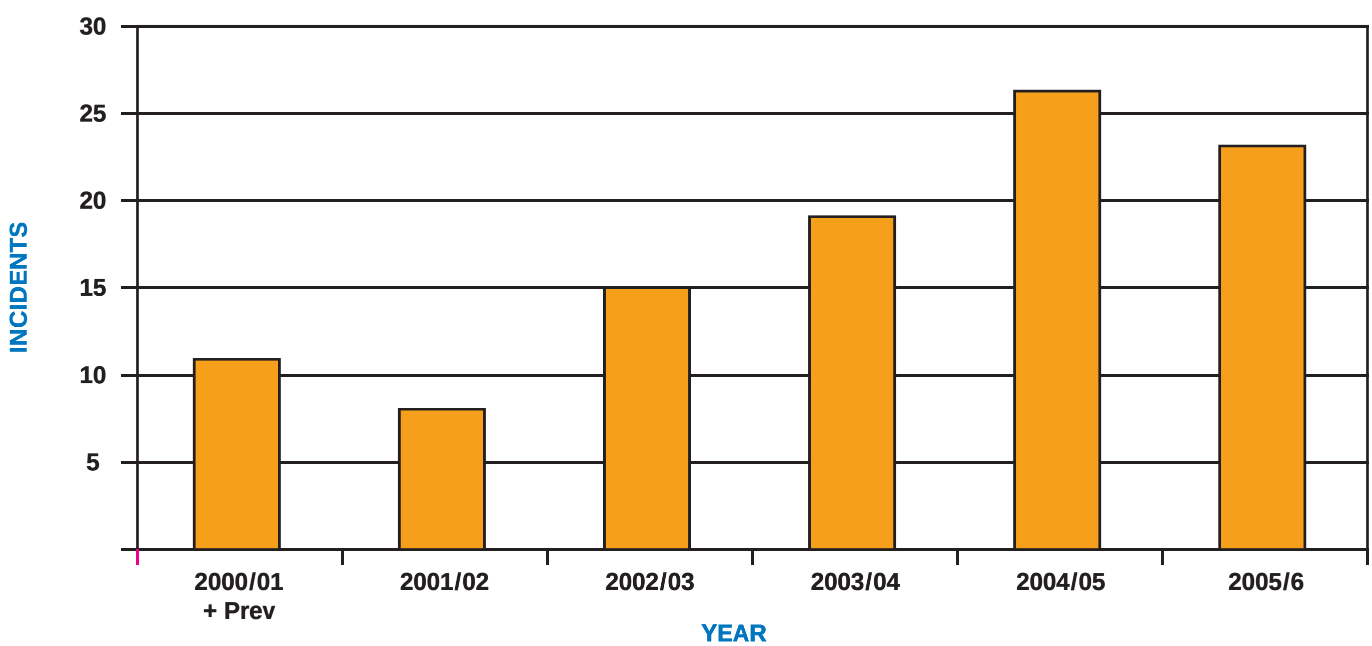
The GPA has developed our Environmental Management System (EMS) to a level consistent with the guiding principles of the Australian and New Zealand Standards AS/NZS ISO 14001. The EMS details our environmental policy, significant environmental aspects and impacts, legal requirements, objectives and targets, planning, roles and responsibilities, auditing and management review.

The GPA works closely with Port users, customers and regulating authorities to maintain a high, and continually improving, level of environmental performance. The Port operates under an environmental licence issued by the Department of Environment (DoE) and reports annually to the DoE on a range of environmental activities.

Environmental Incidents

The reporting of environmental incidents by Port users has improved over that past few years. As such we are capturing more and more incidents allowing the GPA to better identify significant environmental aspects and develop controls to minimise impacts on the environment.

Environmental Incidents to Date - Financial Year



New Facilities - Iron Ore

The GPA has welcomed two new iron ore clients, Midwest Corporation and Murchison Metals, to the Port of Geraldton this financial year. Their new facilities employ many features to ensure environmental aspects are well managed. These include sheds constructed with automatic doors, negative pressurisation, dust extraction, and insulation. These facilities raise the environmental bar for new operators and will ensure continual environmental improvement in cargo storage and handling at the Port.

Research Project - Seagrass Recovery (In Conjunction with CSIRO)

In 2003, the major dredging component of the Port Enhancement Project was completed. As predicted in the project's Public Environmental Review (PER), the seagrass in Champion Bay was impacted. The recovery of these seagrasses continues to be monitored in a comprehensive survey being undertaken and jointly funded 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 with the results of the 2006 survey soon to be published. The information will greatly assist future proponents and regulating authorities in understanding the impact and recovery mechanisms of these important marine plants.

Joint Research Project - Seagrass Shading Experiment (In Conjunction with SRFME and ECU)

In addition to the Seagrass Recovery Project, 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 to seagrass, is focussing on Western Australia's dominant seagrass, Amphibolis griffithii. The experiment is underway in Jurien Bay.

The shading experiment replicates one of the major stressors dredging projects place on aquatic marine plants - turbid water reducing the light available to these plants. The project has involved setting up 90 large shading units suspended above the seagrass meadow and monitoring of the seagrass response over varying intensities and durations of shading. Once the shading treatment is complete, the shade cloths will be removed and the seagrass recovery monitored for a further period.

The project will greatly assist coastal development proponents and regulating authorities in better understanding the light requirements and recovery potential of this seagrass species to ensure its long term survival.

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 to 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.geroport.wa.gov.au continued to be updated providing an interactive experience and 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 Port News was published on a regular basis in local newspapers and on the GPA website.
- The GPA continued to be represented on important community bodies such as the Mid West Chamber of Commerce, the Mid West Strategic Infrastructure Group, and the Geraldton Economic Alliance.
- The Statement of Corporate Intent was issued detailing Port direction and strategies for the year.

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. Regular meetings have taken place between the City of Geraldton Mayor, CEO, and officers and GPA Management throughout 2005/06 in line with commitments made in the MOU.

The GPA also joined with Mt Gibson Iron Ltd and the City of Geraldton to hold a public information evening about a potential berth 7 project.

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 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 Michael Culloton 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 Michael Culloton 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.

CORPORATE GOVERNANCE

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.

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 Riskbase Database System (designed by the Port's insurers RiskCover), was updated for significant risks and alternative mitigators as part of the Port overall Risk Management Strategy.

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 of Albany during the 2005/2006 financial year and the GPA's internal audit was carried out by the Port of Albany.

The Internal Audit Plan is reviewed annually to include emphasis and focus on current accounting procedures and related internal controls.

Port Charges

Port commercial fees and charges have been reviewed and increased for the 2006/07 financial year, with information available on the GPA website.

Compliance with Section 175Ze of the Electoral Act 1907

Section 175Ze of the Electoral Act 1907 requires the GPA 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 agencies	Market Creations	$45,663.20
		Media Monitors	$12,311.48
	Total:		**$57,974.68**
B	Market research organisations	N/A	
C	Polling organisations	N/A	
D	Direct mail organisations	N/A	
D	Media advertising organisations	Geraldton Newspapers	$4,201.18
		Marketforce Productions	$16,806.21
		Midwest Times	$2,951.99
		WA Business News	$220.00
	Total:		**$24,179.38**

Total expenditure for 2005/06 was $82,154.06.

Compliance with Section 61 State Records Act 2000

Compliance with State Records Commission Standard 2: Principle 6

The GPA's current Record Keeping Plan has been approved by the State Records Commission for a period of three years.

GPA's record keeping systems are currently in the process of being reviewed in order to increase their efficiency and effectiveness. Due to the intentions of changing from using Word for logging metadata for a manual record keeping system to a computerised database, and due to the fact that there is currently restricted staff access to the logging documents, GPA staff as a whole have not been involved in a formal record keeping training program.

Ad hoc training does take place to assist other staff in using resources available for finding and accessing records, allocating file numbers etc and a training program is being developed. This will formalise additional training to assist staff in having a greater understanding of their role and responsibilities in records management in regards to their compliance with GPA's Record Keeping Plan.

ORIGIN & DESTINATION OF CARGO

2005-2006

PORTS	GRAINS	SANDS	OILS	FERT	GENERAL	IRON ORE	TALC	COPPER / ZINC	MANGANESE	LIVESTOCK	BUNKERS	TONNES
Belgium		42,529		7,629			17,387					67,545
Canada		22,002										22,002
China	26,462	42,317			541	1,555,354		39,332	6,531			1,670,537
Egypt	82,998											82,998
France		12,006										12,006
India		21,000						60,318				81,318
Indonesia	29,8775									5,907		17,8075
Interstate	6,270		142,853	1,959	5,017			16,509			5,467	3,525
Intrastate				1,153								1,153
Iran	52,800											52,800
Iraq	159,410											159,410
Israel				20,371								20,371
Italy		45,045										45,045
Japan	57,292	27,774					24,704	48,885				158,655
Kuwait	211,233											211,233
Malaysia	22,000	14,624		20,394	15,789					4,640		77,447
Mexico		42667										42667
Netherlands	93,371	59,291					22,523	5,507				180,692
Norway		11,001										11,001
Pakistan	49,342											49,342
Philippines		4,700										4,700
Qatar	19,087			9,945								29,032
Saudi Arabia		101,327		23,581	3	150,650						275,562
Singapore	40,213	1,000			409							41,622
South Korea	379,809	2,035	34,129					53,950		623		470,546
Spain	53,051	24,537					42,352	5,505				125,445
Sudan	126,151											126,151
Sweden					1,560							1,560
Taiwan	52,658	83,907						16,114				152,679
Thailand		4,213						41,945				46,158
United Arab Emirates	56,700											56,700
United Kingdom		20,005										20,005
USA		163,396		30,671								194,067
Vietnam	101,994				4,584							106,578
Yemen	134,772											134,772
Yugoslavia		4,919										4,919
	2,024,388	**750,295**	**176,982**	**114,551**	**29,056**	**1,706,004**	**106,966**	**288,065**	**6,531**	**11,171**	**5,467**	**5,219,475**

COMPARATIVE TRADE STATISTICS

Ending 30 June

	2001/02	2002/03	2003/04	2004/05	2005/06
IMPORTS					
Fert DAP	22,801	28,106	15,874	21,203	**10,038**
Fert MAP	9,452	10,272	15,517	15,459	**6,183**
Vigor / NPK	13,447	8,379	5,156	4,463	**2,484**
Phosphate	-	-	-	-	**-**
New Phosphate (TSP+S)	16,826	29,132	29,125	14,709	**20,648**
Sulphur	-	-	-	-	**-**
Urea	66,874	43,375	61,811	51,354	**75,198**
Potassium Carbo	9,301	18,084	17,673	33,324	**-**
Petroleum Products	134,248	188,082	186,179	195,789	**176,982**
Mineral Sands	25,014	-	56,653	-	**21,000**
General	12	9,267	12,463	17,537	**24,526**
	297,975	334,697	400,451	353,838	**337,059**
EXPORTS					
Wheat	897,039	766,720	1,733,059	1,707,265	**1,558,487**
Oats	-	-	-	4,200	**1,823**
Barley	50,504	41,830	219,749	113,707	**79,619**
Lupins	269,867	146,201	420,583	238,411	**318,587**
Canola	32,691	26,211	41,320	60,567	**65,870**
Chickpeas	10,968	-	-	-	**-**
Faba Beans	-	-	-	-	**-**
Copper Cons/Ore	119,602	144,752	135,662	81,881	**76,220**
Zinc/Lead Cons/Ore	184,366	150,807	135,983	145,315	**211,845**
Mineral Sands	590,694	635,898	671,356	659,065	**561,485**
Garnet	47,110	71,998	92,912	140,759	**167,811**
Talc	134,033	140,462	102,316	107,218	**106,966**
Manganese	-	19,725	-	-	**6,531**
Nickel	-	-	-	-	**-**
Iron Ore	-	-	386,973	1,866,491	**1,706,004**
Stockfeed	1,411	1,687	1,525	1,895	**1,934**
Livestock	6,993	10,619	12,139	13,315	**9,237**
General	-	-	3,980	8,603	**4,530**
	2,334,310	2,156,910	3,957,557	5,148,692	**4,876,949**
Bunkers - Oil	525	4,076	5,278	1,712	**5,467**
Total Trade	2,632,810	2,495,683	4,363,286	5,504,424	**5,219,475**
SHIPPING					
Gross Reg Tonnage	3,592,402	3,509,181	4,677,617	5,391,926	**5,272,668**
Deadweight Tonnage	6,016,957	5,829,650	7,672,609	8,868,915	**8,817,735**
No of Vessels	208	234	284	306	**384**
Average DWT	28,928	24,913	27,016	28,983	**22,963**

RECORD INFORMATION

2005/2006	HISTORY	
LARGEST VESSEL	**LARGEST VESSEL**	**LARGEST TOTAL CARGO**
MV Centurion 76,500 DWT March 2006	MV Clipper Sussex 76,773 DWT February 2005	MV Carol 65,954 Tonnes Wheat June 2006

Largest Single Cargoes

MV Carol	Wheat	65,954 Tonnes	June 2006
MV Go Public	Iron Ore	63,953 Tonnes	May 2006
MV Alba	Canola	57,748 Tonnes	February 2006
MV Fu Le	Lupins	53,051 Tonnes	January 2006
MV New Ambition	Barley	32,550 Tonnes	June 2004
MV North Princess	Talc	31,856 Tonnes	April 2006
MV Yang Hai	Ilmenite	30,009 Tonnes	January 2002
MV Mikom Accord	Petroleum	29,103 Tonnes	March 2001
MV Ming Hai	Talc	23,111 Tonnes	August 2003

KEY PERFORMANCE INDICATORS

As at 30 June 2006

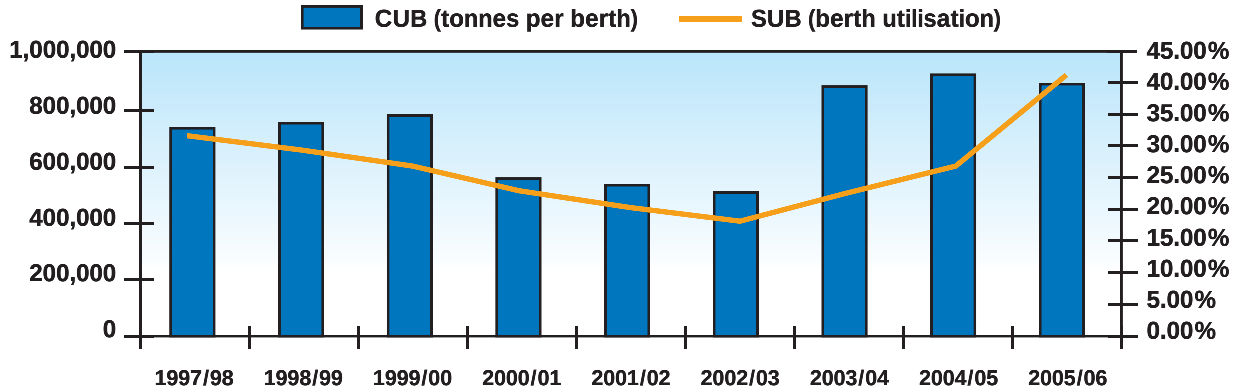
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Liquidity Ratio Current Ratio	2.75	1.12	1.24	1.20	2.20	2.22
Cash Management Ratio Free Cash Ratio	-0.10%	0.82%	0.48%	0.55%	0.53%	0.53%
Debt Management Ratio Debt to Equity	0.49	0.46	4.33	4.92	6.81	6.17
Interest Cover	1.18	0.97	1.01	1.22	1.28	1.30
Profitability Ratios						
Return on Assets	2.69%	2.07%	0.71%	3.75%	6.40%	5.88%
Return on Shareholders Equity	0.24%	-0.12%	0.05%	4.78%	6.73%	7.51%
Economic Rate of Return	1.22%	2.80%	0.32%	5.47%	8.90%	7.57%
Port Efficiency Ratios						
REPUT ($/tonne) - nominal	$1.01	$1.02	$1.07	$2.10	$2.58	$2.63
REPUT ($/tonne) - real	$0.89	$0.87	$0.88	$1.68	$2.00	$1.98
REPS ($/ship) - nominal	$18,346	$17,759	$15,860	$17,962	$20,021	$23,316
REPS ($/ship) - real	$16,023	$15,073	$13,069	$14,370	$5,552	$17,584
PACPUT ($/tonne) - nominal	$3.66	$3.78	$4.04	$2.95	$2.94	$3.80
PACPUT ($/tonne) - real	$3.20	$3.21	$3.33	$2.36	$2.29	$2.86
CUB (tonnes per berth)	564,225	526,562	499,137	872,657	917,317	869,912
SUB (berth utilizations)	21.09%	17.95%	23.36%	27.11%	29.03%	41.10%
ASTT (hours)	45.64	37.90	43.84	41.92	41.66	47.01
APP (tonne/ship-hour)	304.53	333.99	243.27	366.48	431.73	289.15
Total Throughput	**2,821,126**	**2,632,809**	**2,495,684**	**4,363,287**	**5,504,241**	**5,219,475**

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

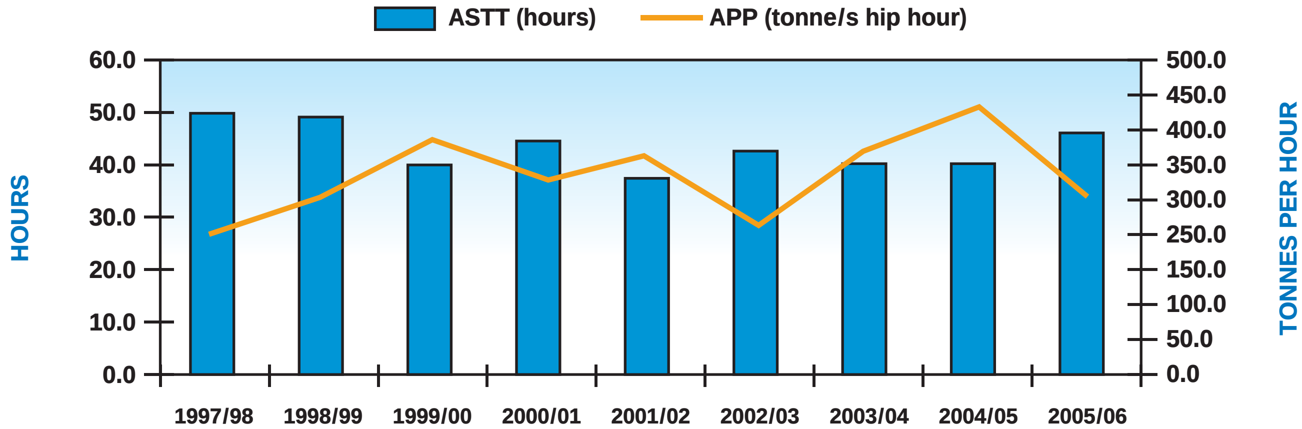
KEY PERFORMANCE INDICATORS

As at 30 June 2006

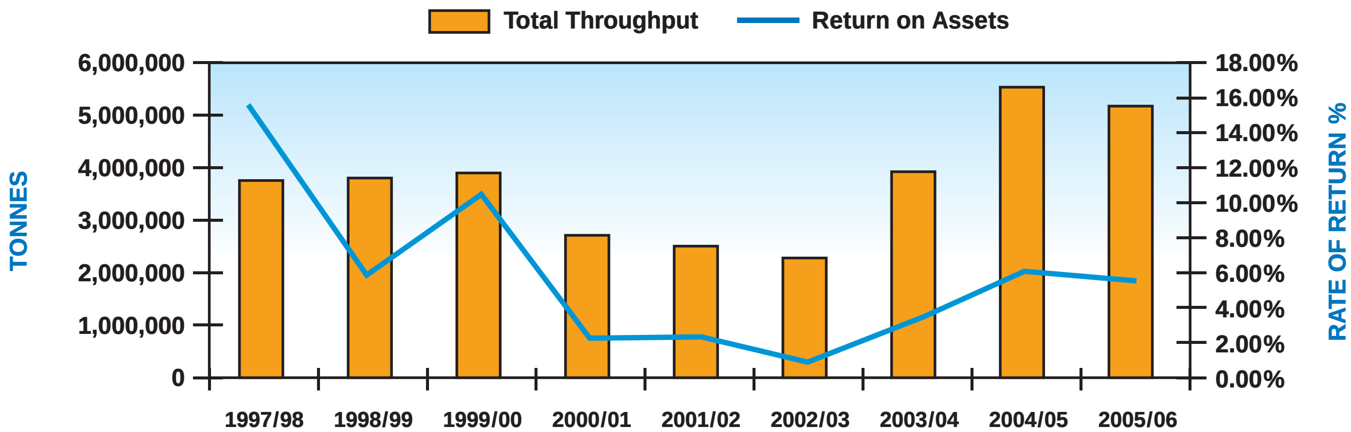
Tonne Per Berth vs Utilisation



Turnaround Time and Loading Rate per Hour



Throughput and Profitability



FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

Directors' Report

The Directors present their report on the Geraldton Port Authority for the year ended 30 June 2006.

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

B Anderson

M Culloton

J Carr

A Calver

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 $732,609 is recommended in respect of the 2005/2006 Financial Year. A Nominal Dividend of $2,023 was paid during the financial year 2004/2005.

Review of Operations

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

	2006	2005
Total Trade (Tonnes)	5,219,475	5,504,241
Revenue from Cargo	$13,719,563	$ 14,177,728
Revenue from Ships	$8,953,606	$ 6,126,367
Other Revenue	$6,358,618	$ 5,567,917
Total Revenue	$29,031,787	$25,872,012
Less Expenditure	$26,938,677	$23,779,925
Operating Profit Before Tax	$2,093,110	$2,092,087
Income Tax on Operating Profit	$627,892	$876,804
Operating Profit After Tax	$1,465,218	$1,215,283

Comments on the operations are set out below.

The operating profit before tax remained steady on the back of another strong year in grain trade and steady iron ore exports. Expenditure includes the ongoing costs of financing the loan portfolio of $122m for the capital works undertaken at the port for the Port Enchancement Project that was completed during the 2003/04 financial year.

Significant Changes in the State of Affairs

The Geraldton Port Authority received Cabinet approval in January 2006 to undertake a $35 million upgrade of berth five and six to accommodate the significant increase in iron ore throughput volumes anticipated from 2007 onwards. Work began on this project in February 2006 and is expected to be completed during the second half of the June 2007 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

Director	Experience (Years of Service)
I King	Non-executive Director, Chairman appointed during 2002/03
B Anderson	Non-executive Director for appointed during 1995/96
M. Culloton	Non-executive Director appointed during 2005/06
J Carr	Non-executive Director appointed during 2005/06
A Calver	Non-executive Director appointed during 2005/06
K Altham	Non-executive Director Retired during 2005/06
K Halbert	Non-executive Director Retired during 2005/06
B Davidson	Non-executive Director Retired during 2005/06

As at June 30, 2006, 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
- Former National Manager Specialised Oil & 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
- Governance
- Strategic Planning

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
- 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
- Mining industry

Director Michael Culloton

Occupation
Farmer

Appointments
Initial appointment as Director in October 2005 until 30 June 2007.

Background/ Qualifications
- Sheep, Wool, Cattle and Grain Grower over 30 years.
- Councillor on the Greenough Shire for 10 years, serving as Shire President for final 2 years and 3 months.
- Served on numerous committees in relation to Local Government

Board Representation
- Grain industry

Director Jeff Carr

Occupation
Retired Member of Parliament

Appointments
Initial appointment as Director in April 2006 until 31 December 2007.

Background/ Qualifications
- Member for Geraldton 1974-1991
- Cabinet Minister WA Government 1983-1991
- BA (UWA 1971)

Board Representation
- Community

Director Angelina Calver

Occupation
Owner / Operator Finance Business

Appointments
Initial Appointment as Director in April 2006 until 31 December 2006

Background/ Qualifications
- Finance Broking Certificate 1
- Finance Broking Certificate 2
- Member Mortgage Industry Association of Australia
- Currently enrolled “Justice of the Peace” course

Board Representation
- 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:

	Board	Finance	Compliance
I King	11	11	11
B Anderson	10	10	10
M Culloton	8	8	8
J Carr	3	3	3
A Calver	1	1	1
K Altham	3	3	3
K Halbert	8	8	8
B Davidson	8	8	8

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	1980	23,980
K Altham	2,750	248	2,998
B Anderson	11,000	990	11,990
K Halbert	8,250	743	8,993
B Davidson	0	0	0
J Carr	2,750	248	2,998
A Calver	2,750	248	2,998
M Culloton	8,250	743	8,993
Total	**$57,750**	**$5,200**	**$62,950**

Insurance of Officers

During the financial year, Geraldton Port Authority paid a premium of $19,036 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 $	Allowances (Car & Other) $	Superannuation $	Other Costs $	Total $
Keith Gordon Chief Executive Officer	126,673	37,856	11,400	-	175,929
Berndt R. Olesen Commercial Manager	49,461	1,221	4,452	-	55,134
Partha Nag Finance Manager	80,194	17,176	7,217	-	104,587
Bill Headley Commercial Services Manager	63,567	4,368	5,721	-	73,656
Ken Scully Port Operations Manager/ Harbour Master	125,865	8,609	11,328	-	145,802
Peter Duplex Engineering Manager	114,848	12,220	10,336	-	137,404

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

During the financial year, Keith Gordon, CEO resigned in February 2006 and Commercial Manager Berndt Olesen was appointed as Acting CEO till 3rd July, when current CEO Peter Klein joined the GPA. Previous Commercial Manager Bill Headley, resigned during the year in November and was replaced by Berndt Olesen in January 2006.

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.

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements were authorised for issue on 22nd September 2006 by the Board of Directors of Geraldton Port Authority. This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Port Authorities Act 1999.

Compliance with AIFRS
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRSs ensures that the financial statements and notes of Geraldton Port Authority comply with International Financial Reporting Standards (IFRSs).

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards
These financial statements are the first Geraldton Port Authority financial statements to be prepared in accordance with AIFRSs. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements. Financial statements of Geraldton Port Authority until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Geraldton Port Authority 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The Geraldton Port Authority has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 July 2005. An explanation of how the transition to AIFRS has effected the reported financial statements is provided in note 1(t).

Early adoption of standard
The Geraldton Port Authority has elected to apply AASB 119 Employee Benefits (issued in December 2004) to the annual reporting period beginning 1 July 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The following standards and amendments were available for early adoption but have not been applied by Geraldton Port Authority in these financial statements:

- AASB 2004-3 Amendments to Australian Accounting Standards (December 2004) amending AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004), AASB 101 Presentation of Financial Statements and AASB 124 Related Party Disclosures. AASB 2004-3 is applicable for annual reporting periods beginning on or after 1 January 2006.
- AASB 2005-1 Amendments to Australian Accounting Standards (May 2005) amending AASB 139 Financial Instruments: Recognition and Measurement. AASB 2005-1 is applicable for annual reporting periods beginning on or after 1 January 2006.
- AASB 2005-4 Amendments to Australian Accounting Standards (June 2005) amending AASB 139 Financial Instruments: Recognition and Measurement, AASB 132 Financial Instruments: Disclosure and Presentation, AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004), AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts. AASB 2005-4 is applicable for annual reporting periods beginning on or after 1 January 2006.
- AASB 2005-5 Amendments to Australian Accounting Standards (June 2005) amending AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004) and AASB 139 Financial Instruments: Recognition and Measurement. AASB 2005-5 is applicable for annual reporting periods beginning on or after 1 January 2006.
- AASB 2005-6 Amendments to Australian Accounting Standards (June 2005) amending AASB 3 Business Combinations. AASB 2005-6 is applicable for annual reporting periods beginning on or after 1 January 2006.

1. Summary of Significant Accounting Policies (continued)

- AASB 2005-9 Amendments to Australian Accounting Standards (September 2005) requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after 1 January 2006.
- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 Financial Instruments: Disclosure and Presentation, AASB 101 Presentation of Financial Instruments, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings per Share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts arising from the release of AASB7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.
- AASB 2006-1 Amendments to Australian Accounting Standards (January 2006) amending AASB 121 The Effects of Changes in Foreign Exchange Rates (July 2004). AASB 2006-1 is applicable for annual reporting periods beginning on or after 31 December 2006.
- AASB 2006-2 Amendments to Australian Accounting Standards (March 2006) amending AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards. AASB 2006-2 is applicable for annual reporting periods beginning on or after 30 June 2006.
- AASB 7 Financial Instruments: Disclosure (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007.

Geraldton Port Authority plans to adopt the above standards, if relevant, in the 2007 financial year. The impact of these standards is not quantifiable or reasonably estimable in the current financial year.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets and financial assets and liabilities at fair value through the profit or loss.

(b) Valuation of Property, Plant & Equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, when the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(c) Depreciation of Property, Plant & Equipment

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.

The useful lives for various classes of property, plant & equipment are as follows:

Property Plant & Equipment Type	Years
Breakwaters	40
Dredging	40
Berths, jetties and associated infrastructure	20-40
Buildings and improvements	10-50
Plant and equipment	03-30

1. Summary of Significant Accounting Policies (continued)

(d) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As the Authority is a not-for-profit entity, fair value is the asset's depreciated replacement cost. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(e) National Taxation Equivalent Regime

Geraldton Port Authority is subject to the National Tax Equivalent Regime (NTER). The NTER is an administrative arrangement under which relevant Commonwealth Taxation laws are applied notionally to the NTER entities as if they were subject to those laws. Income tax equivalent liabilities are paid to the State Government.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are applicable. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) 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.

(h) Revenue Recognition

The Authority derives revenue from charges made on ships and cargos in respect of services provided and are 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.

(i) 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 30 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.

1. Summary of Significant Accounting Policies (continued)

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.

(j) 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.

(k) Interest Bearing Liabilities

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

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

Finance lease liabilities are recognised at the present value of the minimum lease payments. The interest expense is recognised in the income statement when the minimum lease payments are made.

(l) Maintenance and Repairs

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

(m) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Provisions

A provision is recognised in the balance sheet when Geraldton Port has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

1. Summary of Significant Accounting Policies (continued)

(o) 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 2005 are calculated on a pro rata basis for the amount owing at the reporting date and have been included at nominal rates of pay.

(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.

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 2006.

(v) Employees
The Geraldton Port Authority employed 43 employees as of the 30th June 2006 (as of 30 June 2005 35 employees).

(p) Payment of Dividend to the State

Provision is made for the amount of any dividend declared (recommended by the Board and approved by the Minister) on or before the end of the financial year but not distributed at balance date.

1. Summary of Significant Accounting Policies (continued)

(q) Investments and other financial assets

From 1 July 2004 to 30 June 2005
The Authority has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The Authority has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Under previous AGAAP, investments are stated at cost and interest revenue recognised when accrued.

Adjustments on transition date: 1 July 2005
There were no adjustments arising in relation to investments or other financial assets on transition.

From 1 July 2005
The Authority classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

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

(i) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Port provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the Authority commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all the risks and rewards of ownership.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Authority establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

1. Summary of Significant Accounting Policies (continued)

The Authority assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(r) Leased Assets

Leases are classified as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to the lease.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased asset to Geraldton Port are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised. Finance leased assets are amortised over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability so as to achieve a consistent rate of interest on the remaining balance of the liability with interest expense calculated using the interest rate implicit in the lease and recognised directly against income. Leased assets held at the reporting date are being amortised over periods ranging from 3 to 4 years.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term as this represents the pattern of benefits derived from the leased assets.

(s) Cash & Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cash at bank, at call deposits and term deposits due within 90 days.

For the purpose of the cash flow statement, cash equivalents consist of cash and cash equivalents as defined above.

(t) Australian Equivalents to International Financial Reporting Standards (AIFRS)

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 general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Port Authorities Act 1999.

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 Finance Manager, who reports progress to the Audit Committee and the Board regularly.

1. Summary of Significant Accounting Policies (continued)

Below are the key areas where Accounting policies have changed 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.

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

		30 June 2005 $'000	1 July 2004 $'000
Total Equity Under Previous AGAAP		**19,576,148**	**21,962,307**
Adjustments to Retained Earnings			
Impact of Taxation	(i)	(727,270)	(5,127,174)
Employee Benefits :	(ii)		
Superannuation Pension Scheme Expense	(a)	(801,158)	0
Annual Leave Liability Expense	(b)	2,696	0
Transfer from revaluation reserve	(iii)	4,208,290	0
Transfer from developers contribution reserve	(iv)	2,605,277	0
Adjustments to Other Reserves			
Transfer of revaluation reserve to retained earnings	(iii)	(4,208,290)	0
Transfer of developers contribution reserve to retained earnings	(iv)	(2,605,277)	0
Total Equity Under AIFRS		**18,050,416**	**16,835,133**

(i) Taxation
To comply with AASB 112 Income Taxes, the Authority has used the balance sheet liability method, rather than the income statement method previously 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

(a) There is an increase in the Government Employers Superannuation Board (GESB) superannuation pension scheme liability arising out of restatement of superannuation pension scheme liability for AIFRS, as per actuarial report provided by the Government Employers Superannuation Board (GESB), for 30 June 2005, as per AASB 119, under AIFRS.

(b) There is a reduction in employee benefits of $2,696 as at 30 June 2005, due to the discounting of annual leave expected to be settled more than twelve months after the reporting date measured at present value under AASB 119.

(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 has been transferred to retained earnings at transition date.

(iv) 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. This reserve has been transferred to retained earnings at 30 June 2005 under AIFRS.

1. Summary of Significant Accounting Policies (continued)

(v) 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.

(vi) 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 apply from 1st July 2005.

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

		30 June 2005 $'000
Net Loss (AGAAP)		**(2,386,159)**
Decrease to Income Tax Expense	(i)	4,399,904
Increase in Superannuation Liability Expense	(ii)	(801,158)
Decrease in Annual Leave Liability Expense	(iii)	2,696
Net Profit (AIFRS)		**1,215,283**

(i) Income Tax Expense
Arising out of reversal of 2005 AGAAP tax entries and recognition of the movement in deferred tax balances under AIFRS. The amount of $4,399,904 includes tax effect entries at 1st July 2004 for $5,127,174 and $727,270 as at 30 June 2005.

(ii) Superannuation Liability Expense
Arising out of restatement of superannuation pension scheme liability, as per report provided by the Government Employers Superannuation Board (GESB), for 30 June 2005, as per AASB 119, under AIFRS.

(iii) Annual Leave Expense
There is a reduction in employee benefits of $2,696 as at 30 June 2005, due to the discounting of annual leave expected to be settled more than twelve months after the reporting date measured at present value under AASB 119.

(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 GAAP.

INCOME STATEMENT for the year ended 30 June 2006

	Notes	2006 $	2005 $
Revenue	2	29,031,787	25,872,012
Finance costs incurred	3(b)	6,937,650	7,575,491
Expenses from operating activities	3(a) & (b)	20,001,027	16,204,434
		26,938,677	23,779,925
Profit before income tax equivalent expense:		**2,093,110**	**2,092,087**
Income tax equivalent expense / (benefit):	4	627,892	876,804
Net profit after tax :		**1,465,218**	**1,215,283**

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

BALANCE SHEET as at 30 June 2006

	Notes	2006 $	2005 $
Current assets			
Cash and cash equivalents	6	16,922,658	15,938,291
Receivables	7	3,507,060	2,179,691
Other	8	0	143,351
Total current assets		**20,429,718**	**18,261,333**
Non-current assets			
Property, plant and equipment	9	130,984,039	135,433,618
Deferred tax assets	10	858,904	962,989
Total non-current assets		**131,842,943**	**136,396,607**
Total assets		**152,272,661**	**154,657,940**
Current liabilities			
Payables	11	4,061,052	4,136,735
Interest bearing liabilities	12	2,605,662	2,458,359
Income tax liability	13	1,819,691	1,018,804
Provisions	13, 19	711,520	704,170
Total current liabilities		**9,197,925**	**8,318,068**
Non-current liabilities			
Interest bearing liabilities	15	117,805,572	120,486,237
Deferred tax liabilities	16	4,059,700	5,710,384
Provisions	17, 19	1,391,705	1,713,586
Other	14	302,125	379,249
Total non-current liabilities		**123,559,102**	**128,289,456**
Total liabilities		**132,757,027**	**136,607,524**
Net assets		**19,515,634**	**18,050,416**
Equity			
Reserves	18 (a)	0	0
Contributed Equity	18 (c)	2,640,620	2,640,620
Retained Earnings	18 (b)	16,875,014	15,409,796
Total equity		**19,515,634**	**18,050,416**

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

STATEMENT OF CHANGES In Equity as at 30 June, 2006

	Notes	2006 $	2005 $
Total equity at the beginning of the financial year		**18,050,416**	**15,148,740**
Effect of restatement of deferred tax balances for AIFRS		0	(5,127,174)
Effect of transfer of developers contribution reserve for AIFRS		0	2,605,277
Effect of transfer of asset revaluation reserve for AIFRS		0	4,208,290
Profit for the year		1,465,218	1,215,283
Total equity		**19,515,634**	**18,050,416**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	2006 $	2005 $
Note 2. Revenue			
Revenue from shipping charges			
Charges on Ships		8,953,606	6,126,367
Charges on Cargo		4,171,761	4,167,454
Port Enhancement Charge		9,547,802	10,010,274
Total shipping services revenue		**22,673,169**	**20,304,095**
Revenue from non shipping charges			
Rental & Leases		2,546,217	1,944,878
Interest Received		831,256	593,478
Fishing Industry Facilities		1,360,193	1,082,603
Power and Water		1,063,217	1,692,608
Plant Hire		57,410	25,047
Land Tax Revenue		154,935	154,861
Other		345,390	74,442
		6,358,618	**5,567,917**
Total revenue		**29,031,787**	**25,872,012**

	Notes	2006 $	2005 $
Note 3. Profit			
(a) Expenses			
Corporate Services		502,124	388,461
Depreciation		4,125,714	4,677,552
Impairment Charge		5,287,908	0
Salaries and Benefits		4,012,825	4,809,303
Maintenance		943,698	2,109,510
Power and Water		1,469,705	1,540,027
Legal Expenses		220,802	533,113
Environmental Expenses		204,440	325,928
Land Tax		233,343	240,823
Local Government Rates Equivalent		164,387	159,293
Security Expenses		232,585	274,884
Cargo Loading/Unloading Expenses		1,427,881	0
Other Expenditure		993,086	1,145,540
		19,818,498	**16,204,434**
(b) Profit (Loss) before income tax expense includes the following specific expenses:			
Finance costs incurred		**6,937,650**	**7,575,491**
Net Loss on Disposal of Property, Plant and Equipment			
Cash Consideration		(13,209)	0
Written Down Value of Assets Disposed		195,737	0
		182,528	**0**
Other Charges Against Assets			
Impairment Charge		5,287,908	0
Doubtful Debts - Trade Debtors		18,911	0
		5,306,819	**0**
Movements in Provisions			
Annual Leave		48,923	46,908
Long Service Leave		37,303	(7,440)
Sick Leave		7,307	24,589
Time In Lieu		(4,147)	(12,029)
Superannuation		404,591	(1,261,808)
		493,977	**(1,209,780)**
Depreciation			
Buildings		25,307	17,683
Port Facilities		3,287,408	3,843,887
Plant and Equipment		813,000	815,982
		4,125,715	**4,677,552**

	Notes	2006 $	2005 $

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		**2,093,110**	**2,092,087**
Income tax calculated @ 30% (2005 @ 30%)		**627,933**	**627,626**
Tax effect of permanent differences:			
Non-deductible depreciation		0	0
Non-deductible entertainment expenses		1,874	764
Under/over provision prior year		(1,915)	0
Sundry Items		0	248,414
Income tax adjusted for permanent differences		**627,892**	**876,804**
Income tax equivalent expense		**627,892**	**876,804**
Deferred income tax expense/(revenue) included in income tax expense comprises:			
Decrease/increase in deferred tax assets		104,085	(103,571)
Decrease/increase in deferred tax liabilities		(1,650,684)	(38,429)
Deferred tax		**(1,546,599)**	**(142,000)**
Income tax equivalent expense comprises:			
Current taxation provision		2,176,406	1,018,804
Under/over provision prior year		(1,915)	0
Deferred income tax provision		(1,546,598)	(142,000)
		627,892	**876,804**

Under previous AGAAP income tax expense was calculated by reference to the accounting profit after allowing for permanent differences. Deferred tax was not recognised in relation to amounts recognised directly in equity. The adoption of AIFRS has resulted in a change in accounting policy. The application of AASB 112 Income Taxes has resulted in the recognition of deferred tax liabilities on revaluations of non-current assets.

		Notes	2006 $	2005 $
Note 5.	**Dividends paid**			
	Efficiency Dividend		0	126,000
	Ordinary Dividend		2,023	345,778
			2,023	**471,778**
Note 6.	**Current assets - cash and cash equivalents**			
	Cash at Bank		6,146,491	7,364,622
	Cash on Hand		284	300
	Term Deposits		10,775,883	8,573,369
			16,922,658	**15,938,291**

Significant Terms and Conditions

Cash at Bank is held at the local National Australia Bank and earns interest at 5.25% (2005: 5.15%). 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 5.10% and 5.90 % (2005 @ 4.95% and 5.76%). These deposits are invested for terms between 1 and 3 months.

Note 7.	**Current assets - receivables**			
	Trade Receviables		3,548,149	2,239,691
	Less: Provision for doubtful receviables		(41,089)	(60,000)
			3,507,060	**2,179,691**

Significant Terms and Conditions

Trade Debtors terms are 14 days. Interest may be charged at 3% above the Bank of Western Australia Ltd published overdraft reference rate where their terms of repayment exceed 30 days from invoice date.

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 their net fair values.

Note 8.	**Current assets - other**			
	Accrued Income		0	143,351
	Unexpired Expenses		0	0
	Other Income		0	0
	Future Income Tax Benefit		0	0
			0	**143,351**

		Notes	2006 $	2005 $
Note 9.	**Non-current assets - Property, plant and equipment**			
	Freehold Land			
	At cost		**1,108,779**	**1,108,779**
	Buildings :			
	At cost		1,040,257	996,564
	Less: Accumulated depreciation		(376,985)	(331,404)
	Less: Impairment Charge		0	0
			663,272	**665,160**
	Port Facilities			
	Breakwaters at cost			
	At cost		9,233,082	9,241,235
	Less: Accumulated depreciation		(5,396,531)	(5,140,284)
	Less: Impairment Charge		0	0
			3,836,551	**4,100,951**
	Dredging at cost			
	At cost		87,658,249	87,469,148
	Less: Accumulated depreciation		(3,043,559)	(851,710)
	Less: Impairment Charge		0	0
			84,614,690	**86,617,438**
	Berths No 1-6 at cost			
	At cost		44,825,439	43,562,295
	Less: Accumulated depreciation		(19,220,292)	(17,561,554)
	Less: Impairment Charge		(5,256,039)	0
			20,349,108	**26,000,741**
			108,800,349	**116,719,130**
	Plant and Equipment			
	At cost		24,841,844	24,053,001
	Less: Accumulated depreciation		(10,732,252)	(11,052,542)
	Less: Impairment Charge		(31,869)	0
			14,077,72	**13,000,459**
	Work in Progress			
	At cost		**6,333,916**	**3,940,090**
	Total at cost		175,041,565	170,371,112
	Total accumulated depreciation		(38,769,618)	(34,937,494)
	Total impairment charge		(5,287,908)	0
	Total property, plant and equipment		**130,984,039**	**135,433,618**

	Freehold Land	Buildings	Port Facilities	Plant & Equipment	Work in Progress	Total
Carrying amount at 30 June 2005	**1,108,779**	**665,160**	**116,719,130**	**13,000,459**	**3,940,090**	**135,433,618**
Additions	-	1,351	3,968	2,760,634	2,393,826	5,159,779
Disposals	-	-	-	(195,737)	-	(195,737)
Transfers	-	22,068	620,698	(642,766)	-	-
Impairment Charge	-	-	5,256,039	31,869	-	5,287,908
Depreciation Expense	-	25,307	3,287,408	813,000	-	4,125,715
Carrying amount at 30 June 2006	**1,108,779**	**663,272**	**108,800,349**	**14,077,722**	**6,333,916**	**130,984,039**
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)	-
Impairment Charge	-	-	-	-	-	-
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**

At the end of the financial year, the Authority conducted a valuation of all its assets based on the Depreciated Optimised Replacement Cost (DORC) methodology. The valuation was carried out by Fudali Waterhouse Valuers and Consultants. The valuation highlighted that the carrying value of some of the Authority's assets was higher than their DORC valuation as at 30 June 2006. According to AASB 136 guidelines, the written down value of the affected assets has been written down to their recoverable amount as per the DORC valuation.

Freehold land and buildings (at fair value)	**11,858,943**	**8,753,000**
(A market valuation of land and building was undertaken through registered valuers Midwest Valuation during the financial year)		
Capitalised Borrowing Costs		
Borrowing costs incurred	0	0
Investment revenue earned on borrowed funds	0	0
Borrowing costs capitalised	**0**	**0**

		Notes	2006 $	2005 $
Note 10.	**Non Current Assets - Deferred Tax Assets**			
	Future Income Tax Benefit		**858,904**	**962,989**
	The balance comprises temporary differences attributable to :			
	Amounts recognised in profit or loss			
	Provision for doubtful debts		12,327	18,000
	Accrued Charges		9,450	10,500
	Borrowing Costs		19,842	34,000
	Employee Benefits		631,574	725,326
	Income Recevied In Advance		185,711	175,163
	Net deferred tax assets		**858,904**	**962,989**
	Movements :			
	Opening Balance		962,989	859,418
	Credited/Charged to the income statement		(104,085)	103,571
	Closing balance		**858,904**	**962,989**
Note 11.	**Current liabilities - payables**			
	Trade Payables		968,177	408,479
	Accrued Expenses		175,326	1,251,450
	Retention Moneys		60,540	0
	GST Payable		205,090	101,170
	Accrued Interest		1,626,958	2,131,611
	Accrued Salaries		83,426	0
	Security Deposits		0	39,400
	Income In Advance		941,535	204,625
			4,061,052	**4,136,735**

Payables represent Trade Creditors, Accrued Expenses, Accrued Interest, Accrued Salaries and Income in Advance. Accrued Expenses are comprised of charges for goods and services recevied but not invoiced as at 30 June 2006. Income in Advance represents rents and lease payments billed prior to 30 June 2006 but relates to the period beginning 1st July 2006.

Trade Creditors are generally settled within 30 days.

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

		Notes	2006 $	2005 $
Note 12.	**Current liabilities - Interest bearing liabilities**			
	WA Treasury Corporation Direct Borrowings		2,605,662	2,458,359
			2,605,662	**2,458,359**

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 6.55% (2005: 6.57%)

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

		Notes	2006 $	2005 $
Note 13.	**Current liabilities**			
	Provision for Income Tax		1,819,691	1,018,804
	Dividends		(2,023)	0
	Employee benefits	19	713,542	704,170
			2,531,210	**1,722,974**

		Notes	2006 $	2005 $
Note 14.	**Non Current liabilities - Other**			
	Income received in advance		**302,125**	**379,249**

Income in Advance represents rents and lease payments billed prior to 30 June 2006 but relates to the period beginning 1st July 2006.

		Notes	2006 $	2005 $
Note 15.	**Non-current liabilities - Interest bearing liabilities**			
	WA Treasury Corporation		**117,805,572**	**120,486,237**

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 6.55% (2005: 6.57%).

Net Fair Values

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

		Notes	2006 $	2005 $
Note 16.	**Non-current liabilities - Deferred tax liabilities**			
	Provision for deferred income tax:		**4,059,700**	**5,710,384**
	The balance comprises temporary differences attributable to :			
	Amounts recognised in profit or loss			
	Depreciation		**4,059,700**	**4,447,897**
	Amounts recognised directly in equity			
	Revaluation of property, plant & equipment		0	1,262,487
	Net deferred tax liabilities		**4,059,700**	**5,710,384**
	Movements:			
	Opening balance as at 1st July 2004		5,710,384	5,748,813
	Charged/(credited) to the income statement		(1,650,684)	(38,429)
	Net deferred tax liabilities		**4,059,700**	**5,710,384**
Note 17.	**Non-current liabilities - Provisions**			
	Employee benefits	19	**1,391,705**	**1,713,586**
Note 18.	**Contributed Equity, Reserves and Retained Earnings**			
	(a) Reserves			
	Asset Revaluation Reserve (a)		0	0
	Developers Contribution Reserve (b)		0	0
	Total reserves		**0**	**0**

(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 property, plant & equipment will be measured at cost under AIFRS. The Authority's previous AGAAP revaluation reserve of $4,208,290 relating to assets recognised at deemed cost, has been transferred to retained earnings at 30 June 2005 under AIFRS.

(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. This reserve at cost has been transferred to retained earnings at 30 June 2005 under AIFRS.

	Notes	2006 $	2005 $
(b) Retained Earnings			
Retained profits at the beginning of the financial year		15,409,796	12,508,120
Effect of restatement of deferred tax balances for AIFRS		0	(5,127,174)
Effect of transfer of developers contribution reserve		0	2,605,277
Effect of transfer of asset revaluation reserve for AIFRS		0	4,208,290
Net profit		1,465,218	1,215,283
Retained profits at the end of the financial year		**16,875,014**	**15,409,796**
(c) Contributed Equity			
State Equity Contribution		**2,640,620**	**2,640,620**

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 competetive 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.

Note 19. Employee benefits

	Notes	2006 $	2005 $
Employee benefits liabilities			
Provision for employee benefits			
Current	13	713,542	706,866
Non-current	17	1,391,705	1,713,586
		2,105,247	**2,420,452**
Current liabilities			
Annual Leave		323,735	274,812
Long Service Leave		286,561	244,117
Sick Leave		78,269	70,962
Superannuation		0	87,851
Time in Lieu		24,977	29,124
		713,542	**706,866**
Non-current liabilities			
Long service leave		98,267	103,408
Superannuation		1,293,438	1,610,178
		1,391,705	**1,713,586**
Total provision		**2,105,247**	**2,420,452**

	Notes	2006 $	2005 $

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:

	2006	2005
$0 - $9,999	5	0
$10,000 - $19,999	1	3
$20,000 - $29,999	1	1
The total of all fees and other benefits received or due and receivable for the year, by Directors of the Authority.	**62,950**	**58,960**

Directors' remuneration excludes a proportion of insurance premiums of $19036 (2005:$20,157) 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:

	2006	2005
$50,000 - $59,999	1	1
$70,000 - $79,999	1	1
$100,000 - $109,999	1	0
$110,000 - $119,999	0	0
$120,000 - $129,999	0	1
$130,000 - $139,999	1	1
$140,000 - $149,999	1	1
$150,000 - $189,999	1	1
The aggregate income of the executives referred to above:	**692,512**	**720,306**

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:

	2006	2005
- Audit of the financial statements	**38,000**	**31,500**

	Notes	2006 $	2005 $

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.

	Notes	2006 $	2005 $
Maximum contingent consideration payable at current rates of pay		**129,242**	**127,157**

A payment claim has been recevied 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:

	Notes	2006 $	2005 $
Not later than one year		209,209	144,232
Amounts due later than one year and not later than five years		325,139	343,269
These commitments reflect a firm estimate of commitment for ongoing replacement of vehicles as existing leases expire		**534,348**	**487,501**

Capital projects spending on expanding port infrastructure to accommodate anticipated significant increase in tonnage throughput

	Notes	2006 $	2005 $
Not later than one year		31,000,000	1,300,000
Amounts due later than one year and not later than five years		4,000,000	0
		35,000,000	**1,300,000**

As at 30 June 2006, the WA State Government has given approval for loan funding of $35 million for the berth five iron ore expansion project and associated works. At 30 June 2006 no major contracts have been awarded. The project is estimated to be completed in the second half of 2007.

Note 24. Events Occurring After Reporting Date

There are no material events occurring after the reporting date.

Note 25. Transactions With Directors and Director Related Entities

A current director of GPA Mr Bruce Anderson, is the General Manager of the Golden Grove Operations of Oxiana Golden Grove Pty Ltd. Oxiana currently exports mineral products out of Geraldton port. The total revenue from Oxiana for the financial year ending 30 June 2006 was $1,863,194.67. These transactions were under normal commercial terms and conditions.

There were no other transactions with directors and director related entities.

	Notes	2006 $	2005 $

Note 26. Reconciliation of Profit after Income Tax to Net Cash Flows from Operating Activities

	Notes	2006 $	2005 $
Profit / (Loss) from ordinary activities after income tax		**1,465,218**	**1,215,283**
Non Cash Items			
Depreciation		4,125,715	4,677,552
Impairment charge on assets		5,287,908	0
Net loss on disposal of assets		182,528	0
Other		(389,450)	12,338
Change in Assets and Liabilities			
Receivables		(1,315,470)	1,477,188
Other Current Assets		(25,993)	61,528
Provision for Income Tax		800,887	1,018,804
Income Tax Benefit		104,085	0
Payables		531,575	(888,944)
Other Current Liabilities		(961,028)	0
Employee Benefits		(312,509)	1,204,388
Deferred Tax Liabilities		(1,650,684)	0
Deferred Tax Benefit		0	(142,000)
Cash Flows from Operating Activities		**7,842,780**	**8,636,137**

	Notes	2006 $	2005 $

Note 27. Financial instruments

(a) Financal Risk Management Objectives & Policies

Geraldton Port Authority (GPA)'s principal financial instruments comprise of interest bearing borrowings, cash and cash equivalents. The main purpose of these financial instruments is to raise finance for GPA's operations.

GPA has other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from GPA's financial instruments are interest rate risk, liquidity risk, and credit risk. GPA's policies for managing each of these risks are summarised below.

(b) Credit Risk Exposure

GPA 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.

(c) Interest Rate Risk Exposure

GPA's exposure to market risk for changes in interest rates relates primarily to its long term debt obligations. GPA's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities or at variable rates. The risk is managed by WATC through portfolio diversification and variation in maturity dates.

(d) Liquidity Risk Exposure

GPA's objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves and its borrowing facilities.

Set out below are the carrying amounts of all of the GPA's financial instruments. The directors consider the carrying amount of the financial instruments represent their net fair values.

2006	Notes	Floating Interest Rate $	Fixed Interest Maturing in 1 Year or less $	Over 1 Year to 5 years $	More than 5 years $	Non interest Bearing $	Total $
Financial Assets							
Cash assets	6	6,146,491	10,775,883			284	16,922,658
Receivables	7					3,507,060	3,507,060
Weighted Average Interest Rate		5.25%	5.50%			0%	
Financial Liabilities							
Payables	11					(968,177)	(968,177)
Loan – WATC	12,15		(39,898,637)	(19,096,644)	(61,415,953)		(120,411,234)
Weighted Average Interest Rate			5.79%	5.74%	6.13%	0%	
Net financial assets (liabilities)		**6,146,491**	**(29,122,754)**	**(19,096,644)**	**(61,415,953)**	**2,539,167**	**(100,949,693)**

2006	Notes	Floating Interest Rate $	Fixed Interest Maturing in 1 Year or less $	Over 1 Year to 5 years $	More than 5 years $	Non interest Bearing $	Total $
Financial Assets		7,364,622	8,573,370			2,179,991	18,117,983
Financial Liabilities			(34,906,488)	(18,006,213)	(70,031,895)	(408,479)	(123,353,075)
Weighted Average Interest Rate			5.72%	7.29%	5.80%	0.00%	
Net financial assets (liabilities)		**7,364,622**	**(26,333,118)**	**(18,006,213)**	**(70,031,895)**	**1,771,512**	**(105,235,092)**

Note 28. Segment Reporting

2006	Commercial Harbour	Fishing Boat Harbour	Other	Total
Rev from external customers	26,494,947	1,360,193	0	**27,855,140**
Other Rev	1,176,646	0	0	**1,176,646**
Total Rev	27,671,593	1,360,193	0	**29,031,786**
Segment Result	1,677,834	415,276	0	**2,093,110**
Segment Assets	150,441,987	1,830,675	0	**152,272,661**
Unallocated Assets	0	0	0	**0**
Total Assets	150,441,987	1,830,675	0	**152,272,661**
Segment Liabilities	131,757,216	999,811	0	**132,757,027**
Unallocated Liabilities	0	0	0	**0**
Total Liabilities	131,757,216	999,811	0	**132,757,027**
Acquisition of Assets	5,144,966	14,814	0	**5,159,779**
Depreciation Expense	3,981,251	144,464	0	**4,125,715**
Non cash expenses other than Depreciation	5,455,623	14,814	0	**5,470,437**

2005	Commercial Harbour	Fishing Boat Harbour	Other	Total
Rev from external customers	13,688,064	1,505,755	10,010,274	**25,204,093**
Other Rev	667,920	0	0	**667,920**
Total Rev	14,355,984	1,505,755	10,010,274	**25,872,013**
Segment Result	2,857,892	228,190	(153,954)	**2,932,128**
Segment Assets	133,458,479	1,975,139	0	**135,433,618**
Unallocated Assets	0	0	0	**0**
Total Assets	133,458,479	1,975,139	0	**135,433,618**
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**

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.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2006

	Notes	2006 $	2005 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		31,406,044	29,492,045
Payments to suppliers and employees (inclusive of GST)		(13,955,234)	(12,630,162)
Interest received		831,256	593,478
Borrowing costs paid		(7,442,303)	(7,286,326)
Net GST & FBT Paid		(1,623,379)	(1,532,898)
Income Taxes Paid		(1,373,604)	0
Net cash inflow from operating activities	26	**7,842,780**	**8,636,137**
Cash flows from investing activities			
Payments for property, plant and equipment		(4,336,237)	(4,824,626)
Proceeds from sale of property, plant and equipment		13,209	0
Net cash (outflow) from investing activities		**(4,323,028)**	**(4,824,626)**
Cash flows from financing activities			
Proceeds from borrowings		0	8,057,048
Repayment of borrowings		(2,533,361)	(2,728,941)
Dividends paid		(2,023)	(471,778)
Net cash (outflow) from financing activities		**(2,535,384)**	**4,856,329**
Net increase(decrease) in cash held		**984,367**	**8,667,840**
Cash and cash equivalents at the beginning of the financial year		15,938,291	7,270,451
Cash and cash equivalents at the end of the financial year	6	**16,922,658**	**15,938,291**

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

5 YEAR PERFORMANCE SUMMARY

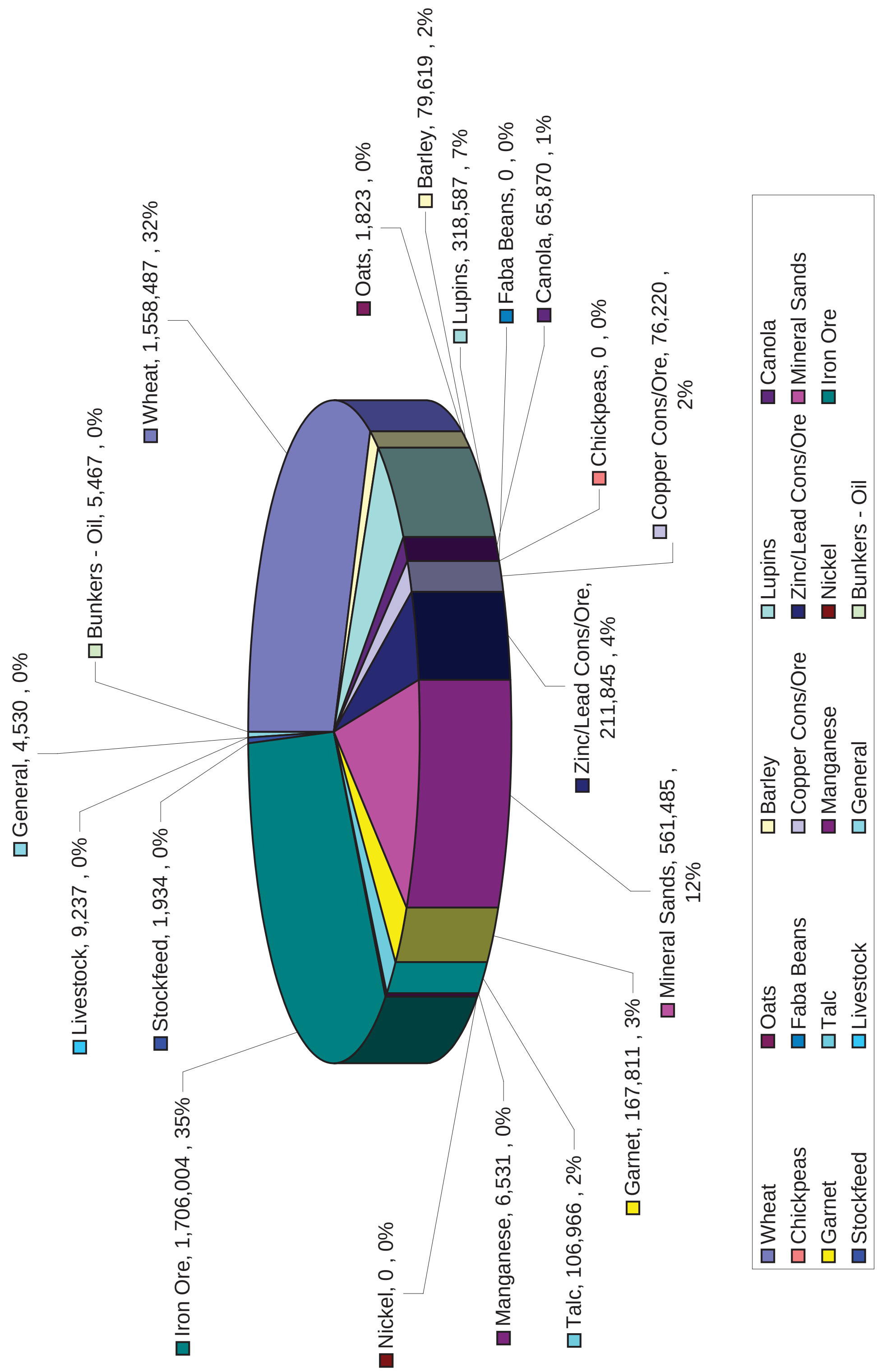
	2006 $	2005 $	2004 $	2003 $	2002 $
Financial Performance					
Operating income	28,200,530	25,278,534	18,258,880	10,028,030	9,697,597
Interest income	831,256	593,478	150,508	123,150	233,152
Total operating income	29,031,787	25,872,012	18,409,388	10,151,180	9,930,749
Operating expenses	(10,587,404)	(11,526,882)	(9,753,121)	(8,088,438)	(6,656,326)
Operating profit before depreciation, interest paid and income tax equivalent	18,444,382	14,345,130	8,656,267	2,062,742	3,274,423
Depreciation, amortization & impairment	(9,413,622)	(4,677,552)	(3,112,620)	(1,396,811)	(2,524,946)
Borrowing costs	(6,937,650)	(7,575,491)	(4,533,694)	(659,598)	(769,507)
Net profit before income tax equivalent	2,093,110	2,092,087	1,009,953	6,333	-20,030
Income tax equivalent	(627,892)	(876,804)	(318,397)	4,045	(5,889)
Net profit after tax	**1,465,218**	**1,215,283**	**691,556**	**10,378**	**-25,919**
Financial Position					
Current assets	20,429,718	18,261,333	12,972,529	33,873,084	4,388,819
Non-current assets	131,842,943	136,396,607	136,173,333	97,530,069	31,437,442
Total assets	152,272,661	154,657,940	149,145,862	131,403,153	35,826,261
Current liabilities	9,197,925	8,318,068	10,082,486	44,574,185	3,346,142
Non-current liabilities	123,559,102	128,289,456	117,101,069	65,083,273	10,618,802
Total liabilities	132,757,027	136,607,524	127,183,555	109,657,458	13,964,944
Net assets	**19,515,634**	**18,050,416**	**21,962,307**	**21,745,695**	**21,861,317**
Equity					
Reserves & Contributed Equity	2,640,620	2,640,620	9,454,187	9,454,187	9,454,187
Retained earnings	16,875,014	15,409,796	12,508,120	12,291,508	12,407,130
Total equity	**19,515,635**	**18,050,416**	**21,962,307**	**21,745,695**	**21,861,317**

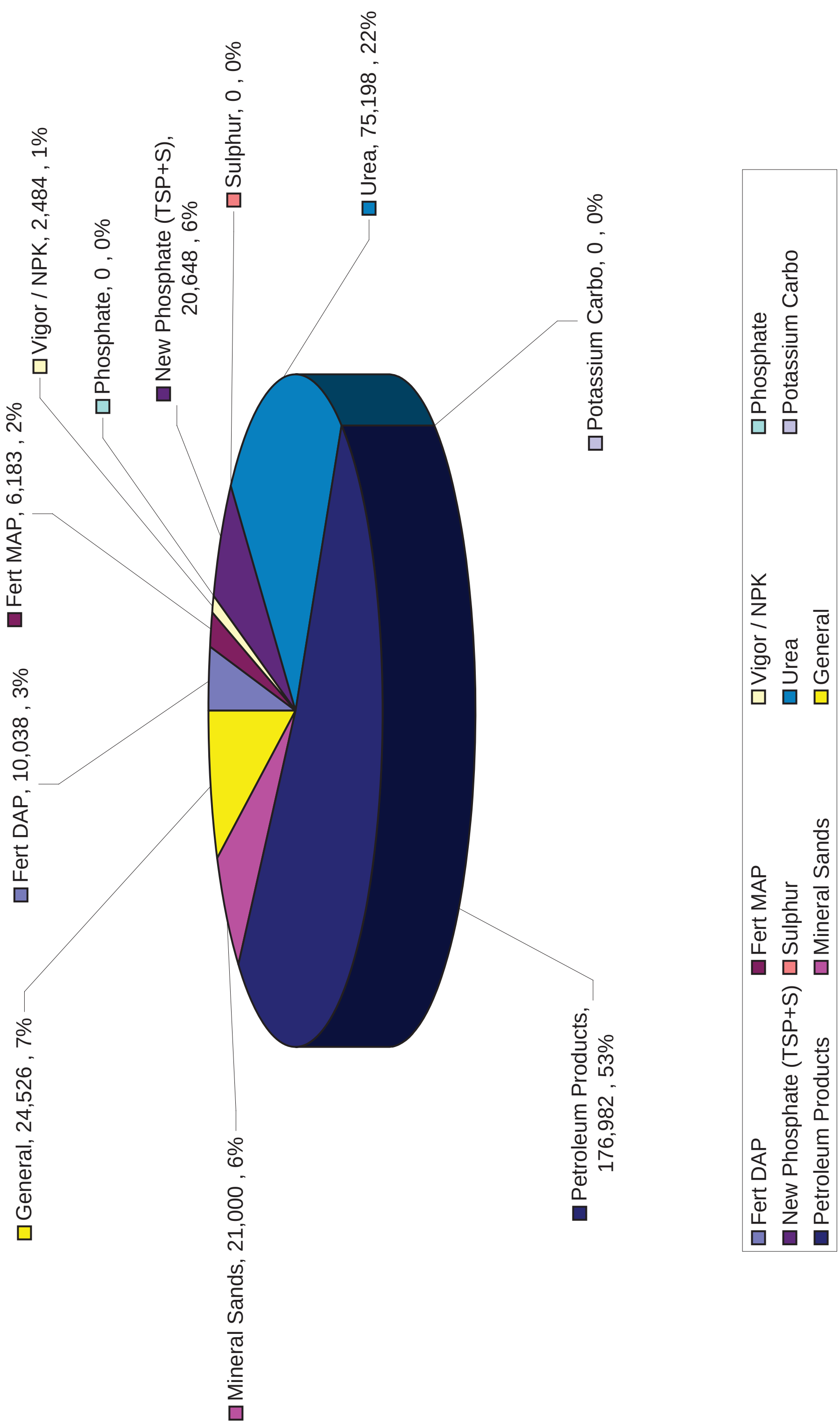
Statistics

Financial:	**2006**	**2005**	**2004**	**2003**	**2002**
Operating profit margin	47%	57%	47%	21%	34%
Operating expense ratio	92%	92%	95%	100%	100%
Return on average net assets (RONA)	49%	48%	25%	3%	3%

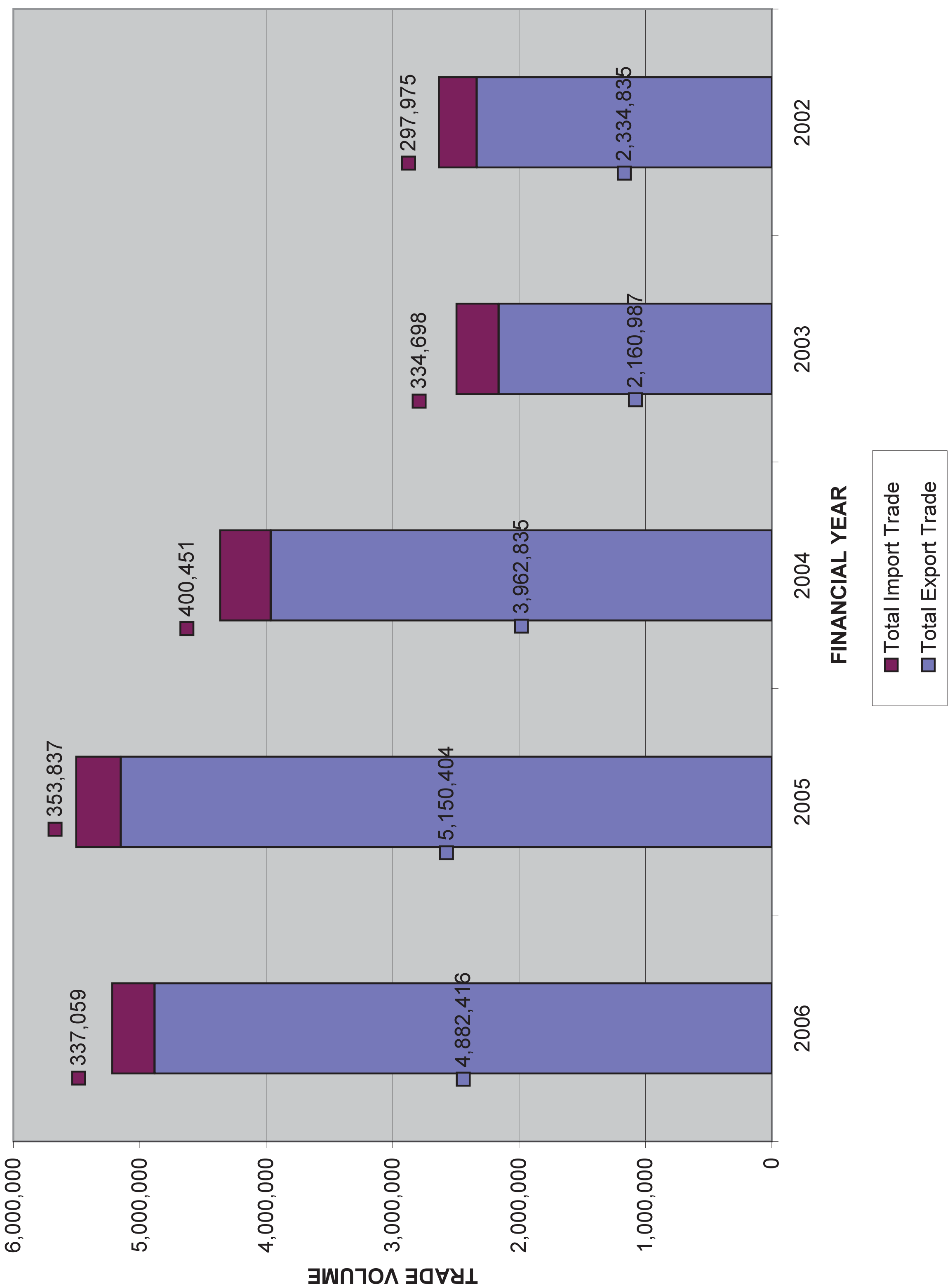
Trade:	**2006**	**2005**	**2004**	**2003**	**2002**
Total Export Trade	4,882,416	5,150,404	3,962,835	2,160,987	2,334,835
Total Import Trade	337,059	353,837	400,451	334,698	297,975
Total Port Trade	5,219,475	5,504,241	4,363,286	2,495,685	2,632,810
Total Commercial Vessels	384	306	284	234	208
Total Gross Registered Tonnes	5,272,668	5,391,926	4,677,617	3,509,181	3,592,405

GPA BREAKUP OF EXPORT TRADE




Fert DAP, 10,038 , 3%
Fert MAP, 6,183 , 2%
Vigor / NPK, 2,484 , 1%
Phosphate, 0 , 0%
New Phosphate (TSP+S), 20,648 , 6%
Sulphur, 0 , 0%
Urea, 75,198 , 22%
Potassium Carbo, 0 , 0%
Petroleum Products, 176,982 , 53%
Mineral Sands, 21,000 , 6%
General, 24,526 , 7%
Fert DAP
Fert MAP
Vigor / NPK
Phosphate
New Phosphate (TSP+S)
Sulphur
Urea
Potassium Carbo
Petroleum Products
Mineral Sands
General

GPA EXPORT & IMPORT TRADE VOLUME BY FINANCIAL YEAR



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 2006 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.

	22nd September 2006
Ian King **Geraldton**	**Date**

	22nd September 2006
Michael Culloton **Geraldton**	**Date**

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 2006 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 of Directors is responsible for the financial report.

The financial report consists of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, 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 testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf".

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
25 September 2006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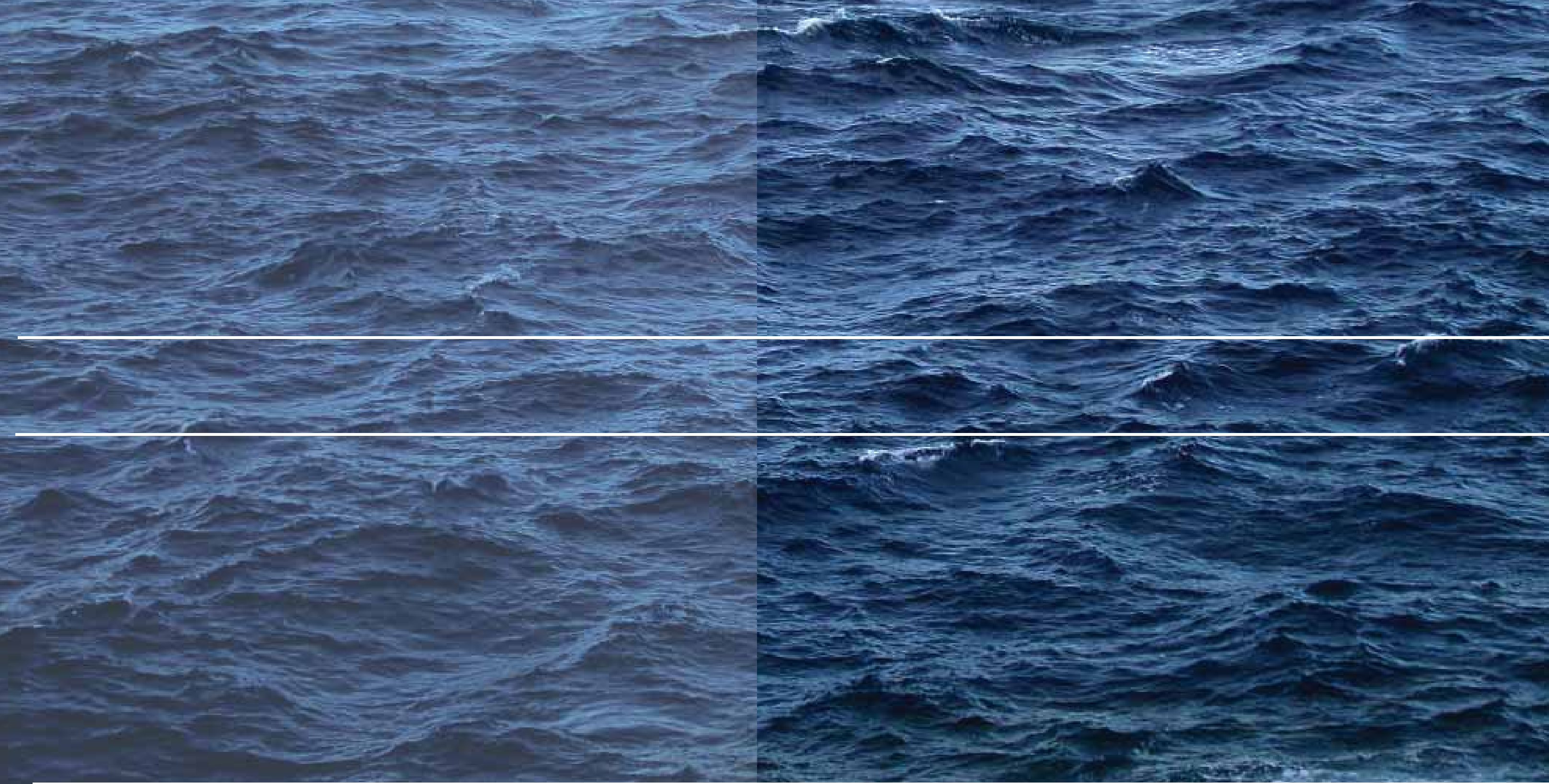

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