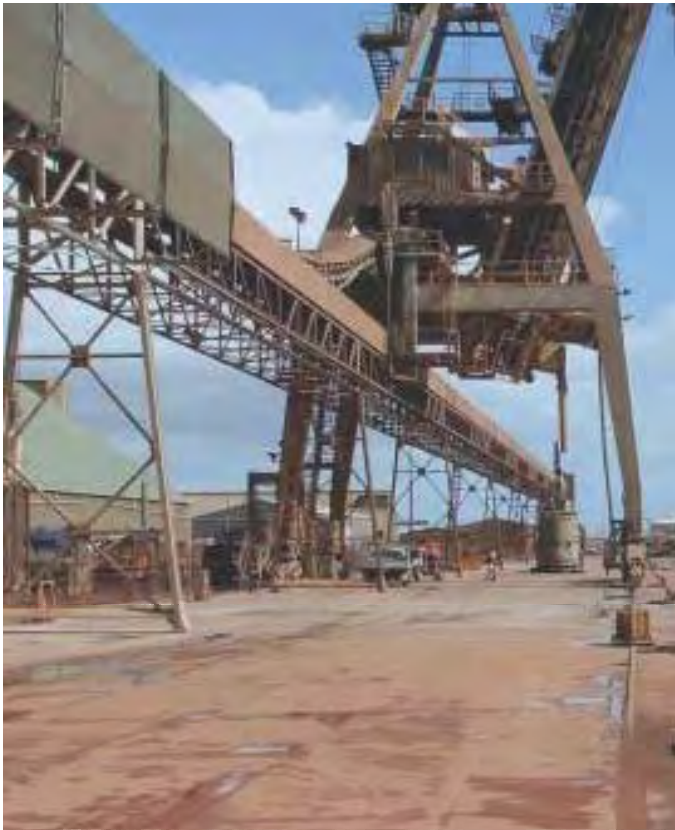


GERALDTON PORT AUTHORITY



ANNUAL REPORT 2006/2007





GERALDTON PORT AUTHORITY

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Western Australia 6530

Postal Address

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Western Australia 6531

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Facsimile: +61 8 9964 0555

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Board Members

IAN KING

Chairman

BRUCE ANDERSON

Deputy Chairman

MICHAEL CULLOTON

JEFF CARR

ANGELINA CALVER

Executive Officers

PETER KLEIN

Chief Executive Officer

MELANIE DAVIES

Commercial Manager

RICK POCHROJ

Finance Manager

PETER DUPLEX

Engineering Manager

TONY VENTURINI

Port Operations Manager

MARTIN NORTH

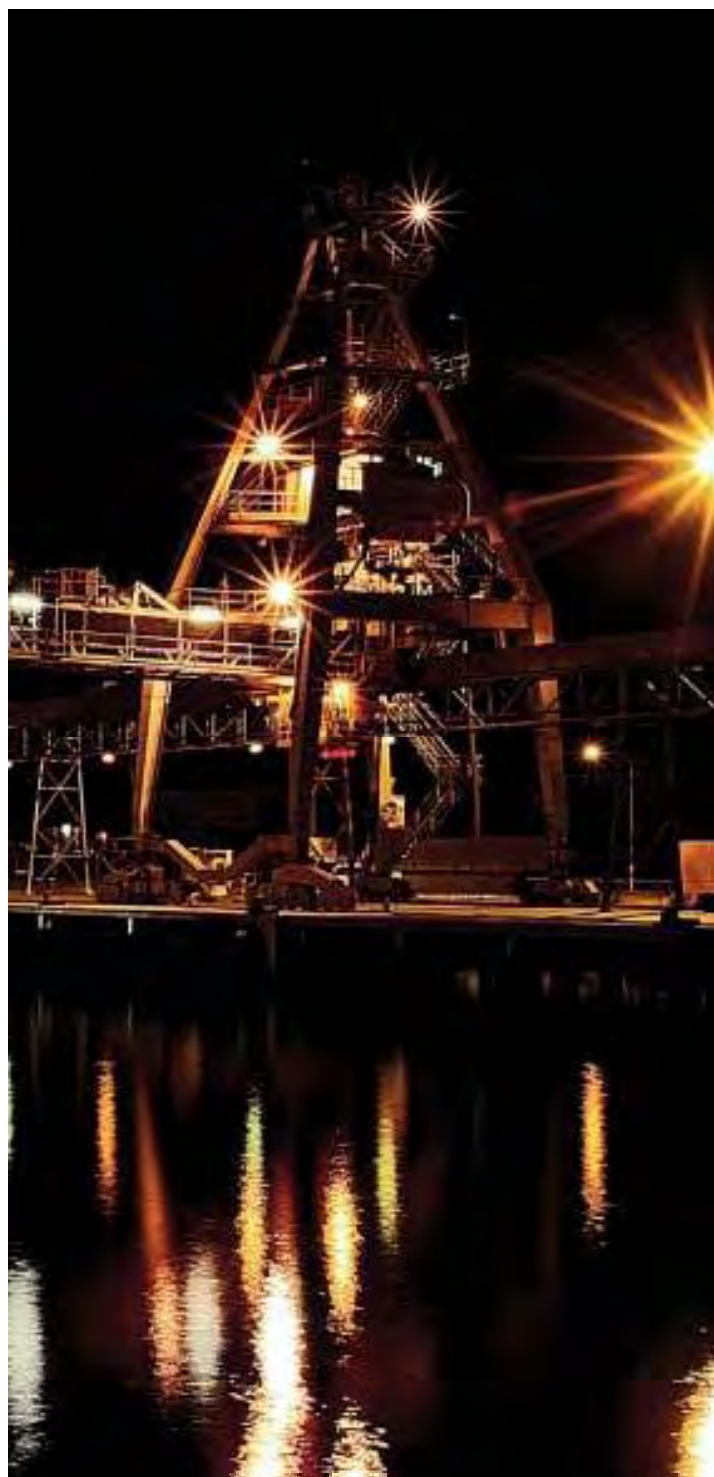
**Harbour Master/
Marine Manager**

DAMIEN MILES

Human Resources Manager



REPORT 2006/2007



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FROM THE CHAIRMAN



The Geraldton Port Authority continued its outstanding growth in 2006/07 and during the course of the year strengthened the role it plays in serving the rapidly expanding Mid West iron ore industry as well as our traditional customer base. The Geraldton Port is also playing a key role in delivering prosperity to our local community. A review of our annual report provides the detail of the financial strength of our position despite the weight of current borrowings. I am satisfied that debt is being well managed and will not be a barrier to ensuring the Port continues to modernize and meet future community and trade expectations.

Naturally, all the additional activity does not come without growing pains. Through the efforts of my fellow Directors, Chief Executive Officer Peter Klein and a skilled and dedicated staff we have set a sound and financially responsible plan in motion to manage this growth.

I also acknowledge with thanks, the great support and assistance provided to me and the organisation by the Minister for Planning and Infrastructure, The Hon. Alannah MacTiernan and her continuing support for GPA projects.

Soon we will see the evidence of our planning in action with the completion of a major project - the Berth 5 Iron Ore Expansion Project. Creating this dedicated iron ore berth will make a major impact on the port and will increase our iron ore berth capacity to between 10 and 12

million tonnes per annum. Even more importantly, from a community point of view, is the greatly improved environmental performance of this new infrastructure.

The project is just one of the significant steps being taken to ensure the Mid West community maximises the benefit from the mining boom.

In addition to our Geraldton plans, momentum for the construction of the deep water Port at Oakajee has never been greater. The Geraldton Port Authority is committed to Oakajee, not only in principle, but also in our contribution to the planning process.

Planning by the Geraldton Port Authority is focused on providing the community an economic dividend in a manner that ensures the social amenity of our community and the local environment is maintained. Community safety is a top priority and we recognise that community confidence in port operations is critical.

To this end, be assured that the Geraldton Port Authority at all times operates within and complies with its environmental licence conditions and is meeting those requirements by developing management systems to internationally accredited standards.

We are also currently embarking on a land use plan to provide greater certainty for the port and stakeholders in the management of our scarce land resources and any conflicts that may arise. This process will involve liaising with a wide cross section of the community.

The future is indeed bright. The Geraldton Port Authority continues to be excited by the challenges of growth and the role we can play in facilitating trade in a manner that will contribute benefits to Geraldton and the Mid West and State economies for many years to come.

Ian King
CHAIRMAN

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FROM THE CHIEF EXECUTIVE OFFICER



Despite one of the poorest grain harvests ever, total trade through the Geraldton Port was a record 6.4 million tonnes during 2006/07. In fact trade through the port has grown almost 160% since 2002/03.

This trade result, and much of the general growth being experienced within the Mid West today, was made possible specifically by the efforts of all those involved in the Port Enhancement Program back in 2002/03.

However, the job is far from over. The Port Enhancement Program may have been the first and perhaps most difficult step but there are two further projects that still need to be delivered for the Geraldton Port to realise the potential created by this Program.

Rapid trade growth has quickly consumed the full capacity of Berth 4. The prospect of full occupation triggered the initiation of the Berth 5 Iron Ore Expansion Project, in 2005/06. This project is scheduled for completion towards the end of 2007.

Full occupation of Berth 4 facilities has created significant difficulties for both our customers through shipping delays, and staff and contractors involved in managing this facility. I acknowledge with thanks the efforts of our staff and contractors, particularly Patrick Ports, in

ensuring the consistent operation of Berth 4 and our customers for their consideration and ongoing support.

Our efforts are also focused in respect to another project, planning and delivery of upgrades to the region's rail network to accommodate the delivery of greater quantities of iron ore to port. Productive working partnerships have been established with ARG and Westnet Rail and we are confident that our joint effort will identify an optimised rail solution. Collectively we are targeting the delivery of this enhanced capacity by early 2009.

While much of our port development effort focuses on iron ore, the Geraldton Port Authority acknowledges the ongoing commitment of our long term/traditional port customers. These foundation trades including grain, fertiliser, livestock, fuel, mineral sands, concentrates and talc, underpin the past and future port operation.

During the course of 2006/07, the GPA's "community licence", our right to operate the port, has come into focus. The bar has been lifted significantly with expectations around staff and customer integrity and the quality of our operations becoming far higher than in the past. This is requiring a quantum shift in operating standards.

Improving service levels will be aided by the on-going refinement of our Integrated Management System. The central pillars of this system are the development of an Environmental Management System to ISO 14001 standard and OS&H Management System to the AS 4801 standard.

These systems combined will assist the GPA to maintain our objective to continually improve the working conditions for staff and contractors, and to proactively assist lessees and their service providers to meet the community's growing expectation.

Setting aside the Geraldton Port's potential, it is also clear that for the Mid West region as a whole to fully capitalise on its potential that development of a deepwater port at Oakajee is essential. We believe that the two ports can coexist and complement one another. Draught restrictions in Geraldton Harbour will mean that the ports will target and serve different customer needs. In particular, the Geraldton Port will continue to serve those customers with draught restricted receiving ports or those specifically targeting the use of vessels up to Panamax size.

The port at Oakajee will be operated as an outer harbour of the Geraldton Port Authority and consequently our planning for the provision of marine, landlord and development services is underway.

Finally, none of what we have achieved or what we will achieve over the next 12 months is possible without the efforts, willingness and skill of the Geraldton Port Authority's workforce or the community's acceptance of our role. We will accelerate efforts to create a dynamic and fit-for-purpose workplace and to reward the community's confidence by focusing on improved operational sustainability, hand in hand with facilitation of booming trade growth.

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.

The GPA's strategic focus over the next five years will be:

- Business growth.
- Infrastructure development and management.
- Effective people and stakeholder relationship management.
- Effective operational, business and risk management.

In line with the above focus, the GPA has defined five major goals as an outcome:

1. To grow our trade to 22 million tonne volume per annum.
2. To meet and maintain the State Government's target for return on assets.
3. To continuously improve the port's business processes and systems.
4. To create employer of choice status.
5. To assist the development and efficient operation of Oakajee Port.

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 also requires that, in performing our functions, we must:

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



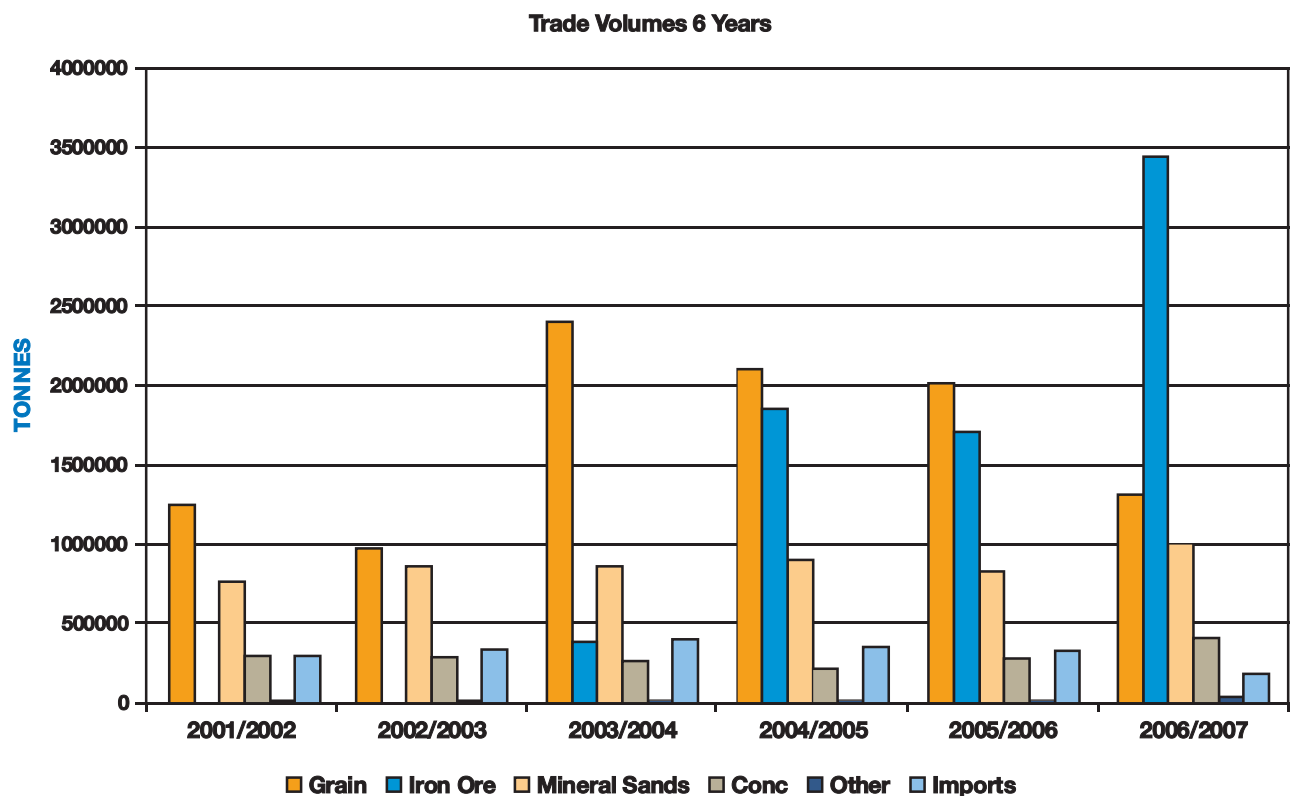
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CURRENT SITUATION

Geraldton Port - Facilitating Trade for the Mid West

In 2006/07 the Geraldton Port had a record trade of 6.4 million tonnes on the back of doubling the iron-ore trade through the Port. A break-up of tonnages over the previous 6 years is outlined in the graph below. This growth in trade continues Geraldton's emergence as one of the fastest growing ports in Australia.



Most mineral sands and all iron ore and concentrates have been exported via Berth 4 in 2006/07, leading to Berth 4 being fully occupied. This situation will reduce during the 2007/08 year as the Berth 5 Iron-Ore Expansion Project is completed.

Whilst strong growth continues in the region's mining sector, lack of rainfall has seriously impacted on the grain industry. This will see a continued reduction in grain exports. The situation for farmers in the Mid West continues to be of concern to the whole community.



2006/2007 HIGHLIGHTS

On top of the record trade through Geraldton Port in 2006/07, many other highlights and records have occurred throughout the period. These include:

- Murchison Metals Limited shipped their first iron ore shipment in January 2007
- In November 2006, the Port welcomed the MV Tai Promotion. At 77,834 DWT it was the largest vessel to have ever visited the Port.
- The Deepest Draft record was also broken in November 2006 when the MV Sejahtera visited with a draft of 12.80m
- In keeping with breaking records this year, the longest vessel ever to have visited the Port, the MV Flecha, visited in December 2006 with an LOA of 228.96m
- Records were also broken with the shipping of the largest single cargoes of barley & ilmenite.

Upgrades

The Berth 5 Expansion Project is underway and is expected to be completed by the end of 2007. This complicated project involves the extension of Berth 5 to a 13.4m berth pocket, the purchase of a customised 5,000 tonne per hour capacity iron ore shiploader and associated conveyors and mechanical equipment. The project is currently on time and on budget.

The Port continues to be actively involved with the Oakajee Project Team. The team is working with industry on infrastructure issues concerning port, rail and an industrial estate at Oakajee.

Staff

The Port moved to employ a full-time Human Resources Manager during 2006/07 to focus on the strategic goal of being an employer of choice. This will include the development of a comprehensive Human Resources Management System.

In line with expanded trade, the Port has created a new Health, Safety and Environment Manager position and an additional Wharf Supervisor position. A new Engineering Projects Officer position has also been created to enable full time focus on planning for the Maintenance Planner.

Having completed a full marine pilot training program through the GPA, Captain Michael Holmes, was granted his unrestricted licence. His achievement provided the Port with a third fully qualified pilot to help meet the growing demands for shipping in and out of Geraldton.

Training

Training has been a focus of the GPA in the second half of the financial year, with courses and support provided in the following areas:

- Competency in operational tasks such as chainsaw operation, rigging, dogging, forklift operations, working in confined spaces, construction safety awareness
- Health, safety & environment training including advanced resuscitation, fire & extinguisher training, OS&H courses, oil spill management & senior first aid
- Specific position related training including Microsoft Excel, workers compensation, port security, pilotage.
- Professional development including attendance at professional conferences and leadership training.



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Community

The GPA highly values its relationship with the community and continues to be actively involved in community and interest group discussion and consultation. This includes:

- Membership on the Geraldton Economic Alliance
- Signatory to the CoGG Memorandum of Understanding
- Involvement on the Executive of the Mid West Chamber of Commerce and Industry

The Port is looking forward to extending its relationship with the community through the commencement of a Land Use advisory program and exploring a community forum in 2007/08.

Operation Watershed

The GPA initiated Operation Watershed in August 2006, an exercise involving staff from the Port, WA Police, Customs, St John Ambulance, the Fire and Emergency Service Authority, State Emergency Service, Police Dive Squad, Geraldton Sea Rescue, DOTARS and the Attorney General's Office. The exercise provided first hand experience with a mock emergency situation as well as promoting co-operation between all agencies involved.



OPERATIONS

Operationally, the GPA has instigated many changes and improvements in 2006/07 to increase efficiency of its port service. These include:

Completion of the New Jetty for Tugs

In 2006, work commenced on the construction of a new facility within the base marina to house tugs. This facility is now in operation and replaces the previous area in the south west corner of the main harbour basin, between Berths 4 and 5.

Harbour Surge

Options to reduce the impact of harbour surge continue to be explored at the Port including the commencement of a pilot program for shore mooring and further oceanographic studies to determine engineering options to reduce surge.

Port Security

Access to the Port now requires authorisation via a Maritime Security Identification Card (MSIC). Applications for the MSIC Card opened in July 2006 and to date 905 applications have been processed.

Increased security requirements necessitated that the Port instigate a number of measures to ensure compliance. These have included:

- Ships crew now have to be escorted through the port. This is carried out by Geraldton Port Security using a 12 seater bus.
- Part of Berth 5 has been temporarily excluded from the Geraldton Port Authority Maritime Security Zone for the duration of the Berth 5 Expansion Project.
- Additional access has been added via gates at Berth 6. These will be fully operational for the construction period of Berth 5.

A DVD Video is also being implemented to streamline the security induction process for existing and new MSIC card holders.

Heavy Boat Lifter

Finalisation of the lease plot for the Heavy Boat Lifter was determined and signing of the lease is imminent. This move will see the northern reclaim area in the Fishing Boat Harbour utilised for marine services and will form part of the overall GPA land use plan.

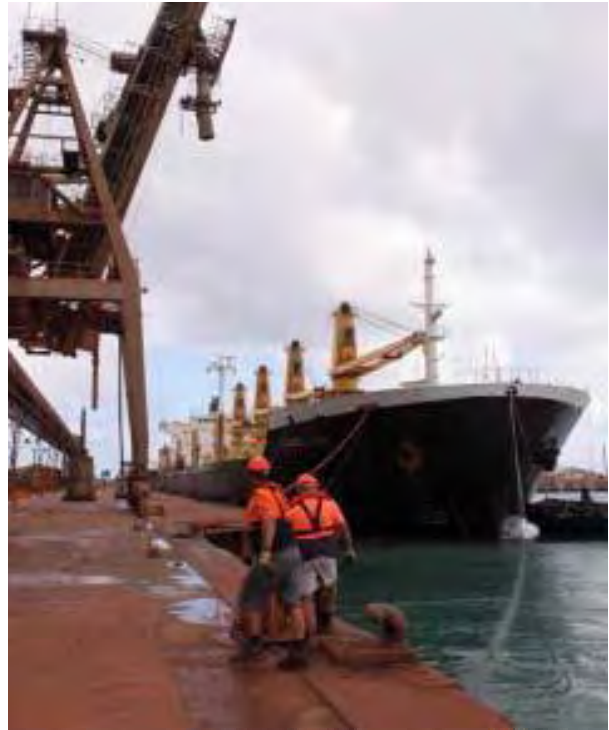
Northern Beaches Stabilisation

In keeping with environmental commitments and the Memorandum of Understanding with the City of Geraldton-Greenough, the GPA continues its 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.

Gillam Road Traffic Management Plan

Following extensive consultation with bulk storage area users, the Gillam Road Traffic Management Plan was implemented in April 2007. The plan has been put in place to improve the overall safety of vehicle movement in the Gillam Road bulk storage area and includes:

- A reduction in speed to 20 km/hr
- New line marking & signage
- A requirement for all vehicles to operate flashing beacons.



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HEALTH, SAFETY & ENVIRONMENT

Integrated 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 Integrated Management System (IMS) to a level consistent with the guiding principles of the Australian and New Zealand Standards AS/NZS ISO 14001 (Environment) and AS4801 (Safety). The IMS details our environmental and safety policy, significant environmental and safety 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 and safety performance. The Port operates under an environmental licence issued by the Department of Environment and Conservation (DEC) and reports annually to the DEC on a range of environmental activities.

Occupational Safety & Health

GPA Safety Statistics 2006/2007

Number Lost Time Injuries (LTI's)	3
Number of Actual Employed Persons in the period (Including Casuals & Board Members):	79
Total Hours worked:	78,114
Days lost	32*
LTI Frequency Rate	38.40
LTI Duration Rate	0.26
LTI Severity Rate	0.04
LTI Incidence Rate	3.79

** Contractor not yet returned to work*

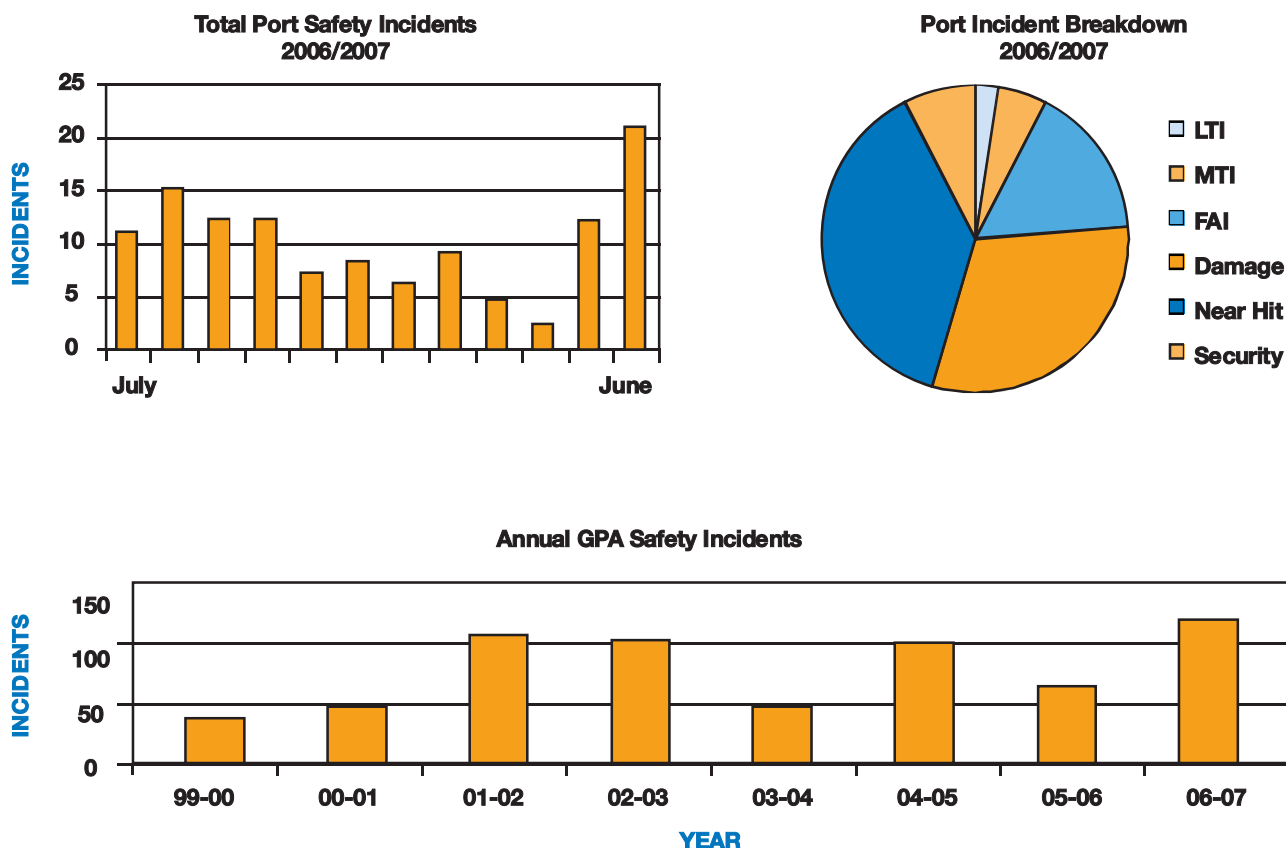
GPA Incidents Reported (1/07/2006 – 30/06/2007)

	Total	Lost Time Injuries	Medically Treated Injury	First Aid Injury	Damage	Near Hit	Security
GPA	65	2	2	15	17	21	8
Patrick's	42	0	0	5	14	22	1
Contractors	14	1	4	0	6	3	0
Port Total	121	3	6	20	37	46	9



HEALTH, SAFETY & ENVIRONMENT

Safety Graphs



OH&S Activity Snapshot

Safety Management System (SMS) Overarching Document

A document has been completed for the SMS outlining the GPA's commitment, responsibilities, objectives and targets with respect to safety at the Port in line with Australian Standard 4801.

Hazard Register

The GPA Hazard Register forms the base of hazard identification/control as detailed in AS 4801.

With the commencement of the Port's new Safety Officer in May 2007, priority has been given to identifying all high risk activities conducted at the Port and to implement procedural changes by using the Hierarchy of Control method of controlling hazards and risk.

Confined Space Classification

The Port of Geraldton is soon to undertake an upgrading of all confined space areas. A consultant had been sourced to identify all confined spaces on the Port grounds and complete risk assessments, job safety analyses, safe work procedures and emergency response procedures. All this information will be made readily available by way of a working database for all GPA employees to utilise.

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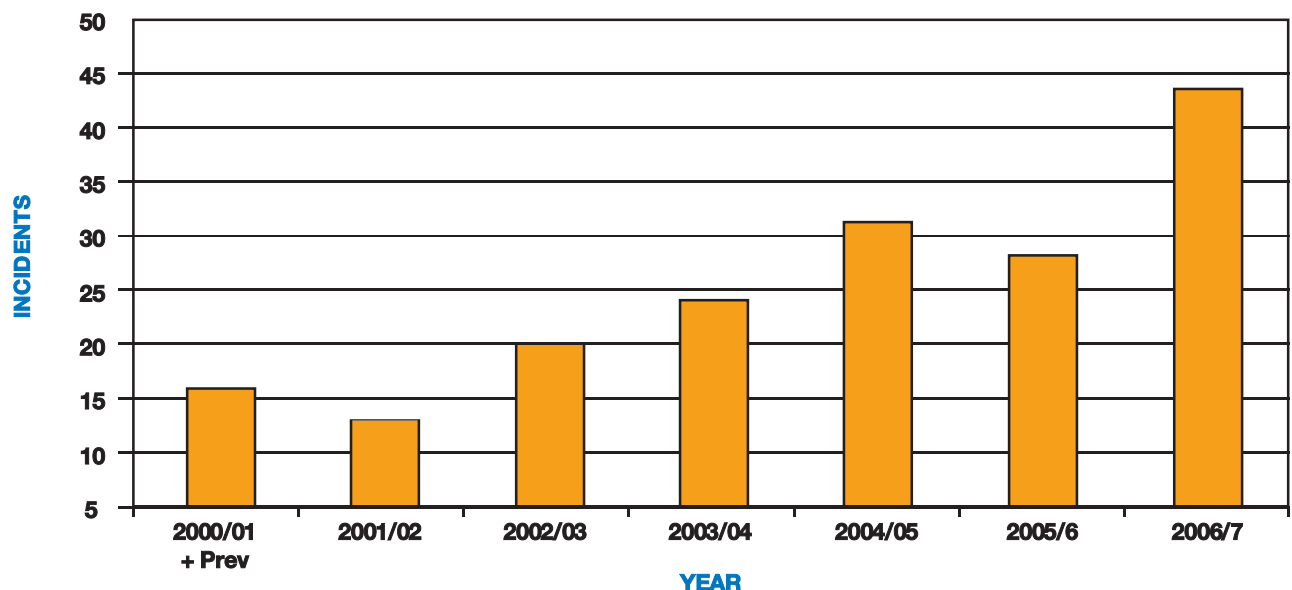
Environment

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.

The nature of the incident centred on dust and spillage issues – an area being continually identified and addressed.

Environmental Incidents to Date - Financial Year



Lease Management

The GPA has introduced a daily leasehold environmental inspection program. The program assesses compliance with regulatory requirements including shed door closure, dust control and general housekeeping. GPA requires leases to be managed at a higher level to ensure operations do not impact on other Port users or the environment.

New Facility Standards

To ensure new facilities meet industry standard for environmental performance GPA has stringent environmental requirements especially in association with product characteristics, shed design, wastewater management, dust control, spillage, general house keeping and reporting.

Cleveland Cascade Chute

To minimise dust from the loading of bulk products the GPA has researched the industry best practice. Research has lead to a pending investment into a Cleveland Cascade Chute which minimises dust generation through a patented cascading design. The product is successfully employed at other Western Australian ports including Bunbury.



HEALTH, SAFETY & ENVIRONMENT

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 (CSIRO, 2006). 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 joined forces with the Strategic Research Fund for the Marine Environment (SRFME) and Edith Cowan University (ECU) to fund a three-year seagrass experiment in Jurien Bay. The experiment, based around imposed shading to seagrass, is focussing on Western Australia's dominant seagrass, *Amphibolis griffithii*. The field experiment and laboratory analysis concluded in 2007 with data analysis and report preparation underway.

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 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 were 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.



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COMMUNICATIONS

External Communications

With a commitment to ensure our customers and stakeholders are kept fully informed of our operations at the Port, the GPA undertook the following communications 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.gpa.wa.gov.au continued to be updated providing the latest information and statistics on the Port.
- The "Port News" featured bi-monthly in local newspapers until February 2007.
- Media releases were issued to local and state media, as well as interviews undertaken, maintaining a constant profile of the GPA in the community.
- The Port hosted a Business After Hours networking function for the Mid West Chamber of Commerce

Importantly the Port began developing a longer term communications plan to ensure that information and consultation occur in a uniform and professional manner.





DIRECTOR'S REPORT

Directors' Report

The Directors present their report on the Geraldton Port Authority for the year ended 30 June 2007.

Directors

The following persons were Directors of Geraldton Port Authority during the financial year:

I King

B Anderson

J Carr

A Calver

M Culloton

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 \$6,080,795.50 is recommended in respect of the 2006/2007 Financial Year. A Nominal Dividend of \$732,609 was paid during the financial year 2006/07.

A significant tax credit attributable to changes in the tax base of the accounting climates for property plans and equipment between 2003 to 2005, resulted in a substantial increase in the dividend payable for the 2006/07 financial year.

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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 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 Angelina Calver

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

Compliance Committee - Chair Bruce Anderson with all Directors

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

Directors' Rights

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

Directors' Education

The Corporate Governance and Directors Manual has been completed. Its primary purpose is 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.

DIRECTOR'S REPORT

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 were reviewed and updated during this reporting period. 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 is on the GPA's Intranet which can be accessed by all staff. Hard copies are also available from the Human Resources Manager.

Equal Employment Opportunity Information

The Geraldton Port Authority's representation in relevant equal opportunity areas are as follows:

	% of Actual Representation
Women Management Tiers 2 & 3	0
People from Culturally Diverse Backgrounds	0
Indigenous Australians	3.1%
People with Disabilities	0
Youth	6.3%

The Geraldton Port Authority completed a diversity plan in February 2007. Implementation of the plan is underway and will ensure that diversity issues are a consideration in our everyday work practices.



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.

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

The Port's Internal Audit was undertaken by accounting firm, Price Waterhouse Coopers. The Internal Audit Plan is reviewed annually to include emphasis and focus on current accounting procedures and related internal controls.

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Compliance With Section 61 State Records Act 2000

The GPA's current Record Keeping Plan has been approved by the State Records Commission for a period of 3 years.

The GPA is in the process of implementing an electronic records keeping system using Synergy Soft. This will enable the scanning of hard copy correspondence and capture of electronic documents into the central records system. The benefits to the organisation include accurate retention and disposal of documents, ease of retrieval and the ability for officers to search and view files and documents on their desktop. The system is projected to be fully functional by June 2008.

The Records Management Officer provides a research service to officers to ensure timely and accurate retrieval of information.

A Disaster Management Plan for the GPA has been submitted to the CEO in draft form and will be submitted to the State Records Commission in compliance with the State Records Act 2000.

A training program has been planned to occur with the implementation of the new records keeping system and will be reviewed and upgraded as the system evolves. New and existing staff members are given instruction on the requirements relating to compliant records and the in house procedures to be adhered to.

Compliance with Section 175Ze of the Electoral Act 1907

Class of Expenditure	Org/Company	Expenditure 06/07
Advertising Agencies	Market Creations	\$38822.30
	Media Monitors	\$6564.92
Market Research	N/A	\$0
Polling	N/A	\$0
Direct Mail	N/A	\$0
Media Advertising (includes employment & tender advertising)	Geraldton Newspapers	\$3223.48
	Marketforce Productions	\$40718.69
	Midwest Times	\$2425.39
	WA Business News	\$530.00
Total Expenditure 2006/07		\$92284.78



DIRECTOR'S REPORT

Significant Changes in the State of Affairs

The State Government approval an additional \$12.25M in January 2007 for changes in scope to the upgrade of Berth Five 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 on budget (\$47.25M) in December 2007.

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 2002/03
B Anderson	Non-executive Director appointed 1995/96
M. Culloton	appointed 2005/06
J Carr	appointed 2005/06
A Calver	appointed 2005/06

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As at June 30, 2007, the Board of Directors consisted of:



Chairman	Ian King
Occupation	Company Director and Systems Auditor
Appointments	Initial Appointment as Director and Chairman in September 2002 reappointed until 30 June 2007 (Ministerial approval August 2004)
Background/Qualifications	<ul style="list-style-type: none"> • Former National Manager specialised in oil and gas supply chain logistics company for a number of years. • Company Director for 20 Plus Years • 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 • Chairman Ministerial Road Transport Committee



Director	Bruce Anderson
Occupation	Mining Engineer
Appointments	Appointed Director in January 1996 and reappointed until 30 June 2006. Deputy Chairman (Ministerial approval August 2004)
Background/Qualifications	<ul style="list-style-type: none"> • Diploma in Mining Engineering from the Ballarat School of Mines. • Experience in the total operation of underground and surface metalliferous mines and processing plants. • Mine Managers Certificate of Competency – W.A • Mine Managers Certificate of Competency – N.T • Mine Managers Certificate of Competency – Fiji • Mine Managers Certificate of Competency - NSW - above ground • Mine Managers Certificate of Competency - NSW - below ground

DIRECTOR'S REPORT



Director	Jeff Carr
Occupation	Retired Member of Parliament
Appointments	Initial appointment as Director in April 2006 until 31 December 2007.
Background/ Qualifications	<ul style="list-style-type: none"> • Member for Geraldton 1974-1991 • Cabinet Minister WA Government 1983-1991 • BA (UWA 1971) • Chairperson of Commissioners: City of Geraldton-Greenough 2007



Director	Angelina Calver
Occupation	Owner / Operator Finance Business
Appointments	Initial Appointment as Director in April 2006 until 31 December 2006. Reappointed as Director to 31st December 2007.
Background/ Qualifications	<ul style="list-style-type: none"> • Finance Broking Certificate 1 • Finance Broking Certificate 2 • Member Mortgage Industry Association of Australia



Director	Michael Culloton
Occupation	Farmer
Appointments	Initial appointment as Director in October 2005 until 30 June 2007.
Background/ Qualifications	<ul style="list-style-type: none"> • 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

ANNUAL REPORT 2006/2007



Meetings of Directors

The number of meetings of the Authority's Board of Directors during the year ended 30 June 2007 and the number of meetings attended by each Director were:

Type of Meeting	Board	Finance	Compliance
Number of meetings held	12	12	12

Numbers of Meetings Attended by:

	Board	Finance	Compliance
I King	12	6	12
B Anderson	11	6	11
M Culloton	12	12	12
J Carr	10	5	10
A Calver	9	9	9

Reappointment of Directors

The Minister for Planning and Infrastructure appoints Directors for terms not exceeding 3 years.

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
B Anderson	11,000	990	11,990
J Carr	11,000	990	11,990
A Calver	11,000	990	11,990
M Culloton	11,000	990	11,990
Total	\$66,000	\$5,940	\$71,940

Note

GPA Chairman Ian King was paid an additional \$22,940 on 07/11/2007 as an Act of Grace payment for services provided prior to 30/06/2006.



DIRECTOR'S REPORT

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 \$
Peter Klein Chief Executive Officer	159,316	10,655	14,338	-	184,309
Berndt R. Olesen Commercial Manager	133,014	13,223	12,871	10,000	169,108
Peter Duplex Engineering Manager	131,529	12,970	11,838	-	156,337

The above payments reflect total cash payments and benefits (including reportable fringe benefits) for the financial year and may include payments on termination.

During the financial year, Peter Klein was appointed as in CEO in July and Damien Miles was appointed to the new establishment position of Manager Human Resources in February 2007. Resignations during the year included the Commercial Manager Berndt Olesen, Finance Manager Partha Nag and Operations Manager Ken Skully.

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.

Rounding of Amounts

The Authority is of a kind referred to in Class order 98/100, secured by the Australian Securities and Investments Commission, relating to "Rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with their Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

ANNUAL REPORT 2006/2007



REVIEW OF OPERATIONS

Review of Operations

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

	2007	2006
Total Trade (Tonnes)	6,437,995	5,219,475
Revenue from Cargo	\$19,414,944	\$13,719,563
Revenue from Ships	\$11,794,736	\$8,953,606
Other Revenue	\$6,689,495	\$6,358,618
Total Revenue	\$37,899,175	\$29,031,787
Less Expenditure	\$29,603,709	\$26,938,677
Operating Profit Before Tax	\$8,295,466	\$2,093,110
Income Tax on Operating Profit	\$(3,866,125)	\$627,892
Operating Profit After Tax	\$12,161,591	\$1,465,218

The operating profit before tax increased significantly due mainly to increased iron ore and other bulk minerals throughput. This was marginally offset by reduced grain shipments. Expenditure includes the ongoing costs of financing the loan portfolio of \$138m for the capital works undertaken at the port for the Port Enhancement Project that was completed during the 2003/04 financial year and the Berth 5 Upgrade which began in 2006/07 to facilitate increased demand from our iron ore customers.

ORIGIN & DESTINATION OF CARGO

2006-2007

PORTS	Grains	Mineral Sands	Fuel and Oil	Fertiliser	General Cargo	Iron Ore	Talc	Concentrates	Livestock	Bunker Oil	Total Tonnes
Australia ex WA			15,067					65,511		2,996	83,574
Australia WA			138,137	11,763	1,112						151,012
Banladesh	15,225										15,225
Bauxite		20,672						5,508			26,180
China		34,464		7,639	1,143	3,409,089		55,422			3,507,757
Egypt	38,500										38,500
France		12,010									12,010
India	598,662							56,213			654,875
Indonesia	82,287	2,000							9,656		93,943
Italy		67,432									67,432
Japan	95,482	25,950			99		30,546	82,156			234,233
Malaysia	49,137	29,708			8,279				1,855		88,979
Mexico		63,045									63,045
Netherlands	25,558	148,840					63,230	5,502			243,130
South East Asia									530		530
Philippines		5,204						17,373			22,577
Qatar				5,541							5,541
Saudi Arabia		93,687									93,687
Singapore	56,285		19,306								75,591
South Korea	207,201	20,165				61,577		49,464			338,407
Spain	25,000	21,062									46,062
Sudan	42,745										42,745
Taiwan	38,940	75,078						21,661			135,679
Thailand					908			61,632			62,540
UAE		6,521									6,521
USA		281,426		3,418			3,720				288,564
Vietnam	9,050										9,050
Yemen	30,606										30,606
TOTAL	1,314,678	907,264	172,510	28,361	11,541	3,470,666	97,496	420,442	12,041	2,996	6,437,995

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COMPARATIVE TRADE STATISTICS

Ending 30 June 2007

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
IMPORTS						
Fert DAP	22,801	28,106	15,874	21,203	10,038	8,372
Fert MAP	9,452	10,272	15,517	15,459	6,183	7,481
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	6,968
Sulphur	-	-	-	-	-	-
Urea	66,874	43,375	61,811	51,354	75,198	5,541
Potassium Carbo	9,301	18,084	17,673	33,324	-	-
Petroleum Products	134,248	188,082	186,179	195,789	176,982	172,509
Mineral Sands	25,014	-	56,653	-	21,000	-
General	12	9,267	12,463	17,537	24,526	10,633
	297,975	334,697	400,451	353,838	337,059	211,504
EXPORTS						
Wheat	897,039	766,720	1,733,059	1,707,265	1,558,487	1,064,608
Oats	-	-	-	4,200	1,823	-
Barley	50,504	41,830	219,749	113,707	79,619	92,832
Lupins	269,867	146,201	420,583	238,411	318,587	142,013
Canola	32,691	26,211	41,320	60,567	65,870	15,225
Chickpeas	10,968	-	-	-	-	-
Faba Beans	-	-	-	-	-	-
Copper Cons/Ore	119,602	144,752	135,662	81,881	76,220	90,508
Zinc/Lead Cons/Ore	184,366	150,807	135,983	145,315	211,845	329,934
Mineral Sands	590,694	635,898	671,356	659,065	561,485	725,092
Garnet	47,110	71,998	92,912	140,759	167,811	182,172
Talc	134,033	140,462	102,316	107,218	106,966	97,496
Manganese	-	19,725	-	-	6,531	-
Nickel	-	-	-	-	-	-
Iron Ore	-	-	386,973	1,866,491	1,706,004	3,470,666
Stockfeed	1,411	1,687	1,525	1,895	1,934	1,750
Livestock	6,993	10,619	12,139	13,315	9,237	10,291
General	-	-	3,980	8,603	4,530	908
	2,334,310	2,156,910	3,957,557	5,148,692	4,876,949	6,223,495
Bunkers - Oil	525	4,076	5,278	1,712	5,467	2,996
Total Trade	2,632,810	2,495,683	4,363,286	5,504,424	5,219,475	6,437,995
SHIPPING						
Gross Reg Tonnage	3,592,402	3,509,181	4,677,617	5,391,926	5,272,668	6,902,762
Deadweight Tonnage	6,016,957	5,829,650	7,672,609	8,868,915	8,817,735	11,388,712
No of Vessels	208	234	284	306	384	305
Average DWT	28,928	24,913	27,016	28,983	22,963	37,340

KEY PERFORMANCE INDICATORS

As at 30 June 2007

	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Liquidity Ratio						
Current Ratio	2.02	2.22	2.19	1.20	1.24	1.12
Cash Management Ratio						
Free Cash Ratio	0.65	0.53	0.53	0.55	0.48	0.81
Debt Management Ratio						
Debt to Equity	4.37	6.17	6.81	4.92	4.33	0.46
Interest Cover	1.24	1.30	1.28	1.22	1.01	0.97
Profitability Ratios						
Return on Assets	5.7%	5.8%	6.4%	3.7%	0.7%	2%
Return on Shareholders Equity	39.3%	7.5%	6.7%	4.7%	0.04%	-0.01%
Economic Rate of Return	10.2%	7.5%	8.9%	5.7%	0.3%	2.8%
Port Efficiency Ratios						
REPUT (\$/Tonne) - nominal	3.80	2.63	2.57	2.10	1.07	1.02
REPUT (\$/Tonne) - real	2.81	1.98	2.00	1.68	0.88	0.87
REPS (\$/Ship) - nominal	22,006	23,317	20,021	17,961	15,860	17,758
REPS (\$/Ship) - real	16,255	17,584	15,551	14,370	13,070	15,073
PACPUT (\$/Tonne) - nominal	3.58	3.80	2.94	2.95	4.04	3.78
PACPUT (\$/Tonne) - real	2.64	2.86	2.29	2.36	3.33	3.21
CUB (tonnes per berth)	1,072,999	869,912	917,373	872,657	499,137	526,562
SUB (berth utilisation)	33%	41%	29%	27%	23%	17%
ASTT (hours)	48.28	47.01	41.66	41.92	43.84	37.90
APP (tonne/ship-hour)	437.21	289.15	431.73	366.48	243.27	333.98
Total Throughput	6,437,995	5,219,475	5,504,241	4,363,287	2,495,684	2,632,809

REPUT - Revenue Earned per Unit Throughput
 REPS - Revenue Earned per Ship
 PACPUT - Port Authority Costs per Unit Throughput
 CUB - Cargo Units Berth
 SUB - Ship Utilisation Berth
 ASTT - Ship Turnaround Time
 APP - Average Port Productiveness

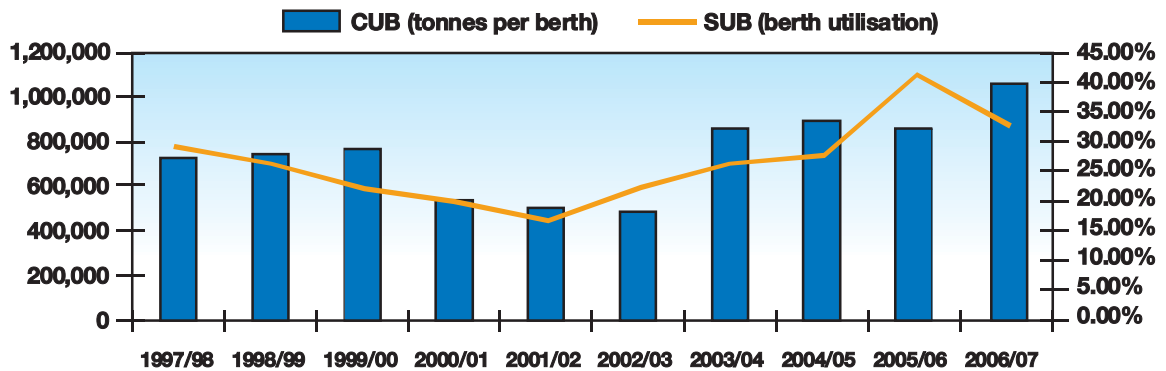
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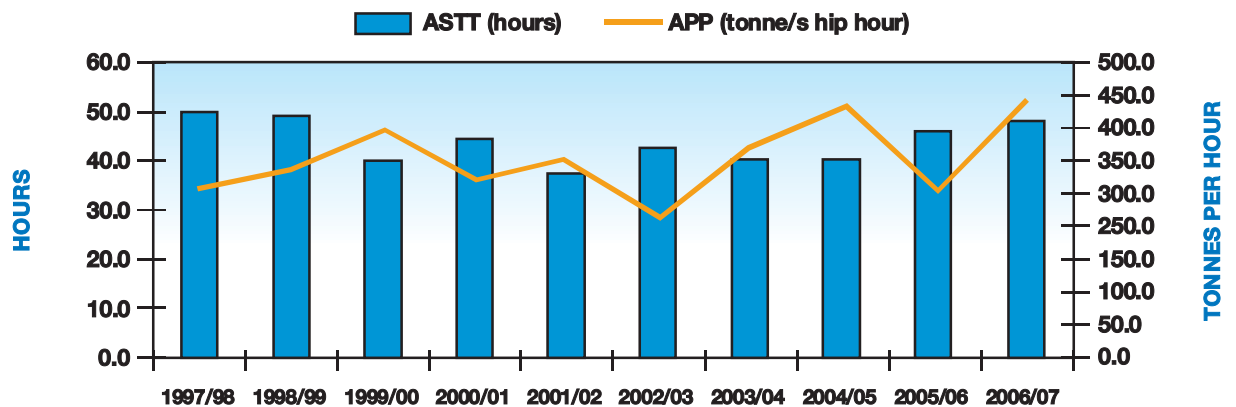
KEY PERFORMANCE INDICATORS

As at 30 June 2007

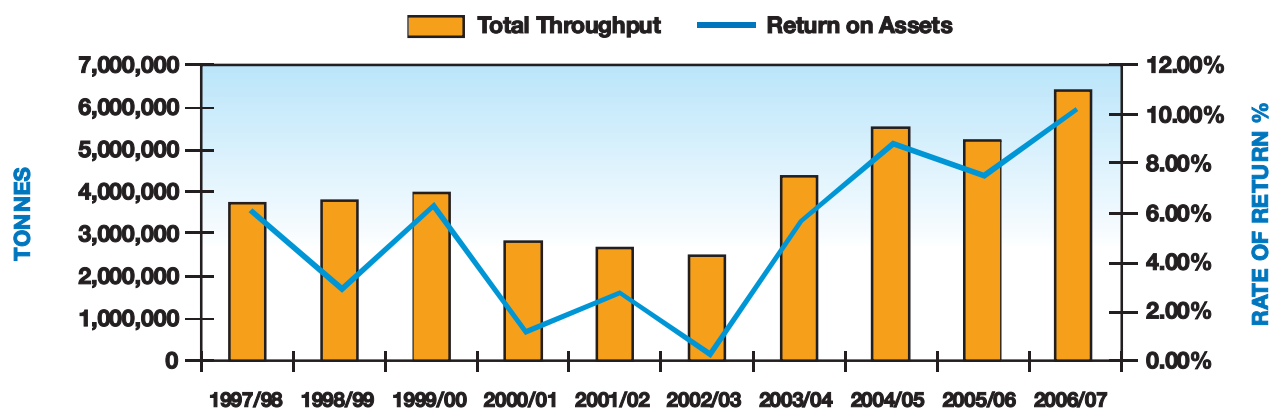
Tonne Per Berth vs Utilisation



Turnaround Time and Loading Rate per Hour



Throughput and Profitability





FINANCIAL STATEMENTS

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INCOME STATEMENT

for the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
Revenue	2.1	39,145	29,032
Operational expenses		(16,058)	(9,935)
Commercial management		(4,554)	(3,086)
Port utilities		(1,815)	(1,469)
Finance costs	3	(7,691)	(6,938)
Other expenses		(732)	(5,511)
Profit before income tax		8,295	2,093
Income tax benefit/(expense)	4	3,866	(628)
Profit for the period		12,161	1,465

The above Income Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

as at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.1	24,268	16,923
Trade and other receivables	6.2	3,906	3,507
Total current assets		28,174	20,430
Non-current assets			
Property, plant and equipment	7.1	147,894	130,984
Deferred tax assets	4	1,184	859
Total non-current assets		149,078	131,843
Total assets		177,252	152,273
LIABILITIES			
Current liabilities			
Trade and other payables	8.1	8,517	4,061
Interest bearing borrowings	8.2	4,656	2,606
Income tax payable	4	(368)	1,820
Provisions	12.1	1,145	711
Total current liabilities		13,950	9,198
Non-current liabilities			
Interest bearing borrowings	8.2	130,519	117,805
Deferred tax liabilities	4	-	4,060
Provisions	12.2	1,611	1,392
Other	13	228	302
Total non-current liabilities		132,358	123,559
Total liabilities		146,308	132,757
Net assets		30,944	19,516
EQUITY			
Contributed equity	14	2,641	2,641
Retained earnings	14	28,303	16,875
Total equity	14	30,944	19,516

The above Balance Sheet should be read in conjunction with the accompanying notes.

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STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2007

	Notes	2007 \$'000	2006 \$'000
Balance of equity at start of period		19,516	18,051
Profit for the period		12,161	1,465
Dividends paid		(733)	0
Balance of equity at end of period	14	30,944	19,516

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Cash flows from operating activities			
Receipts from customers		37,360	31,406
Payments to suppliers and employees		(13,773)	(15,578)
Interest received		1,246	831
Interest paid		(7,691)	(7,442)
Income tax paid		(2,707)	(1,374)
Net cash inflow from operating activities	15	14,435	7,843
Cash flows from investing activities			
Purchase of property, plant and equipment		(21,124)	(4,336)
Proceeds from sale of property, plant and equipment		3	13
Net cash outflow from investing activities		(21,121)	(4,323)
Cash flows from financing activities			
Repayment of borrowings		(6,019)	(2,533)
Proceeds from borrowings		20,783	-
Dividends paid	5	(733)	(2)
Net cash inflow / (outflow) from financing activities		14,031	(2,535)
Net increase in cash and cash equivalents		7,345	985
Cash and cash equivalents at 1 July		16,923	15,938
Cash and cash equivalents at 30 June	6.1	24,268	16,923

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 11 September 2007 by the Board of Directors of Geraldton Port Authority ('the Authority'). The following significant accounting policies have been adopted in the preparation of the financial statements for the year ended 30 June 2007.

1.1 Statement of compliance

These financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the financial reporting provisions of the Port Authorities Act 1999.

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

- AASB 7 Financial Instruments: Disclosures. This Standard requires new disclosures in relation to financial instruments and is required to be applied to annual reporting periods beginning on or after 1 January 2007. It is not expected to have any financial impact when the Standard is first applied.
- AASB 2005-10 Amendments to Australian Accounting Standards arising from AASB 7 [AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 & 1038]. These amendments are as a result of the issue of AASB 7 Financial Instruments: Disclosures which amends the financial instrument disclosure requirements in these standards. It is required to be applied to annual reporting periods beginning on or after 1 January 2007 and it is not expected to have any financial impact when the Standard is first applied.
- AASB 101 Presentation of Financial Statements. This Standard was revised so that AASB 101 has the same requirements as IAS 1 Presentation of Financial Statements. It is applicable for annual reporting periods beginning on or after 1 January 2007 and it is not expected to have any financial impact when the Standard is first applied.
- AASB 123 Borrowing Costs. This Standard was revised to remove the option of expensing borrowings costs on qualifying assets. Such borrowings costs are now required to be capitalised. This Standard is required to be applied to annual reporting periods beginning on or after 1 January 2009 and it is not expected to have any financial impact when the Standard is first applied.
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]. These amendments arise as a result of the AASB decision that all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered relevant in the Australian reporting environment. This Standard is applicable for annual reporting periods beginning on or after 1 July 2007 and it is not expected to have any financial impact when the Standard is first applied.
- AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, 101, 107, 111, 116 & 138 and interpretations 1 & 12]. These amendments are as a result of the issue of AASB 123 Borrowing Costs. The amendment removes references to expensing borrowings costs on qualifying assets as AASB 123 was revised to require such borrowing costs be capitalised. This Standard is required to be applied to annual reporting periods beginning on or after 1 January 2009 and it is not expected to have any financial impact when the Standard is first applied.
- AASB 2007-7 Amendments to Australian Accounting Standards [AASB 1, 2, 4, 5, 107 & 128]. These amendments follow the issuance, in April 2007, of AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments. This Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007 and it is not expected to have any financial impact when the Standard is first applied.



Notes to and forming part of the Financial Statements for the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.2 Basis of preparation

The financial statements have been prepared on an accrual accounting basis and in accordance with the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

1.3 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

Operating lease commitments – as lessor

The Authority has entered into commercial property leases on some of its land and buildings and has determined that it retains all the significant risks and rewards of ownership of these land and buildings and has thus classified the leases as operating leases.

Defined benefit plans

Various actuarial assumptions are required when determining the Authority's superannuation obligations. These assumptions and the related carrying amounts are discussed in note 1.15.

1.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured.

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.

Interest revenue is recognised as it accrues using the effective interest method.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.5 Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested.

Interest receivable on funds invested includes interest on short-term investments and term deposits and is recognised as it accrues using the effective interest rate method.

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised as part of the cost of the asset. This is in accordance with the allowed alternative benchmark accounting treatment under AASB 123 Borrowing Costs.

In determining the amount of borrowing costs to be capitalised during the financial year, investment revenue earned directly relating to the borrowings, is deducted from the borrowing costs incurred.

1.6 National Tax Equivalent Regime (Income tax)

The 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.

1.7 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

1.7 Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

1.8 Receivables - Trade receivables

Trade debtors are recognised and carried at the original amounts due less an allowance for any uncollectible amounts. Debtors are generally settled within 30 days except for property rentals, which are governed by individual lease agreements.

The value of the provision for impairment of receivables is assessed using an analysis of historical data to determine the level of risk and subsequent recovery of debts based on the age of amounts outstanding. Bad debts are written off when formally recognised as being irrecoverable.

Trade and other receivables are stated at their cost less impairment losses.



Notes to and forming part of the Financial Statements for the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.9 Property, plant and equipment

Property, plant and equipment purchased or constructed for port operations is recorded at the cost of acquisition less accumulated depreciation and impairment losses. This includes incidental costs directly attributable to the acquisition.

Property, plant and equipment, excluding freehold land, are depreciated at rates based on the expected useful lives using the straight line method. Depreciation on assets under construction commences when the assets are ready for use. Depreciation is charged to the income statement.

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

Property Plant & Equipment Type	Years
Breakwaters	40
Dredging	40
Berths, jetties and infrastructure	20-40
Buildings and improvements	10-50
Plant and equipment	3-30
Berths, jetties and infrastructure	2 – 8.33
Plant and equipment under lease	20 – 33.33

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

1.10 Impairment

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If a trigger exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of assets is the greater of fair value less costs to sell and value in use. As the Authority is a not-for-profit entity, the value in use is the asset's depreciated replacement cost.

Impairment losses are recognised in the income statement.

1.11 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 ownership.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased asset to the Authority 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.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.11 Leased assets (Continued)

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.

1.12 Payables

Payables, including trade creditors, amounts payable and accrued expenses, are recognised for amounts to be paid in the future for goods and services received prior to the reporting date. Trade creditors are unsecured and are usually paid within 30 days of recognition.

1.13 Interest bearing borrowings

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.

1.13 Interest bearing borrowings (continued)

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.

1.14 Employee benefits

Annual Leave benefits represent present obligations resulting from employees' services provided to reporting date and are provided at nominal amounts calculated on the basis of remuneration rates expected to be paid when the liability is settled.

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.

Long Service Leave liabilities have 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 by the Commonwealth Government Bonds rates estimated to be applicable to the relevant period.

The liability in all provisions covers entitlements from the date the employee commences in accordance with the conditions of employment.

Provisions are made for long service leave even though in some cases such amounts are currently not vesting.



Notes to and forming part of the Financial Statements for the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.15 Employee superannuation

The Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefit pension scheme, are now closed to new members. The Authority is liable for superannuation benefits for past years' service of members of the Superannuation and Family Benefits Act Scheme who elected to transfer to the GSS Scheme. The Authority also accrues for superannuation benefits to the pension scheme for those members who elected not to transfer from that scheme.

The superannuation liability for existing employees with the pre-transfer service incurred under the Superannuation and Family Benefits Act Scheme who transferred to the GSS Scheme are provided for at reporting date.

The Authority's total superannuation liability has been actuarially assessed as at 30 June 2007.

Employees who are not members of either the Pension or the GSS Schemes became non contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2007. From 16 April 2007, employees who are not members of the Pension, GSS or WSS Schemes become non-contributory members of the GESB Superannuation Scheme (GESB Super), a taxed accumulation fund. The Authority makes concurrent contributions to the Government Employee Superannuation Board (GESB) on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Super Schemes.

Defined benefit plan

The Authority's net obligation in respect of defined benefit pension plan is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. These benefits are unfunded.

The discount rate used is the market yield rate at the balance sheet date on national government bonds that have maturity dates approximating to the terms of the entity's obligations. The calculation is performed by a qualified actuary using the actuarial cost method.

The superannuation expense of the defined benefit plan is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plan are recognised immediately as income and expense in the Income Statement.

The superannuation expense of the defined contribution plan is recognised as and when the contributions fall due.

1.16 Dividends

Dividends are recognised as a liability in the period in which they are declared.

1.17 Provisions

A provision is recognised in the balance sheet when the Authority 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.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.18 Cash and 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 30 days.

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

1.19 Goods and 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.

1.20 Contributed equity

The Authority receives support from the WA Government (See Note 14). The amount received is recognised directly as a credit to contributed equity.

1.21 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

1.22 Derivative financial instruments

The Authority uses derivative financial instruments to hedge its exposure to foreign exchange rate risks arising from operating financing and investing activities. In accordance with its treasury policy, the Authority does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.



Notes to and forming part of the Financial Statements for the year ended 30 June 2007

2. REVENUE

2.1 Revenue

Revenue consists of the following items:

	2007 \$'000	2006 \$'000
Revenue		
Charges on Cargo	12,923	4,172
Charges on Ships	6,712	8,954
Port Enhancement Charge	11,575	9,548
Rentals and Leases	2,741	2,546
Interest Received	1,246	831
Fishing Industry Facilities	1,249	1,360
Power and Water	1,548	1,063
Plant Hire	11	58
Land Tax Revenue	154	155
Miscellaneous Revenue	986	345
Total Revenue	39,145	29,032

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

3. PROFIT BEFORE INCOME TAX

	2007 \$'000	2006 \$'000
Expenses		
Profit before income tax includes the following specific expenses:		
Finance costs		
Borrowings	7,691	6,938
Total finance costs	7,691	6,938
Depreciation and amortisation		
Buildings	25	25
Breakwaters	115	168
Dredging	2,191	2,191
Berths, Jetties and Infrastructure	935	928
Plant and Equipment	815	813
Total depreciation and amortisation	4,081	4,125
Other charges against assets		
Impairment loss on trade receivables	-	19
Impairment loss on property, plant and equipment	-	5,288
Provisions		
Employee benefits	322	89
Retirement benefit obligations	328	405
	650	494
Loss on disposal of property, plant and equipment	128	183
Employee benefits expense	4,848	4,013

Notes to and forming part of the Financial Statements for the year ended 30 June 2007

4. INCOME TAX EXPENSE

Major components of income tax expense for the year are:

	2007 \$'000	2006 \$'000
Income tax expense		
Current income tax:		
Current income tax charge	2,399	2,176
Adjustments in respect of current income tax of previous years	(6,186)	(2)
Deferred income tax:		
Relating to origination and reversal of temporary differences	(79)	(1,546)
Income tax expense reported in the income statement	<u>(3,866)</u>	<u>628</u>

The adjustment in respect of current income tax of previous years is in relation to an adjustment in the tax base for Property, Plant and Equipment for the Port Expansion Project undertaken between 2003-2005. This adjustment is accounted for as a change in accounting estimate following amendments to the 2003 to 2005 tax returns in 2007, resulting in a significant credit to tax expense.

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Authority's applicable income tax rate is as follows:

Accounting profit before income tax	<u>8,295</u>	<u>2,093</u>
Tax at statutory income tax rate of 30%	2,489	628
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non deductible entertainment expenses	(169)	2
Under/over provision prior year	<u>(6,186)</u>	<u>(2)</u>
	<u>(3,866)</u>	<u>628</u>

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
Deferred tax		
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provision for doubtful debts	11	12
Accrued charges	117	9
Borrowing costs	7	20
Employee benefits	827	632
Income received in advance	141	186
Depreciation	81	-
	<u>1,184</u>	<u>859</u>
Movements:		
Opening balance	859	963
Credited/(charged) to the Income Statement	79	(104)
Movement attributable to prior year adjustments	246	-
	<u>1,184</u>	<u>859</u>
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Depreciation	-	4,060
Movements:		
Opening balance	4,060	5,710
Charged/(credited) to the Income Statement	-	(1,650)
Movement attributable to prior year adjustments	(4,060)	-
	<u>-</u>	<u>4,060</u>
Current Tax Asset/Liabilities		
The current tax asset of \$0.368 million (2006: liability of \$1.820 million) represents the amount of income taxes receivable in respect of current and prior financial periods.		



Notes to and forming part of the Financial Statements for the year ended 30 June 2007

5. DIVIDENDS

	2007 \$'000	2006 \$'000
Dividend paid in the financial year	733	2

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 50 % of after tax profits. However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2007 have not been provided as they are expected to be declared by the Board of Directors after balance date.

A dividend of \$0.733 million (2006: \$0.002 million) in respect of the financial results for the year ended 30 June 2006 was paid by 30 June 2007.

6. CURRENT ASSETS

6.1 Cash and cash equivalents

Cash and cash equivalents represent the Cash at Bank, Cash on Hand, and Term Deposits. Funds surplus to operational requirements have been invested in Term Deposits to maximise earnings.

	2007 \$'000	2006 \$'000
Cash at Bank and Cash on Hand	13,065	6,147
Term Deposits	11,203	10,776
Cash and cash equivalents in the statement of cash flows	<u>24,268</u>	<u>16,923</u>

(i) Significant Terms and Conditions

Interest on Cash at Bank was at prevailing bank rates. The weighted average interest rate at 30 June 2007 was 5.68% (2006: 5.25%).

Interest on Term Deposits was at prevailing rates. The weighted average interest rate at 30 June 2007 was 6.28% (2006: between 5.10% and 5.90%).

Term Deposits are held until their maturity dates and are invested for terms between 1 and 3 months.

(ii) Fair Value

The directors consider the carrying amounts of Cash at Bank and Term Deposits represent their fair value.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

6. CURRENT ASSETS (Continued)

6.2 Trade and other receivables

Receivables represent Debtors and Accrued Income. Accrued Income includes accrued interest, charges on ships, cargo and services provided but not invoiced as at reporting date.

	2007 \$'000	2006 \$'000
Trade Debtors	3,917	3,548
Less: Provision for Impairment of Receivables	(37)	(41)
	3,880	3,507
Prepayments	26	-
Balance as at 30 June	3,906	3,507

(i) Significant Terms and Conditions

Trade receivable terms are 14 days. Interest may be charged on overdue accounts. The carrying amount of trade receivables is exposed to the industry risk associated with shipping and cargo handling operations. The Authority considers the carrying amount of receivables approximate their net fair values.

(ii) Credit Risk

Trade Debtors

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.

Other Debtors

No significant risk is believed to be attached to other debtors.

(iii) Fair Value

The directors consider the carrying amounts of receivables represent their fair value.



Notes to and forming part of the Financial Statements for the year ended 30 June 2007

7. NON-CURRENT ASSETS

7.1 Property, Plant and Equipment

	2007 \$'000	2006 \$'000
Freehold Land		
At Cost	1,109	1,109
	<u>1,109</u>	<u>1,109</u>
Buildings		
At Cost	1,143	1,040
Less: Accumulated Depreciation	(402)	(377)
	<u>741</u>	<u>663</u>
Breakwaters		
At Cost	9,233	9,233
Less: Accumulated Depreciation	(5,511)	(5,396)
	<u>3,722</u>	<u>3,837</u>
Dredging		
At Cost	87,658	87,658
Less: Accumulated Depreciation	(5,235)	(3,044)
	<u>82,423</u>	<u>84,614</u>
Berths, Jetties and Infrastructure		
At Cost	46,101	44,825
Less: Accumulated Depreciation	(24,901)	(19,220)
Less: Impairment Charge	-	(5,256)
	<u>21,200</u>	<u>20,349</u>
Plant and Equipment		
At Cost	26,181	24,842
Less: Accumulated Depreciation	(11,974)	(10,732)
Less: Impairment Charge	-	(32)
	<u>14,207</u>	<u>14,078</u>
Total Property, Plant and Equipment at net book value	123,402	124,650
Add: Work in Progress (at cost)	24,492	6,334
Total Property, Plant and Equipment	<u>147,894</u>	<u>130,984</u>

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

7. NON-CURRENT ASSETS (Continued)

7.1 Property, Plant and Equipment (Continued)

Reconciliations of carrying amounts

	2007 \$'000	2006 \$'000
Freehold Land:		
Carrying amount at 1 July	1,109	1,109
Carrying amount at 30 June	1,109	1,109
Buildings:		
Carrying amount at 1 July	663	665
Additions	7	1
Transfers	96	22
Depreciation for the year	(25)	(25)
Carrying amount at 30 June	741	663
Breakwaters:		
Carrying amount at 1 July	3,837	4,005
Depreciation for the year	(115)	(168)
Carrying amount at 30 June	3,722	3,837
Dredging:		
Carrying amount at 1 July	84,614	86,805
Depreciation for the year	(2,191)	(2,191)
Carrying amount at 30 June	82,423	84,614
Berths, Jetties and Infrastructure:		
Carrying amount at 1 July	20,349	26,529
Additions	-	4
Transfers	1,915	(396)
Disposals	(129)	-
Depreciation for the year	(935)	(928)
Impairment loss	-	(4,860)
Carrying amount at 30 June	21,200	20,349



Notes to and forming part of the Financial Statements for the year ended 30 June 2007

7. NON-CURRENT ASSETS (Continued)

7.1 Property, Plant and Equipment (Continued)

Reconciliations of carrying amounts (Continued)

	2007 \$'000	2006 \$'000
Plant and Equipment:		
Carrying amount at 1 July	14,078	12,358
Additions	556	2,772
Disposals	(3)	(196)
Transfers	391	385
Depreciation for the year	(815)	(813)
Impairment loss	-	(428)
Carrying amount at 30 June	14,207	14,078
Work in Progress:		
Carrying amount at 1 July	6,334	3,940
Additions	20,548	2,394
Transfers	(2,390)	-
Carrying amount at 30 June	24,492	6,334
Total Property, Plant and Equipment	147,894	130,984

The Authority commenced construction of the upgrade to Berth No. 5 in the 2007 financial year. Costs incurred up to the reporting date totalled \$19.55 million (2006: \$Nil).

Impairment of property, plant and equipment

As at reporting date, property, plant and equipment are considered recoverable. At 30 June 2006, an impairment loss of \$5.288 million was recognised in the income statement.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

8. CURRENT AND NON-CURRENT LIABILITIES

8.1 Trade and Other Payables

Trade and other payables represent Trade Creditors, Amounts Payable and Accrued Expenses. Accrued Expenses are comprised of interest and charges for goods and services received but not invoiced as at reporting date.

	2007 \$'000	2006 \$'000
Trade Payables	1,567	968
Accrued Expenses	5,276	175
Retention Moneys	61	61
GST Payable	(213)	205
Accrued Interest	1,538	1,627
Accrued Salaries	77	83
Income in Advance	211	942
	<u>8,517</u>	<u>4,061</u>

Accrued Expenses are comprised of charges for goods and services received but not invoiced as at 30 June 2007. Income in Advance represents rents and lease payments billed prior to 30 June 2007 but relates to the period beginning 1st July 2007.

(i) Significant Terms and Conditions

Trade creditors payable are usually settled within 30 days.

(ii) Fair Value

The directors consider the carrying amounts of Trade Creditors and accrued expenses represent their fair value.

8.2 Interest Bearing Borrowings

	2007 \$'000	2006 \$'000
Current		
WA Treasury Corporation Direct Borrowings	<u>4,656</u>	<u>2,606</u>
	<u>4,656</u>	<u>2,606</u>
Non-Current		
WA Treasury Corporation Direct Borrowings	<u>130,519</u>	<u>117,805</u>
	<u>130,519</u>	<u>117,805</u>

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 loans is 6.08% (2006: 6.55%).

(i) Significant Terms and Conditions

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.

All interest-bearing borrowings are unsecured.

The weighted average interest rate on the current portions of the loans is 5.69% (2006: 6.55%). The Authority considers the carrying amount of all borrowings approximate their net fair values.



Notes to and forming part of the Financial Statements for the year ended 30 June 2007

9. Financial Risk Management Objectives and Policies

The Authority's principal financial instruments are interest bearing borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Authority's operations.

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

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

Interest rate risk

The Authority's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. The Authority'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.

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.

Liquidity risk

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

Foreign currency risk

The Authority is exposed to foreign currency risk on purchases that are denominated in a currency other than the AUD. The currencies giving rise to this risk are primarily U.S. Dollars.

The Authority hedges uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

10. Financial Instruments

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

2007		FIXED INTEREST RATE					
	Note	Floating Interest rate \$'000	1 year or less \$'000	Over 1 year to 5 years \$'000	More than 5 years \$'000	Non interest bearing \$'000	Total \$'000
Financial Assets							
Cash assets	6.1	13,062	11,203	-	-	3	24,268
Receivables	6.2	-	-	-	-	3,906	3,906
Weighted average interest rate		5.68%	6.28%	-	-	0%	-
Financial Liabilities							
Payables	8.1	-	-	-	-	(1,567)	(1,567)
Loan - WATC	8.2	-	(4,656)	(18,927)	(111,790)	-	(135,175)
Weighted average interest rate		-	5.69%	5.82%	6.08%	0%	-
Net financial assets (liabilities)		13,062	6,547	(18,927)	(111,790)	2,342	(111,389)

2006		FIXED INTEREST RATE					
	Note	Floating Interest rate \$'000	1 year or less \$'000	Over 1 year to 5 years \$'000	More than 5 years \$'000	Non interest bearing \$'000	Total \$'000
Financial Assets							
Cash assets	6.1	6,144	10,776	-	-	3	16,923
Receivables	6.2	-	-	-	-	3,507	3,507
Weighted average interest rate		5.25%	5.50%	-	-	0%	-
Financial Liabilities							
Payables	8.1	-	-	-	-	(968)	(968)
Loan - WATC	8.2	-	(39,899)	(19,096)	(61,416)	-	(120,411)
Weighted average interest rate		-	5.79%	5.74%	6.13%	0%	-
Net financial assets (liabilities)		6,144	(29,123)	(19,096)	(61,416)	2,542	(100,949)

Notes to and forming part of the Financial Statements for the year ended 30 June 2007

11. COMMITMENTS

11.1 Capital Works

Capital Commitments

	2007 \$'000	2006 \$'000
Commitments for the acquisition of plant and equipment and land contracted for at the reporting date but not recognised as liabilities:		
Within one year	27,700	31,000
Amounts due later than one year and not later than five years	-	4,000
	<u>27,700</u>	<u>35,000</u>

As at 30 June 2007, the WA State Government has given approval for loan funding of \$47.25 million for the berth five iron ore expansion project and associated works. Work in progress on berth five of \$19.55 million has been completed at that date.

11.2 Lease Commitments

Operating Leases Payable

	2007 \$'000	2006 \$'000
Future minimum rentals payable in relation to operating leases payable at reporting date but not recognised as liabilities payable are as follows:		
Within one year	235	209
Amounts due later than one year and not later than five years	238	325
	<u>473</u>	<u>534</u>

12. PROVISIONS

12.1 Current

	2007 \$'000	2006 \$'000
Liability for accumulated days off	24	25
Liability for sick leave	327	78
Liability for annual leave	366	324
Liability for long service leave	347	287
Liability for superannuation	81	-
	<u>1,145</u>	<u>714</u>

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

12 PROVISIONS (Continued)

12.2 Non-Current

	2007 \$'000	2006 \$'000
Liability for superannuation	1,541	1,294
Liability for long service leave	70	98
	<u>1,611</u>	<u>1,392</u>

12.3 Aggregate Employee Benefits

	2007 \$'000	2006 \$'000
Current Liability	1,145	714
Non-Current Liability	1,611	1,392
	<u>2,756</u>	<u>2,106</u>

The discount rate is based on the 10 year Government bond. The decrement rates used (mortality & retirement) are based on those used at the last actuarial valuation for the Schemes.

12.4 Retirement benefit obligations

Surplus/deficit

The following is a summary of the most recent financial position of the Pension Scheme related to the Authority calculated in accordance with AASB 119 Employee Benefits.

	2007 \$'000	2006 \$'000
Amounts recognised in the balance sheet:		
Present value of unfunded obligations	1,622	1,293
Fair value of plan assets	-	-
	<u>1,622</u>	<u>1,293</u>

Reconciliation of movement in the present value of the unfunded obligations recognised in the balance sheet:

Opening balance	1,293	1,698
Current service cost and interest cost	139	140
Actuarial losses (gains) on liabilities	266	(462)
Benefits paid (including expenses and taxes)	(76)	(83)
	<u>1,622</u>	<u>1,293</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2007

12 PROVISIONS (Continued)

12.4 Retirement benefit obligations (Continued)

Surplus/deficit

	2007 \$'000	2006 \$'000
Amounts recognised in the income statement:		
Current service cost	65	54
Interest cost	73	86
Actuarial losses (gains) recognised	266	(462)
	<u>404</u>	<u>(322)</u>
Historic summary		
Defined benefit plan obligation	1,622	1,293
Plan assets	-	-
	<u>1,622</u>	<u>1,293</u>
Experience adjustments arising on plan liabilities	284	(375)
Experience adjustments arising on plan assets	-	-
Principal actuarial assumptions		
Discount rate	6.06%	5.81%
Expected future salary increases	4.50%	4.50%
Expected future pension increases	2.50%	2.50%

Expected contributions

Employer contributions are made to meet the cost of retirement benefit obligations as they fall due. For further details regarding the policy in respect of provision for retirement benefit obligations, refer to Note 1.15.

13. NON CURRENT LIABILITIES - OTHER

	2007 \$'000	2006 \$'000
Income received in advance	228	302
	<u>228</u>	<u>302</u>

Income received in advance represents rents and lease payments billed prior to 30 June 2007 but relates to the period beginning 1st July 2007.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

14. EQUITY

	Contributed equity \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2005	2,641	15,410	18,051
Equity contribution in the year	-	-	-
Total recognised income and expense	-	1,465	1,465
Dividends paid	-	-	-
Balance at 30 June 2006	2,641	16,875	19,516
Equity contribution in the year	-	-	-
Total recognised income and expense	-	12,161	12,161
Dividends paid	-	(733)	(733)
Balance at 30 June 2007	2,641	28,303	30,944

The Authority became subject to the Western Australian Tax Equivalent Regime as from 1 July 1996. Under arrangements agreed with the State Government, tax payments made by the Authority were reimbursed by the WA Treasury in the form of equity injections. This arrangement ceased from the financial year ended 30 June 1999.

15. NOTES TO CASH FLOW STATEMENT

Reconciliation of net cash inflow from operating activities to profit after income tax

	2007 \$'000	2006 \$'000
Net Profit	12,161	1,465
Depreciation	4,082	4,126
Unrealised exchange movement	-	-
Net loss on sale of property, plant and equipment	128	183
Impairment loss on property, plant and equipment	-	5,288
Other non cash items	-	(390)
Changes in assets and liabilities:		
Receivables	(714)	(1,316)
Other current assets	(26)	(26)
Income tax benefit	(246)	104
Payables	5,505	532
Provision for income tax	(2,265)	801
Other current liabilities	(781)	(961)
Employee benefits	651	(312)
Deferred tax liability	(4,060)	(1,651)
NET CASH INFLOW FROM OPERATING ACTIVITIES	14,435	7,843

Notes to and forming part of the Financial Statements for the year ended 30 June 2007

16. REMUNERATION OF OFFICERS

16.1 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:

	2007	2006
\$0 - \$9,999	-	5
\$10,000 - \$19,999	4	1
\$20,000 - \$29,999	1	1

	2007 \$'000	2006 \$'000
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The total of all fees and other benefits received or due and receivable for the year, by Directors of the Authority

72

63

Directors' remuneration excludes a proportion of insurance premiums of \$20,357 (2006: 19,036) paid by the Authority in respect of a director and officers liability insurance contract. Information relating to the insurance contract is set out in the Directors' Report.

16.2 Remuneration of Executives

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

	2007	2006
\$50,000 - \$59,999	2	1
\$70,000 - \$79,999	-	1
\$100,000 - \$109,999	-	1
\$130,000 - \$139,999	1	1
\$140,000 - \$149,999	1	1
\$150,000 - \$189,999	3	1

	2007 \$'000	2006 \$'000
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The aggregate income of the executives referred to above:

892

693

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.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007

17. REMUNERATION OF AUDITORS

	2007 \$'000	2006 \$'000
Remuneration for audit of the financial statements	33	38

18. TRANSACTIONS WITH DIRECTORS AND DIRECTOR RELATED ENTITIES

A current director of the Authority 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 ended 30 June 2007 was \$2.28 million (2006: \$1.863 million). These transactions were under normal commercial terms and conditions.

There were no other transactions in the year with the directors or other related parties.

19. CONTINGENT LIABILITIES

A claim has been lodged with the Federal Court from a contractor for alleged losses relating to the PEP dredging contract. The contractor is claiming costs, loss of profit and interest up to \$101.8 million from the Authority and another party. 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 defence of the claim and the matter has also been referred to the Authority's insurers.

Under the Contaminated Sites Act 2003, the Authority is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Authority may have a liability in respect of investigation or remediation expenses.

During the year the Authority reported three contaminated sites to DEC. These have yet to be classified. The Authority is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of the sites, the Authority may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

The Authority has an ongoing management plan to remediate contaminated sites as they are identified.

20. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Authority, to affect significantly the operations of the Port, the results of those operations, or the state of affairs of the Port, in future financial years.



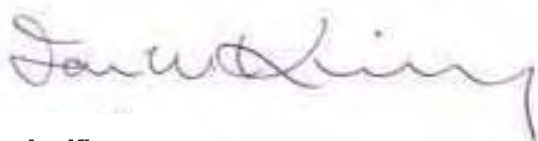
Notes to and forming part of the Financial Statements for the year ended 30 June 2007

DIRECTORS' DECLARATION

In the opinion of the Directors of the Geraldton Port Authority:

- (a) the financial statements and notes, set out on pages 2 to 35, are in accordance with the financial reporting provisions of the Port Authorities Act 1999, including:
 - (i) giving a true and fair view of the financial position of the Geraldton Port Authority as at 30 June 2007 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Port Authorities Act 1999; and
- (b) there are reasonable grounds to believe that the Geraldton Port Authority will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors on 13 September 2007.



Ian King
Chairman



Angelina Calver
Director

13 September 2007

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Notes to and forming part of the Financial Statements for the year ended 30 June 2007



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON GERALDTON PORT AUTHORITY

To the Parliament of Western Australia

I have audited the financial report of the Geraldton Port Authority, which comprises the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration.

Board of Directors' Responsibility for the Financial Report

The Board of Directors of the Geraldton Port Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Port Authorities Act 1999. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Summary of my Role

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. 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.

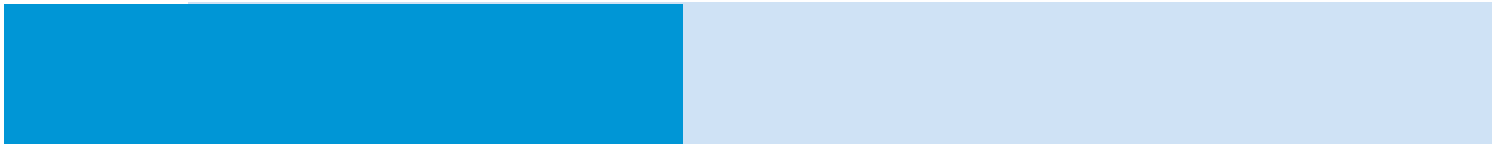
Audit Opinion

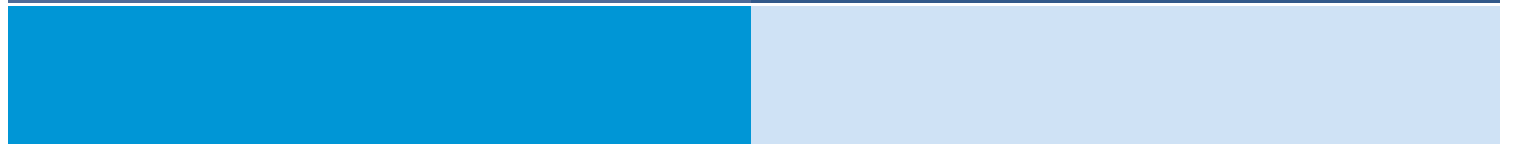
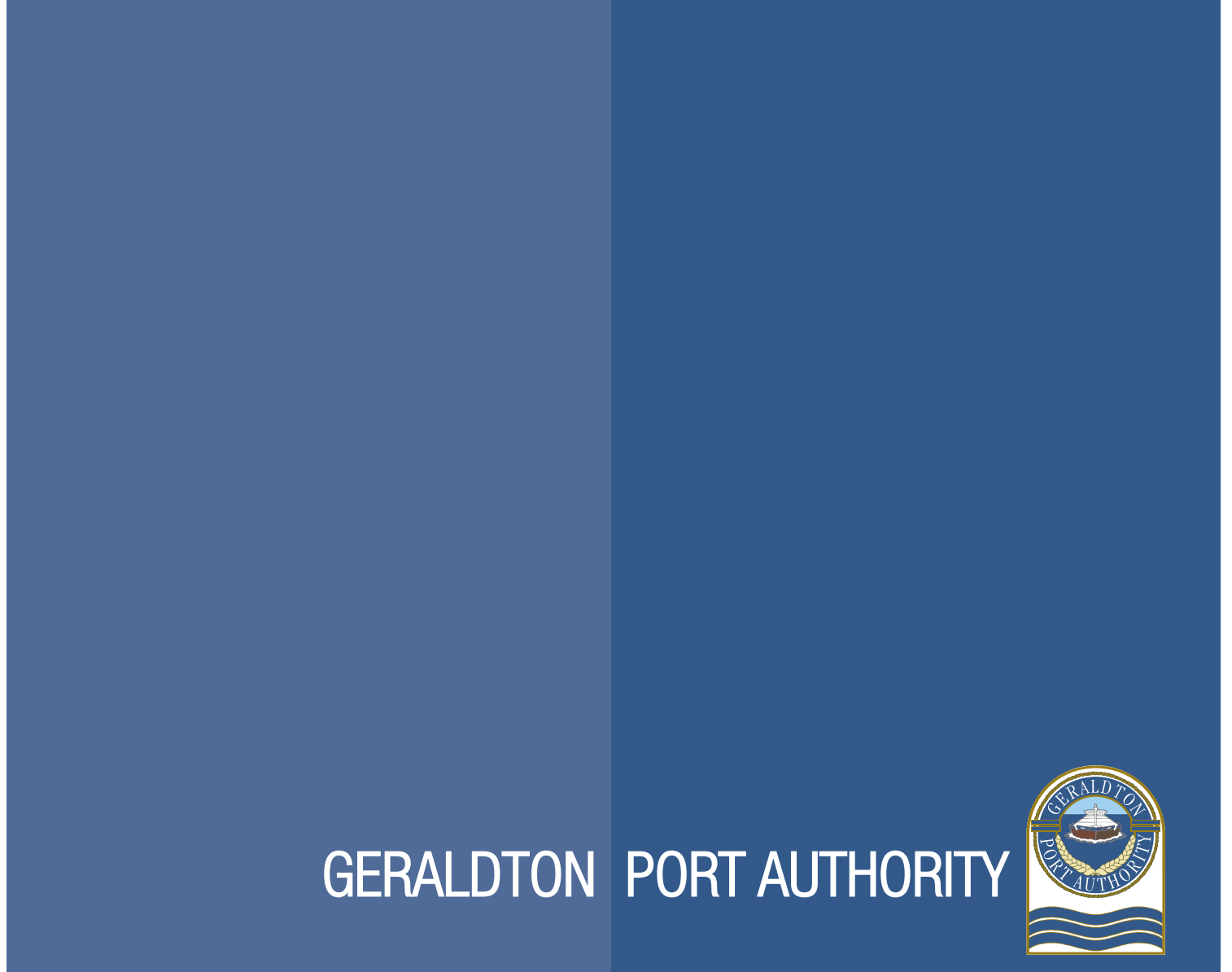
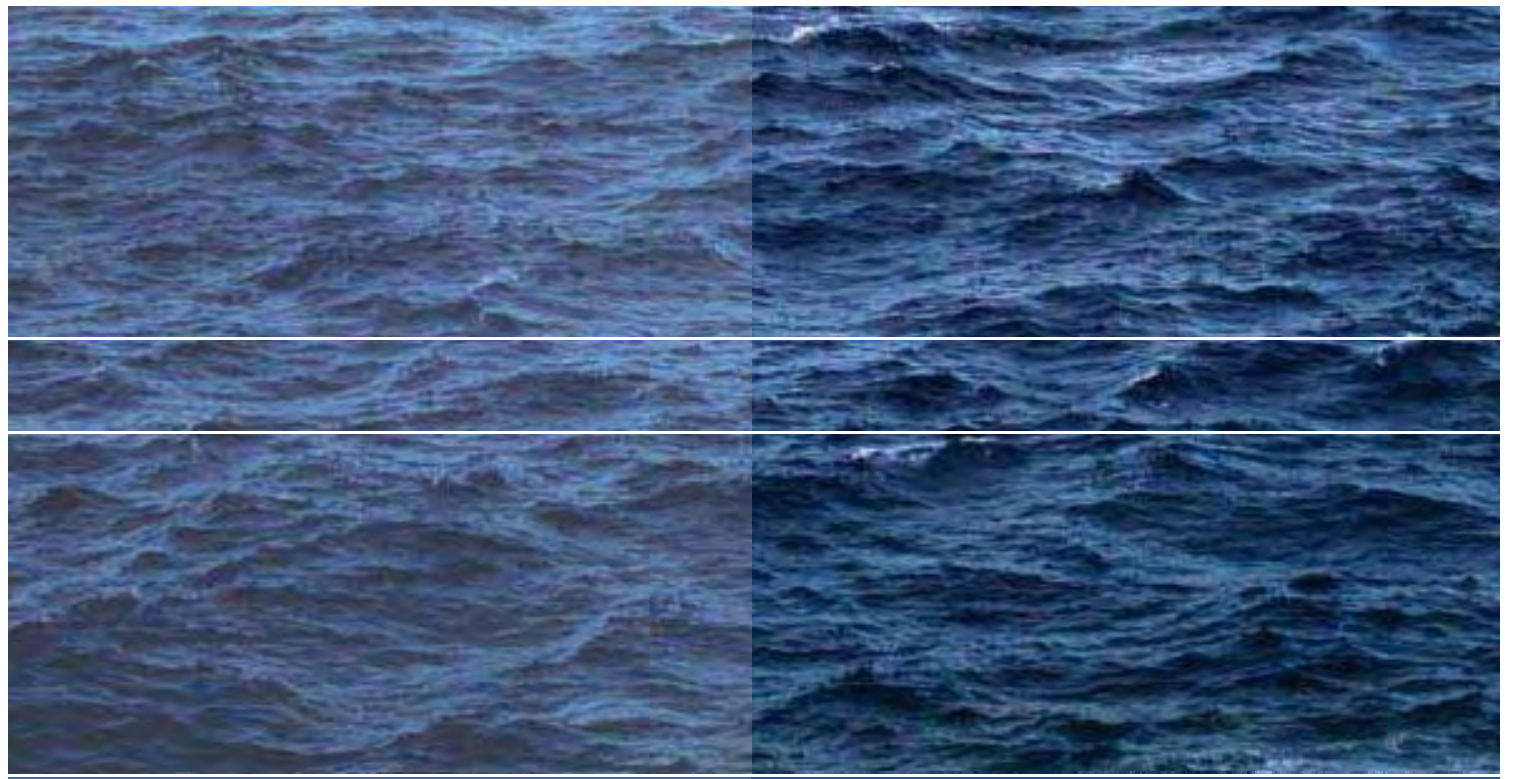
In my opinion, the financial report of the Geraldton Port Authority is in accordance with Schedule 5 of the Port Authorities Act 1999, including:

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.


COLIN MURPHY
AUDITOR GENERAL
14 September 2007







GERALDTON PORT AUTHORITY

