

GERALDTON PORT AUTHORITY



ANNUAL REPORT 2007/2008



GERALDTON PORT AUTHORITY

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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

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FROM THE CHAIRMAN



It is my pleasure, on behalf of the Board, to present the Geraldton Port Authority (GPA) 2007/2008 Annual Report.

The year has been one of progress as the Berth 5 Iron Ore Project was completed and commissioned into service during the first quarter of 2008. This berth has added 10mtpa to the Port's iron ore export capacity and reduced the very high utilisation of Berth 4 to a more acceptable level.

The Port continues to grow since completion of the Port Enhancement in 2003. As a regional city port, GPA remains mindful of its community obligations as work continues on facilitating trade opportunities for existing and new clients. Environmental safeguards are reviewed on a regular basis to ensure the city is not adversely impacted by the Port's operations.

Trade volumes of 11mtpa are expected to be achieved by late 2009.

To meet this volume, two new storage sheds will be constructed behind Berth 5 and the Port's existing train unloader will be upgraded to provide greater reliability and unloading speed (up to 3000tph), thereby increasing capacity from 4.5mtpa to 8.5mtpa.

Oakajee of course is the good news story of 2008. Geraldton Port Authority along with Department of Planning and Infrastructure is negotiating a development agreement with the successful proponent, Oakajee Port and Rail. GPA expects building of the new port to commence early 2010, subject to all approval requirements being met in a timely way.

Ultimately, the Geraldton and Oakajee ports will be complementary facilities with significantly different capabilities and offering distinctly different services. Larger cargoes (up to 180,000 tonne consignments) will be managed by the deeper draft Oakajee facility.

I acknowledge the support and assistance of the Government of Western Australia during this period of capital expansion, Port users for their patience during port building activity and the very professional staff of the Authority for their tireless efforts in support of the Port's operations and of course, my Board colleagues for their continued support and hard work.

It has been a great pleasure to work with the Geraldton Port Authority. It is an exciting time for the Mid West and the port looks forward to playing its very important role in ensuring all prospects and associated economic benefits continue to flow to the region and the state.

Ian King
CHAIRMAN



FROM THE CHIEF EXECUTIVE OFFICER



Introduction

The Mid West region is experiencing a period of rapid growth generated by the region's expanding resources sector in combination with substantial state government investment in both services and infrastructure. Resources and state investment activities are delivering significantly improved prosperity to the region.

The Geraldton Port Authority (GPA) has played a major role in delivering this prosperity by supporting the region's iron ore sector through strategic investment and by accommodating the expansion plans of existing Port users. During this year significant investment in particular has been made towards the Berth 5 Iron Ore Expansion Project and in preparation for upgrading Geraldton's existing train unloader.

Since the Port's enhancement in 2003, trade has more than doubled, four additional Port customers have been accommodated and a number of new projects continue to be investigated.

Critical to our capacity to keep pace with rapidly increasing demand for our services has been the measured implementation of initiatives drawn from the GPA's five year strategic plan. These

initiatives are focussed on achieving trade growth, meeting financial hurdles, improving business processes and systems, improving staff satisfaction and retention and facilitation of a new deepwater port at Oakajee.

Trade

Overall Port trade was a record 6,708,869 tonnes during 2007/08, an increase of 4.5% on the previous financial year. This was achieved despite another poor harvest and consequently grain exports making little contribution to the overall trade result.

Iron ore exports increased 28% to 4.4 million tonnes while trade in other minerals including mineral sand, concentrate and talc were at similar levels.

Operations

In response to increasing demand for Port services, particularly from iron ore exporters, the Geraldton Port initiated a project to transform Berth 5 into a dedicated iron ore export facility. Construction was initiated in early 2007 and was commissioned during January and February 2008. By 30 June 2008 the plant had successfully transferred almost 2 million tonnes and a number of existing and new entrants were positioning themselves to absorb the shiploading capacity produced by this project.

I take this opportunity to thank Port customers particularly, those utilising Berth 4 for their patience during the Berth 5 construction phase. Plant shutdowns due to construction activities in combination with increasing Berth 4 trade resulted in difficult operating conditions and at times lengthy delays. As expected, the new Berth 5 iron ore facility has relieved the pressure and has resulted in the restoration of service levels to both Berth 4 users and iron ore exporters.

The completion of Berth 5 created an operating challenge for staff, contractors and operating systems. GPA now operates under contract two complex shiploading circuits, on Berth 4 and Berth 5 and with increasing utilisation and customer expectation our systems and preparation need be resilient.

To improve resilience GPA has implemented a number of initiatives. The critical spares inventory is being reviewed, preventative maintenance systems upgraded, remote lubrication lines installed and condition monitoring, including thermographics for all bulk handling equipment and motor control centres has become standard.

Environmental Improvement

To oversee continuing improvement of GPA's environmental performance our Environmental Management System (EMS) has been developed to the AS/NZS ISO 14001 standard. Incident reporting and the development and implementation of controls have been the focus of significant effort.

During this year the Department of Environment and Conservation (DEC) undertook a comprehensive audit of operations at Geraldton as part of its state-wide review of all ports. No significant off-site impacts were identified and GPA has subsequently developed an Environmental Improvement Plan covering all aspects of port operations to provide a clear action plan in respect to both GPA and user activities.

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Implementation of this plan has resulted in the introduction of infrastructure improvements for handling mineral sands, additional higher capacity dust extraction facilities, improved operating procedures and storm and waste water treatments - initiatives which are already delivering noticeable improvement.

Safety Improvement

GPA is also focussed on continually improving the safety of its workers - a strategy now being guided by a Safety Management System drafted to the Australian Standard 4801. This system's development was accelerated during 2008 and training and implementation is now our challenge across the organisation. A training package has been developed and has been completed by 80% of staff to date.

These activities are being complemented by routine risk assessments and workplace inspections by both internal and external personnel to ensure systems and process are frequently enhanced. A new on-line management system database STEMS, has been successfully implemented to capture incidents and monitor and record treatments.

People

Development and now the implementation of a comprehensive Human Resources Management System has also been achieved during 2007/08. This System has created a transparent framework for managing staff resources, for improving satisfaction and for addressing the current challenge of staff retention.

Increasing demand for Port services initiated the development during 2008 of a long term Staffing Plan to guide strategic recruitment to ensure that our service capacity keeps pace with increasing demand. This has resulted in resource gaps being identified and in a number of positions being filled already particularly in the areas of maintenance, project management, and wharf supervision. Triggers for additional recruitment of operational staff have been identified and recruitment will be initiated on those triggers being achieved.

Voluntary annual medical checks have been successfully introduced for all GPA staff and further health awareness and improvement activities are planned for the future.

In conclusion, the 2007/08 year was enormously challenging for all those associated with the Geraldton Port. I reiterate my appreciation to port customers for their patience during Berth 5 construction and I acknowledge the efforts of the many consultants, contractors and sub-contractors involved in the successful delivery of this project. I also extend my personal appreciation to all GPA staff and to Particks Ports for their dedication to addressing the demands placed on them throughout the year and to the GPA Chairman Ian King and board members for their support and guidance.

Peter Klein
CHIEF EXECUTIVE OFFICER
22 August 2008



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 areas of strategic focus continue to 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 determined five strategic goals with strategies and outcomes set for each goal. The five goals are:

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 goes on to require that, in performing our functions, we must:

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

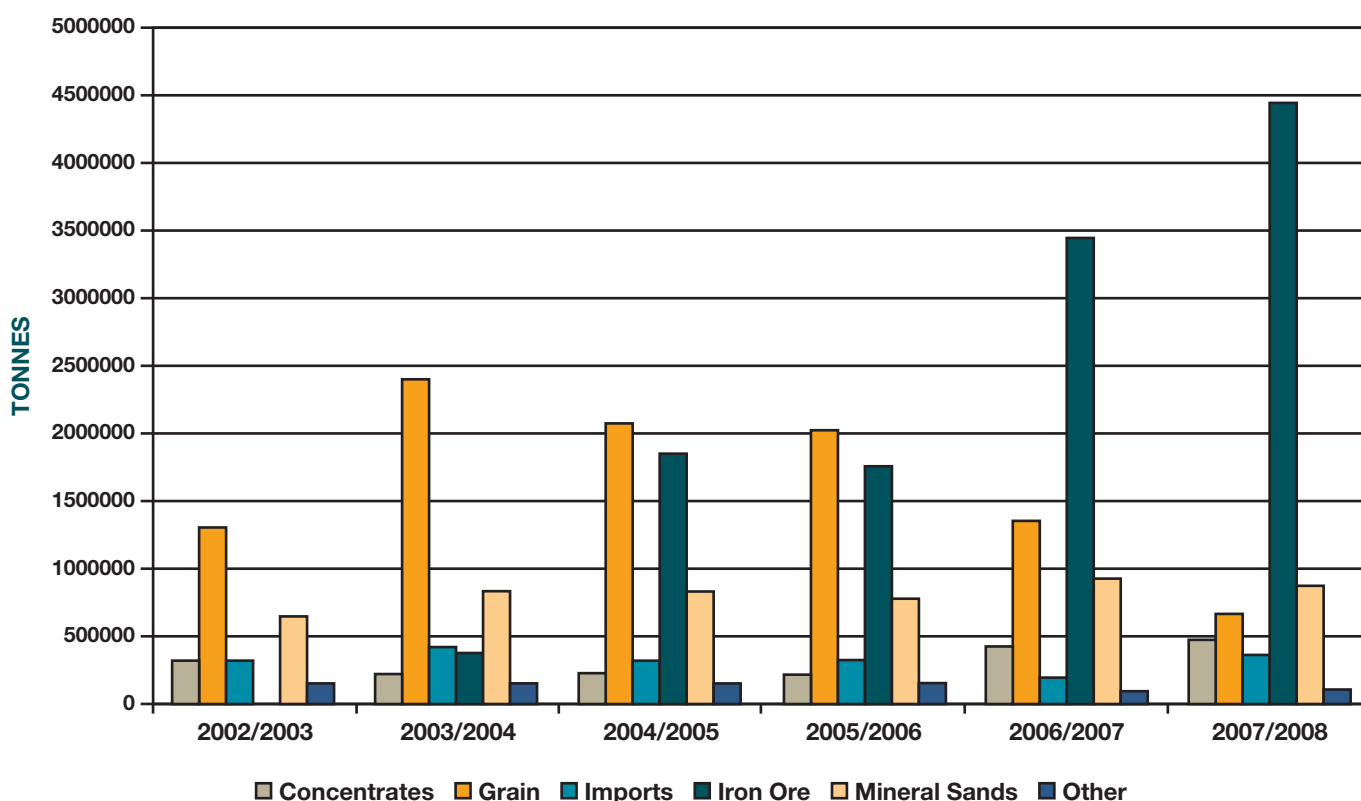




CURRENT SITUATION

The 2007/2008 year saw further increases in record trade, with 6.708 million tonnes achieved. This represents an increase of 292 thousand tonnes or 4.5% on the tonnes recorded in 2006/2007. This was achieved on the back of the lowest grain export year since 1979, with only 0.613 million tonnes exported, primarily wheat. Growth in trade volume mainly occurred in exports of hematite iron ore, which rose by 0.962 million tonnes or 28%. A graphical representation of the trade for the previous six years is presented below.

Trade Volumes 6 Years



The results indicate that the Port of Geraldton is strong export oriented with 96% of total trade being exports.

Commercial vessel visits for the year numbered 301, down by four compared to last year's figure of 305 vessels, indicating that consignment size is increasing. The total Gross Registered Tonnes (GRT) of vessels was higher than the five year average at 5.688 million, while dipping below the record 6.902 million GRT achieved in 2006/07.

Trade Forecast

The GPA is forecasting total port trade for 2008/2009 of 7.66 million tonnes, which is an increase of 14% compared to the 2006/2007 trade figure. This is mainly due to anticipated increase in grain exports to 1 million tonnes. Other trade volumes are expected to remain at similar levels to those achieved for the reporting period. Commercial vessel numbers are estimated to be around 320 visits, in line with current vessel movements.

2007/2008 HIGHLIGHTS

Trade

The trade highlights that occurred during the year include;

In November 2007 iron ore recorded its highest monthly result, with 0.522 million tonnes exported.

In March 2008, the port welcomed the MV Hanjin Tacoma, which loaded the port's largest single cargo, with 66,000 tonnes of iron ore.

This same vessel achieved the deepest departure draft, at 12.88 meters.

GPA also exceeded past performance with a record of 42 ship visits in March 2008.

Record months for synthetic rutile, zircon, copper & zinc concentrates were also achieved during 2007/2008.



Infrastructure upgrades

In April 2008, the Minister for Planning and Infrastructure officially opened the upgraded Berth 5. This brown field project was undertaken over a two year planning and construction period, and consisted of the extension of Berth 5 into the adjacent deep-water berth pocket, the construction and placement of a new dedicated iron ore ship loader, and realignment of the mineral sands and iron ore shiploading circuits. The facility has been developed to the highest standards of environmental engineering and features an enclosed conveying circuit, purpose built dust extraction capabilities and dust suppression treatments at all transfer points throughout the conveyor circuit and shiploader.

A state of the art cascade chute was commissioned in June 2008 and is anticipated to deliver a quantum improvement in the port's environmental performance during shiploading of some mineral sands. The chute manipulates product free fall into 30 to 40 cm falls through a series of off-set fibreglass cones that act like buckets, catching the material as it falls. In addition to environmental improvement the cascade chute's performance will enable the shiploading rate to be increased threefold, consequently improve shiploading rates which will lead to improved services for Port users.

The next step in the development of infrastructure at the port is the proposed upgrade of the iron ore train unloader facility and related rail within the Port. This upgrade is an integral part of the whole of network solution to provide increased rail capacity to the iron ore customers. The planned upgrade is expected to produce the following key outcomes;

1. Increase the iron ore receival rate through the train unloader from approximately 1,400 to 3,000 tonnes per hour, effectively halving the time trains will spend in the Port
2. Create a linkage between the train unloader and Berth 5 & 6 storage sites
3. Extend the port rail network to accommodate longer, 90 wagon trains
4. Hopper modification to allow continuous train discharge
5. Increase throughput capacity from 4.5 to 8.5 million tonnes per year
6. Reduce reliance on road transportation for iron ore deliveries to Port.

Staff

The Port achieved its goal of developing a comprehensive Human Resources Management System during 2007/08. The system ensures transparency and procedural fairness when dealing with issues impacting on our most important resource, staff.

With continuing growth, the Port undertook a comprehensive Human Resource plan during 2007/08. This planning has seen a number of positions in maintenance, project management and wharf supervision created during 2008.

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Training

Training continues to be a focus for the GPA with courses and support provided in the following areas:

- General competency in manual handling, oil spill response theory, oil spill response administration, oil spill response operations, chainsaw operations, maintenance planning, crane operations, records management, and synergysoft software.
- Health, safety & environment training including basic chemical safety rules, hse management system, safety awareness, building evacuations, fire extinguishers, advanced resuscitation, senior first aid, as well as the oh&s representatives course.
- Individual position related training including alcohol breath test operations, port security, better buying, operational & commercial aspects of stevedoring and terminal operation, surface ventilation, implementing and maintaining an environmental management system, and stems online management system database, and workforce analytics & reporting.
- Individual professional development including attendance at professional conferences and workshops.

Community

As the Geraldton Port is located in close proximity to the CBD of Geraldton, the GPA is conscious of the need to communicate with and be actively involved in community activities. To facilitate this, the GPA participates in the following;

- Membership of the Midwest Strategic Infrastructure Group
- Membership of the Midwest Chamber of Commerce and Industry
- Membership of the Foreshore Redevelopment Advisory Committee
- City of Geraldton / GPA Liaison Committee
- City of Geraldton Northern Beaches Stabilization Plan
- Mission to Seafarers Management Committee
- Local Emergency Management Action Committee
- Support for the Variety Club WA Midwest Branch



External Communications

As a customer service oriented organisation, the GPA ensures that our customers and stakeholders are kept fully informed of our operations at the Port. To achieve this objective, GPA undertakes the following;

- Fishing Boat Harbour Focus Group
- Mineral Importers / Exporters Liaison Group
- Geraldton Port Users Group
- Presentation of Port activities and developments at the annual Midwest Resources Forum
- Presentations and Port tours with customers and their market representatives
- Customer Focus groups to discuss operations and opportunities for efficiency improvements
- The GPA Website, www.gpa.wa.gov.au is continually updated to provide the latest information and statistics on the Port
- Publication and distribution of the Port Capabilities Statement for distribution to local and international interested parties.

OPERATIONS

In the past year, the Port has developed its mineral bulk handling system capacity to include an extra ship loader and facilities separating iron ore from mineral sands operations in the process. Completion of the Berth 5 Upgrade Project provided a dedicated iron ore facility with ship loading capacity increasing from 1800 to 5000 tonnes per hour.

Implementation of the environmental management plan has included significant changes to the shiploading and handling systems and procedures including;

1. A cascade chute which is used on the end of the ship loader reducing dust levels to zero.
2. Installation of under pans on exposed conveyor systems catching all carry back issues.
3. Installation of larger capacity dust extraction units on both ship loaders and transfers.
4. Operational procedures in a number of areas including wash downs, check lists etc.
5. Structural changes to sumps, kerbing, transfer towers and berths to facilitate cleaning and non build up of mineral products
6. Waste water management system

Safety in and around the port has improved in all areas including:

1. Standardising and wearing of correct personal protective equipment and work wear.
2. Contractor management.
3. Upgrading of all work permits including lift, dig and confined space documents.
4. Traffic management systems.
5. JHA introduction and use.
6. Implementation of general industry standard systems.
7. Emergency and oil spill response team training.

Maintenance improvements at the Authority providing a 24/7 operation include:

1. Employment of additional dedicated maintenance planners for bulk handling operations and the port's marine maintenance division.
2. Implementation of monthly condition monitoring on all bulk handling equipment.
3. Thermographics monitoring again on all BH equipment and MCC's.
4. Procurement of electrical and mechanical critical spares inventory for all ship loading facilities.
5. Remote lubrication lines, permolubes and a lubrication schedule installed on both ship loaders and facility.
6. Upgrading of all preventive maintenance systems on both the bulk handling and marine departments.

Concentrate circuit

This circuit is currently being rebuilt with all transfer chutes being reconfigured to cater for an increased throughput, all chutes are being lined with a 20mm hdp product to prevent concentrate build up. The mineral sands circuit has been separated from all other products removing the issue of cross-contamination with other products, an added benefit includes the reduction of plant wash downs, previously requiring high water usage.



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OCCUPATIONAL SAFETY AND HEALTH

GPA 2007 - 2008 Safety Record

As at 30 June 2008

Date of last lost time injury: 13/2/2008

Days since last lost time injury: 138

Total lost time injuries: 2

GPA Safety and Health Incidents Reported

Year to Date

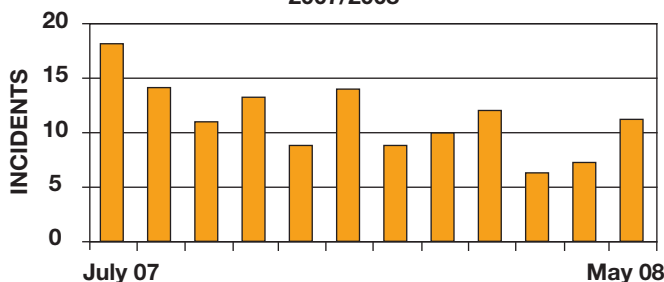
	Total	Lost Time Injuries	Medically Treated Injury	First Aid Injury	Damage	Near Hit	Security
GPA	87	2	1	9	32	40	3
Patrick's	15	2	0	1	8	4	0
Contractors	29	0	2	3	12	12	0
Port Total	131	4	3	13	52	56	3

GPA Statistics

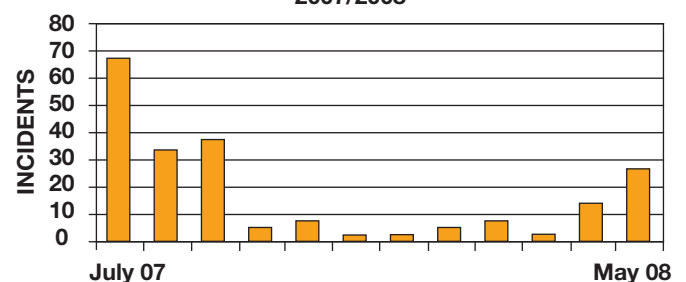
Total Hours Worked		Workers Comp Hours	Frequency Rates	
YTD	Roll	YTD	LTI	MTI
84876	50	1632	23.56	11.78

Comparative Incident Graphs

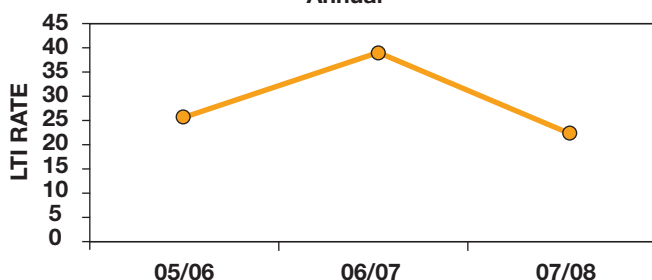
Total Port Safety Incidents
2007/2008



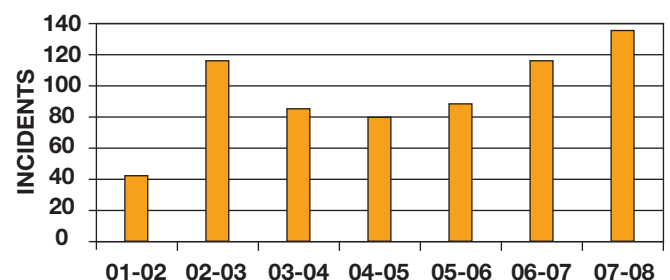
Number of Parted Mooring Lines
2007/2008



GPA Lost Time Injury Rate (LTI's)
Annual



Annual GPA Safety Incidents



OCCUPATIONAL SAFETY AND HEALTH

Health Safety and Environmental (HSE) Committee

The GPA's Health, Safety and Environmental Committee meet every four weeks to raise and discuss issues or initiatives to make the workforce safer and healthier.

The 10 member committee includes an equal number of employer and employee representatives - in accordance with the Occupational Safety and Health Act 1984 - and represents employees from all GPA work areas. The committee is heavily supported by Senior Management with a number of the Executive Team attending each committee meeting.

The committee provides a formal consultative forum to resolve health, safety and environmental issues, and to discuss matters relating to accidents and incidents, personal protective equipment, the physical conditions of our worksites, and relevant elements of the management systems.

The committee has developed its own constitution from which to gain direction and provide an avenue in the decision making process should the need arise.



Safety and Health Management System

The GPA places the highest emphasis on safety and health in the workplace. This is to be achieved by the development and implementation of a safety management system fully compliant to the Australian Standard 4801 – Safety Management Systems.

The GPA's overall goal is certification to the above mentioned standard.

To provide the avenue for certification, the GPA has engaged the services of certification provider NCS International. NCSI have recently (May 2008) provided a “gap analysis” for the port on the journey towards certification. The report has been tabled and has provided the Port with the required direction to gain certification to the standard.

GPA Induction Package

Due to the large numbers of Port users, the induction process required detailed attention to ensure that all stakeholders were made aware of the risks and processes at the Port of Geraldton.

Dragon Fly Media were engaged to assist in the development of an induction DVD to simplify induction delivery and ensure its compliance with the relevant safety legislation and best practice induction processes.

The induction now consists of a 25 minute DVD and a 30 question test paper to ensure the individual has understood the information presented. The individual is also required to provide contact details and sign off on a range of points and is provided with copies of emergency information, GPA policies and a current map of the Port.

The new induction has been running since August 2007 and currently more than 1100 individuals have been either inducted for the first time or re-inducted.

HPM Loading Controls

The GPA has been particularly vigilant during the handling of Heavy Precious Metals (HPM) concentrate. The HSE Group has been tireless in its efforts to ensure the safe handling of the product in accordance with the relevant legislation.

Development and review of a “Concentrate Loading Procedure” and associated inspections, checklists and audits have ensured that these operations are completed in the safest possible way for all personnel. The GPA has worked in consultation with the Department of Environment and Conservation (DEC) throughout this process.

Quarantine Waste Disposal

Through the “risk management and control process”, the HSE department has successfully identified and controlled the hazardous operation associated with burning quarantine waste using the Port's on site incinerator. A temporary consultative committee was developed to investigate alternate disposal methods.

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This effort resulted in a three month trial of a “deep burial quarantine waste disposal method” provided by waste management contractor Veolia Environmental. This method involved the contractor transporting quarantine waste from the Port to one of four deep burial cells available for use, sustainable for at least the next 25 years before other cells are required. The consequent trial result revealed how successful the modified waste disposal process was for the Port of Geraldton. Since the trial period began in August of 2007, one “manual handling” (low risk) incident has been reported associated with the quarantine waste disposal. Commercially, the Geraldton Port is able to provide quarantine waste disposal using this method at a competitive cost.

Personnel Safety

The GPA places the highest emphasis on personnel safety. Throughout the year a number of initiatives were successfully introduced including:

- **Safety Bags**
Each and every GPA staff member has been allocated a Safety Bag which incorporates the minimum PPE requirements of the Port.
- **HSE Awareness Program**
A short, one hour awareness session has been developed and delivered to provide a detailed review of the GPA's health, safety and environmental management system. This has been completed by 80% of staff to date.
- **Risk Management Handbooks**
Developed in accordance with the Occupational Safety and Health Act, the Risk Management Handbooks are a pocket sized 3 in 1 Risk Management Tool involving a Take 5 task assessment checklist, Job Safety and Environmental Assessment (JSEA) and an incident/hazard report form for use in the workplace to effectively identify and control risk to GPA personnel.
- **Health Surveillance**
Non compulsory annual medical checks or health surveillance exams have been successfully introduced for all GPA staff. Confidential records are kept on personnel files and made available to the individual.

Safety and Awareness Day

GPA's inaugural Safety and Awareness day was held on the 25th of October 2007 with the purpose of making all GPA staff aware of the current emergency equipment available for use in the event of a major incident including oil spills, fire and “person overboard” rescues. The day was well supported by all staff and included the testing of the GPA's inflatable life jackets and using the Port's fire fighting appliance.

Studies, Surveys and Risk Assessments

The GPA continues to be proactive in gaining and providing information to provide a safer, continually improving workplace. In the past 12 months a number of survey, studies, risk assessments and workplace inspections have been completed internally and externally to ensure systems and processes are frequently enhanced.

STEMS Online Incident Database

To facilitate GPA's push to system certification, the current manual incident reporting process required upgrading. Investigation into a number of software packages identified STEMS as the most beneficial and cost effective.

STEMS is an online incident database designed to be able to capture, store and report all health, safety and environmental incidents as required. The program is allocated to a number of “users” who are able to upload incidents as reported and ensures actions are directed to the required staff by automatic email. On completion, the actions can be “closed out” by the relevant senior manager notifying the relevant user of its closure effectively closing the “loop” in the incident reporting and investigation process.



ENVIRONMENT

Environmental Management System

The GPA is committed to the management of the environment. The Geraldton Port precinct is a modern industrial zone and every effort is made to minimise and manage any impacts the Port has on the environment.

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

The GPA works closely with Port users, customers and regulating authorities to create a high level of environmental awareness and continual system improvement. The Port operates under an *Environmental Protection Act 1986* license issued by the Department of Environment and Conservation (DEC) and reports annually to the DEC on a range of environmental activities.

Environmental Incidents

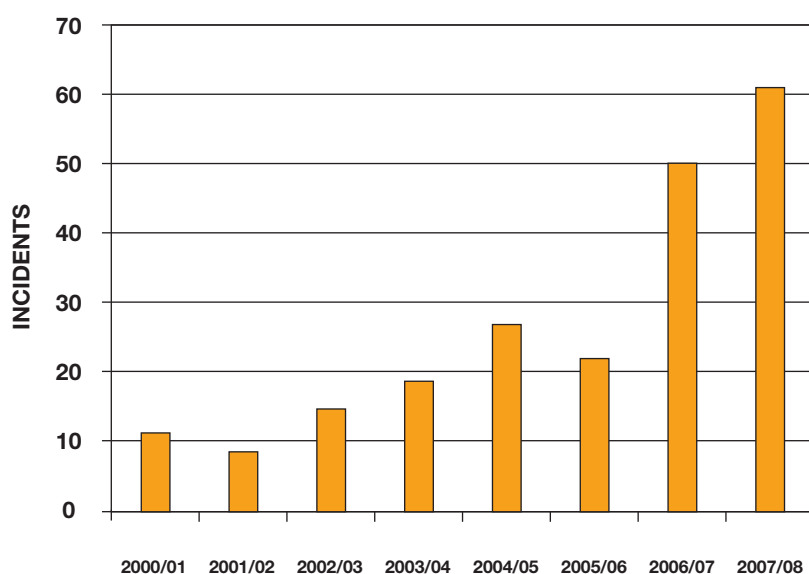
The reporting of environmental incidents by Port users has improved over that past few years. As such we are capturing more and more incidents allowing GPA to better identify significant environmental aspects and develop controls to minimize impacts on the environment.

Incidents Statistics

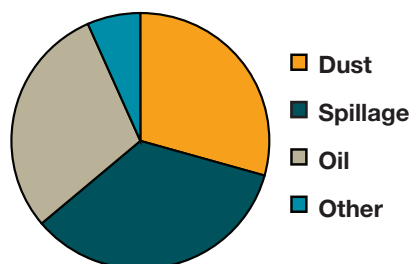
Financial Year to Date

	Total	Dust	Spillage	Oil Spill	Other
GPA	4	3	0	1	0
Facility Operation	28	11	14	3	0
Contractors/Others	29	5	5	15	4
Total	61	19	19	19	4

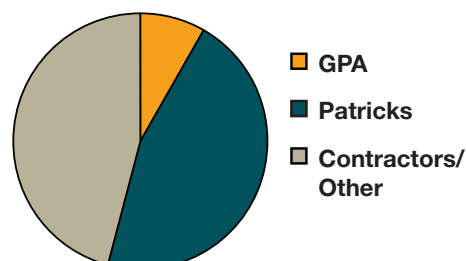
Environmental incidents to Date:
Financial Year



Incident Type



Incident Area





Environmental Activities

A number of significant performance improvements have been achieved in the past year:-

Environment Improvement Plan

GPA operates under an environmental licence issued by the Department of Environment and Conservation (DEC). In August 2007 the DEC audited the Port of Geraldton as part of its state-wide review of all ports.

The DEC audit found no significant offsite impacts from Port operations and that the GPA was not in breach of its licence, but it identified some opportunity for improvements. As a result, the DEC required the GPA to commission an audit by an independent suitably qualified consultant against the following nine key areas and to develop an Environmental Improvement Plan (EIP):

- | | |
|--|---|
| 1. Materials review and risk analysis; | 6. Stormwater management; |
| 2. Storage and receival facilities; | 7. Harbour monitoring – water and sediment; |
| 3. Internal transport infrastructure; | 8. Air monitoring; and |
| 4. Shiploading infrastructure; | 9. Housekeeping. |
| 5. Wastewater management; | |

The EIP recommendations included implementation timeframes for delivery of the identified improvement opportunities. The GPA embraced the review recommendations and immediately engaged a series of specialist consultants including Water Treatment Systems Australia (WTSA), Ecotech, Safety Management Services (SMS), and Oceanica to review Geraldton Port.

Their reports included a series of recommendations which were combined into a single Environmental Improvements Action Plan to enable a concise action list with associated timeframes for clear accountability.

An Interim EIP was submitted to the DEC on the 3 December 2007, with a request for DEC feedback prior to the Final EIP submission. DEC's comments to date have indicated support for the Environmental Improvements Action Plan. The final EIP was submitted February 2008.

It should be noted that some action items identified in the plan relate to third parties (e.g. leaseholders). Whilst the GPA will use its best endeavours to ensure compliance by these third parties, through mechanisms such as lease agreements and port services agreements, some of the action required may be outside the GPA's direct control.

Berth 5 construction

Construction and commissioning of the Berth 5 Shiploading facility was completed this year. Berth 5 features industry standard dust control measures such as dust extractors, in-line sprinkler systems, dust curtains, inline vacuum cleaning reticulation and most significantly covered conveyor systems. The facility has loaded approximately 2 million tonnes of iron ore with no dust related incidents reported.

Cascade Chute installed

Loading fine grained dry products onto ships without generating airborne dust, is a major environmental challenge for ports. The GPA operates to strict environmental regulations and endeavours to minimise and prevent the generation and release of dust from all materials handling operations. In order to achieve this, the GPA has recently purchased and installed a cascade chute for use on the Berth 4 shiploader. The cascade chute is the final delivery stage in the loading of ships and it allows the chosen product to fall through a series of chambers into the ships hold. In so doing the fall speed of the product is slowed and as a result dust generation is eliminated. The use of cascade chutes is considered the most effective technology in balancing the competing interests of ship loading speed and dust mitigation.



ENVIRONMENT

Berth 4 reconfiguration

With the commissioning of Berth 5 as a dedicated iron ore loading facility, Berth 4 has now been reconfigured to better facilitate the out loading of some of the Port's other products.

All concentrates are now loaded via a shortened and more direct conveyor circuit and conveyor transfer points used exclusively for concentrates have been fine tuned for these products. The mineral sands circuit has also been refined with a direct covered conveyor route to the final shiploader conveyor.

New cargoes and new facilities

The GPA's license requires the submission of Works Approval applications to the DEC on behalf of our clients for new cargoes and new significant infrastructure facilities. Works approvals applications submitted in 07/08 include:-

- Mount Gibson Limited iron ore storage facility located west of Berth 5 (Lease 20)
- Iluka HMC Import (Berth 2);
- New concentrates storage facilities (Oz Minerals);
- Gindalbie Magnetite export facilities;
- Gindalbie Hematite export facilities (Lease 52).

Research Project – Seagrass Recovery (In Collaboration with CSIRO)

In 2003 a major dredging project was completed by the GPA. As predicted in the project's Public Environmental Review (PER) the seagrass in Champion Bay would be impacted. The GPA commissioned CSIRO Marine Research to assess post-dredging recovery of seagrass in the Geraldton Region in a collaborative arrangement between the two organisations.

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. The results of the 2005, 2006 and 2007 surveys have all been published. The information will greatly assist future proponents and regulating authorities in understanding the impact and recovery mechanisms of these important marine plants.

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

In addition to the Seagrass Recovery Project, the GPA has joined forces with the Strategic Research Fund for the Marine Environment (SRFME) and Edith Cowan University (ECU) to fund a major seagrass experiment over three years. The experiment, based around imposed shading to seagrass has focused on the seagrass species dominant to Western Australia, *Amphibolis griffithii*. The experiment was conducted in Jurien Bay.

The shading experiment replicated 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 the seagrass response over varying intensities and durations of shading. Once shading treatment was completed 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. The project is in the final stages of reporting.



ANNUAL REPORT 2007/2008



DIRECTORS' REPORT

The Directors present their report on the Geraldton Port Authority for the year ended 30 June 2008.

Directors

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

I King

B Anderson

M Culloton

J Carr

The following person was a Director of Geraldton Port Authority and retired during the financial year:

A Calver

Principal Activities

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

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

Dividends

A nominal dividend of \$1,643,074 is recommended in respect of the 2007/2008 financial year. A nominal dividend of \$6,080,795.50 was paid during the 2007/2008 financial year.

Role of Board

The Role of the Board is to perform the functions, determine the policies and provide the corporate governance of the GPA. This includes the development of strategic business plans and budgets, the monitoring of performance in implementing plans and the reviewing of investment philosophies and strategies. 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 senior managers. In addition, the Board ensures regulatory and ethical standards are met and risks are appropriately managed.

Board Composition

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

DIRECTORS' REPORT

Director Review Committees

In 2007/08 the Geraldton Port Authority amalgamated the two review committees that addressed financial issues and compliance issues into a single committee. The Finance and Compliance Committee is chaired by Director Michael Culloton.

The Committee meets on the afternoon of the day before each monthly Board Meeting and focuses on the following areas:

Review of activities associated with internal audit.

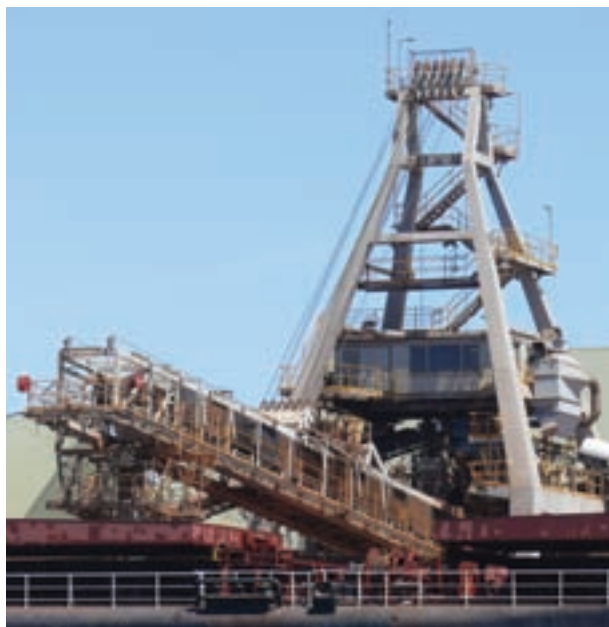
Provision of quality and reliability assurance of financial information utilised by the Board, as well as financial statements issued externally.

Liaison with external auditors.

Oversight of statutory responsibilities relating to financial disclosure including related parties transactions.

Monitoring of legal and regulatory requirements and advice to the Board on appropriate policy development.

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 up to seven years upon retirement from the Board. Directors are also provided with Directors & Officers Liability insurance cover.

Directors' Education

The GPA has a Corporate Governance and Directors Manual to provide a basis for Director induction, training and reference in the areas of the GPA strategic direction (through inclusion of 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 presentations by key personnel. Directors also have access to study and qualifications for company directorship through the Australian Institute of Company Directors (AICD).

Political Activities

The GPA 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 Ethics & Conduct

The GPA Codes of Ethics and Conduct apply to Directors and Employees defining standards of ethical and professional conduct. The Codes were reviewed and updated in 2006/07 with a further review being undertaken in 2008/09. The Codes are designed to assist Directors and Employees of the GPA to fully understand their rights, responsibilities and obligations in their respective roles.

A full set of Human Resource Procedures to support the Codes of Ethics & Conduct have been developed and implemented during 2007/08.

The Codes of Ethics and Conduct, as well as related procedures, are on the GPA's Intranet which can be accessed by all staff. Hard copies are also available from the Human Resources Manager.

ANNUAL REPORT 2007/2008



Equal Employment Opportunity Information

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

	% of Representation in 06/07	% of Representation in 07/08
Women in Management Tiers 2 & 3	0	16.67%
People from Culturally Diverse Backgrounds	0	2.04%
Indigenous Australians	3.1%	2.04%
People with Disabilities	0	2.04%
Youth	6.3%	4.08%

Implementation of the Diversity Plan was undertaken in 2007. This is supported by the Geraldton Port Authority's Diversity and Equal Employment Opportunity Policy and related policies such as the Sexual Harassment & Victimisation Policy. Human Resources procedures associated with recruitment, grievances, assistance and discipline ensure that the GPA policies are supported in operational practice.

Legislation

The activities of the GPA are governed by the *Port Authorities Act* 1999 ("the Act"). 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. This policy is underpinned by the Business Risk Management Procedure which provides a framework for identification, assessment, treatment and control of risks. Authority has been delegated to the senior management team to address identified risks and to be responsible for regular reporting to the Board on progress.

In 2008, the GPA commenced utilisation of the Riskbase web based risk database provided by Riskcover. All Senior Managers and relevant staff are provided with support to utilise the system for identification, assessment, treatment and control of risks.

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 GPA is required to submit an audited annual financial report on its most recently completed financial year to the Minister within 10 working days of receipt of the 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.





DIRECTORS' REPORT

Compliance with Section 61 State Records Act 2000

The GPA's current Record Keeping Plan has been approved by the State Records Commission and is to be reviewed 2011.

GPA has implemented an electronic records system using Synergy Soft. This enables 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 became fully functional in June 2008.

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

The Records Disaster Management Plan requires further review as a result of the full implementation of the electronic records system. This will be resubmitted to the CEO in the latter half of 2008. The plan will then be submitted to the State Records Commission in compliance with the State Records Act 2000.

A general training program has occurred, and the Records Management Officer remains available for individual training as well as providing a help-desk function. New staff members are given individual instruction on the requirements and procedures, as part of their induction.

Compliance with Section 175Ze of the Electoral Act 1907

Class of Expenditure	Organisation	Expenditure 07/08
Advertising Agency	Market Creations	\$5200
Media Advertising	Marketforce Productions	\$5204

Significant Changes in the State of Affairs

There are no significant changes in the state of affairs.

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 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. The Department of Environment monitors compliance with licence conditions covering bulk materials loading and unloading, abrasive blasting, boat building and maintenance in the Port area.

The Port has a number of environmental programs developed to meet Ministerial conditions associated with recent major projects including seagrass, water quality, sediment, shoreline and artificial reef monitoring. Annual reports detailing findings and recommendations on these monitoring programs are submitted to the Department of Environment.

The Authority is required 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, Geraldton Port Authority maintains a high standard of performance in advancing various environmental initiatives.

ANNUAL REPORT 2007/2008



Significant Information on Directors



Chairman Ian King

Occupation

Company Director and Systems Auditor

Appointments

Non-executive Director, Chairman appointed 2002/03

Background/ Qualifications

- Former National Manager oil and gas supply chain logistics
- 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

Non-executive Director, Deputy appointed 1995/96

Background/ Qualifications

- Diploma in Mining Engineering from the Ballarat School of Mines
- Experience in the total operation of underground and surface metalliferous mines and processing plants.
- Mine Managers Certificate of Competency – WA
- Mine Managers Certificate of Competency – NT
- 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

Non-executive Director, appointed 2005/06

Background/ Qualifications

- Member for Geraldton 1974-1991
- Cabinet Minister WA Government 1983-1991
- BA (UWA 1971)
- Chairperson of Commissioners: City of Geraldton-Greenough 2007



Director

Michael Culloton

Occupation

Farmer

Appointments

Non-executive Director, appointed 2005/06

Background/ Qualifications

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

ANNUAL REPORT 2007/2008



Meetings of Directors

The number of meetings of the Authority's Board of Directors during the year ended 30th June 2008 and the number of meetings attended by each director were:

Type of Meeting	Board	Finance	Compliance
Number of meetings held	12	8	8

Numbers of Meetings Attended by:

	Board	Finance	Compliance
I King	11	6	6
B Anderson	11	6	6
M Culloton	12	8	8
J Carr	11	6	6
A Calver	8	5	5

Reappointment of Directors

The Minister for Planning and Infrastructure appoints Directors for a term of 3 years. Angelina Calver's term expired on the 31/03/2008. Ms Calver was not reappointed for a further term.

Remuneration of Directors

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

The nature and amount of the emoluments of each Director are set out below

Name	Short Term Benefits (1) \$	Post Employment (2) \$	Long Term Benefits (3) \$
I King	45,000	4,050	Nil
B Anderson	25,000	2,250	Nil
M Culloton	16,500	1,485	Nil
J Carr	16,500	1,485	Nil
A Calver	12,375	1,114	Nil

1 STB

Cash salary, fees, short term compensated absences
Bonuses
Non monetary benefits

2 Post Emp Benefits

Superannuation

3 LTB

Long Service Leave

DIRECTOR'S REPORT

Insurance of Officers

During the year the Geraldton Port Authority paid a premium of \$29,600.67 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 might be brought against them as Officers of the Authority.

Executives' Emoluments

The Board determines the remuneration and other terms and conditions of the senior executive staff.

Name	Short Term Benefits (1) \$	Post Employment (2) \$	Long Term Benefits (3) \$	Total \$
Peter Klein	184,394	16,595	4,171	205,160
Peter Duplex	149,328	13,440	3,503	166,271
M North	130,833	11,775	3,513	146,121

1 STB

Cash salary, fees, short term
compensated absences
Bonuses
Non monetary benefits

2 Post Emp Benefits

Superannuation

3 LTB

Long Service Leave

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.



ANNUAL REPORT 2007/2008



REVIEW OF OPERATIONS

Review of Operations

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

	2008	2007
Total Trade (Tonnes)	6,708,868	6,437,995
	'\$000'	'\$000'
Revenue from Cargo	26,255	19,415
Revenue from Ships	8,017	11,795
Other Revenue	8,447	6,689
Total Revenue	42,719	37,899
Less Expenditure	36,735	29,604
Operating Profit Before Tax	5,984	8,295
Income Tax on Operating Profit	1,852	(3,866)
Operating Profit After Tax	4,132	12,161

Operating profit before tax was lower than for the previous period mainly due to higher interest and depreciation charges as a result of the completion of the Berth 5 Upgrade Project. The benefits of this upgrade will be evident in the following financial periods.

ORIGIN & DESTINATION OF CARGO

2007-2008

PORTS	Grains	Sands	Oils	Fert	General	Iron Ore	Talc		Livestock	Bunkers	Tonnes
Australia (Other)		13,069	10,608	8,755				32,256		5,339	70,027
Australia (WA)		14,935	146,941	13,470	782						176,128
Belgium								4,044			4,044
China		41,688		3,219	1,213	4,244,681		204,298			4,495,099
Egypt	58,299	15,752									74,051
France		5,560									5,560
India								17,425			17,425
Indonesia	86,112	11,300							10,273		107,685
Israel				4,610							4,610
Italy		43,056									43,056
Japan	134,144	53,910			7,470		29,250	59,597			284,371
Malaysia	54,233	34,463			30,131				75		118,902
Mexico		20,018									20,018
Netherlands		121,220					72,756	6,907			200,883
Philippines		2,200						32,665			34,865
Saudi Arabia		127,052		6,438							133,490
Singapore		15,071	19,900						568		35,538
South Korea	114,557	4,304				188,350		10,464			317,675
Spain		5,570									5,570
Sudan	119,141										119,141
Taiwan		82,195									82,195
Thailand	23,200							38,007			61,207
United Kingdom		11,409									11,409
USA		262,505									262,505
Vietnam	23,413										23,413
Total	613,099	885,277	177,449	36,492	39,596	4,433,031	102,006	405,663	10,916	5,339	6,708,868

LARGEST SINGLE CARGOES

MV Hanjin Tacoma	Iron Ore	66,000 Tonnes	February 2008
MV Carol	Wheat	65,954 Tonnes	June 2006
MV Alba	Canola	57,748 Tonnes	February 2006
MV Fu Le	Lupins	53,051 Tonnes	January 2006
MV Sunny Globe	Barley	39,672 Tonnes	May 2007
MV Ocean Prince	Ilmenite	35,418 Tonnes	September 2006
MV North Princess	Talc	31,856 Tonnes	April 2006
MV Mikom Accord	Petroleum	29,103 Tonnes	March 2001

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COMPARATIVE TRADE STATISTICS

Ending 30 June 2008

	2003/04	2004/05	2005/06	2006/07	2007/08
IMPORTS					
Fert DAP	15,874	21,203	10,038	8,372	7,218
Fert MAP	15,517	15,459	6,183	7,481	1,579
Vigor / NPK	5,156	4,463	2,484	-	-
Phosphate	-	-	-	-	-
New Phosphate (TSP+S)	29,125	14,709	20,648	6,968	4,610
Sulphur	-	-	-	-	-
Urea	61,811	51,354	75,198	5,541	23,126
Potassium Carbo	17,673	33,324	-	-	-
Petroleum Products	186,179	195,789	193,582	172,510	177,449
Mineral Sands	56,653	-	21,000	-	13,502
General	12,463	17,537	24,526	10,633	39,596
	400,451	353,837	353,659	211,504	267,038
EXPORTS					
Wheat	1,733,059	1,707,265	1,558,487	1,064,608	560,457
Oats	-	4,200	1,823	-	-
Barley	219,749	113,707	79,619	92,832	9,602
Lupins	420,583	238,411	318,587	142,013	43,043
Canola	41,320	60,567	65,870	15,225	-
Chickpeas	-	-	-	-	-
Faba Beans	-	-	-	-	-
Concentrates	271,645	227,196	288,065	420,442	405,663
Mineral Sands	764,268	799,824	729,296	907,364	871,775
Talc	102,316	107,218	106,966	97,496	102,006
Manganese	-	-	6,531	-	-
Nickel	-	-	-	-	-
Iron Ore	386,973	1,866,491	1,706,004	3,470,666	4,433,031
Stockfeed	1,525	1,895	1,934	1,750	1,726
Livestock	12,139	13,315	9,237	10,291	9,189
General	3,980	8,603	4,530	908	-
	3,957,557	5,148,692	4,876,948	6,223,495	6,436,492
Bunkers - Oil	5,278	1,712	5,467	2,996	5,338
Total Trade	4,363,286	5,504,241	5,236,073	6,437,995	6,708,868
SHIPPING					
Gross Reg Tonnage	4,677,617	5,391,926	5,272,668	6,902,762	5,688,280
Deadweight Tonnage	7,672,609	8,868,915	8,817,735	11,388,712	9,595,827
No of Vessels	284	306	384	305	301
Average DWT	27,016	28,983	22,963	37,340	31,880

RECORD INFORMATION

2007/2008

LARGEST VESSEL

MV Christina
77,053DWT
April 2008

HISTORY

LARGEST VESSEL

MV Tai Promotion
77,834DWT
November 2006

LARGEST TOTAL CARGO

MV Carol
65,954 Tonnes Wheat
June 2006

KEY PERFORMANCE INDICATORS

As at 30 June 2008

	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03	2001/02
Liquidity Ratio							
Current Ratio	1.49	2.02	2.22	2.20	1.20	1.24	1.12
Cash Management Ratio							
Free Cash Ratio	39.89%	65.24%	53.06%	53.27%	55.16%	47.65%	81.57%
Debt Management Ratio							
Debt to Equity	5.64	4.37	6.17	6.81	4.92	4.33	0.46
Interest Cover	1.74	1.24	1.30	1.28	1.22	1.01	0.97
Profitability Ratios							
Return on Assets	9.42%	5.79%	5.88%	6.40%	3.75%	0.71%	2.07%
Return on Shareholders Equity	15.83%	39.30%	7.51%	6.73%	4.78%	0.05%	-0.12%
Economic Rate of Return	9.42%	10.26%	6.49%	7.79%	5.74%	0.32%	2.80%
Port Efficiency Ratios							
REPUT (\$/Tonne) - nominal	\$3.89	\$3.81	\$2.63	\$2.58	\$2.10	\$1.07	\$1.02
REPUT (\$/Tonne) - real	\$2.75	\$2.81	\$1.98	\$2.00	\$1.68	\$0.88	\$0.87
REPS (\$/Ship) - nominal	\$26,731	\$22,006	\$23,317	\$20,021	\$17,962	\$15,860	\$17,759
REPS (\$/Ship) - real	\$18,894	\$16,255	\$17,584	\$15,552	\$14,371	\$13,070	\$15,073
PACPUT (\$/Tonne) - nominal	\$3.43	\$3.58	\$3.80	\$2.94	\$2.95	\$4.04	\$3.78
PACPUT (\$/Tonne) - real	\$2.43	\$2.64	\$2.86	\$2.29	\$2.36	\$3.33	\$3.21
CUB (tonnes per berth)	1,118,145	1,072,999	869,913	917,374	872,657	499,137	526,562
SUB (berth utilisation)	35.50%	27.94%	34.25%	29.03%	27.11%	23.36%	17.95%
ASTT (hours)	62.16	48.28	47.01	41.66	41.92	43.84	37.90
APP (tonne/ship-hour)	358.57	437.22	289.15	431.73	366.48	243.27	333.99
Total Throughput	6,708,868	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

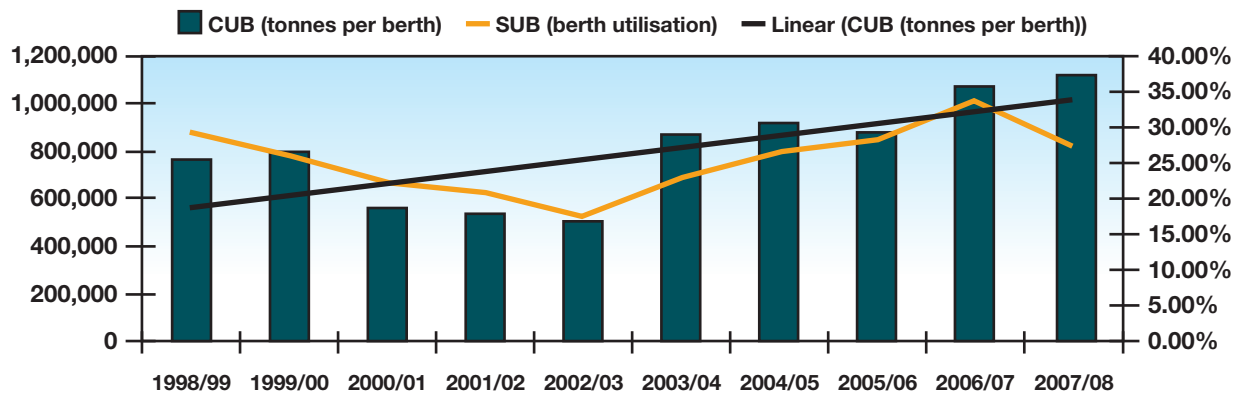
APP - Average Port Productiveness



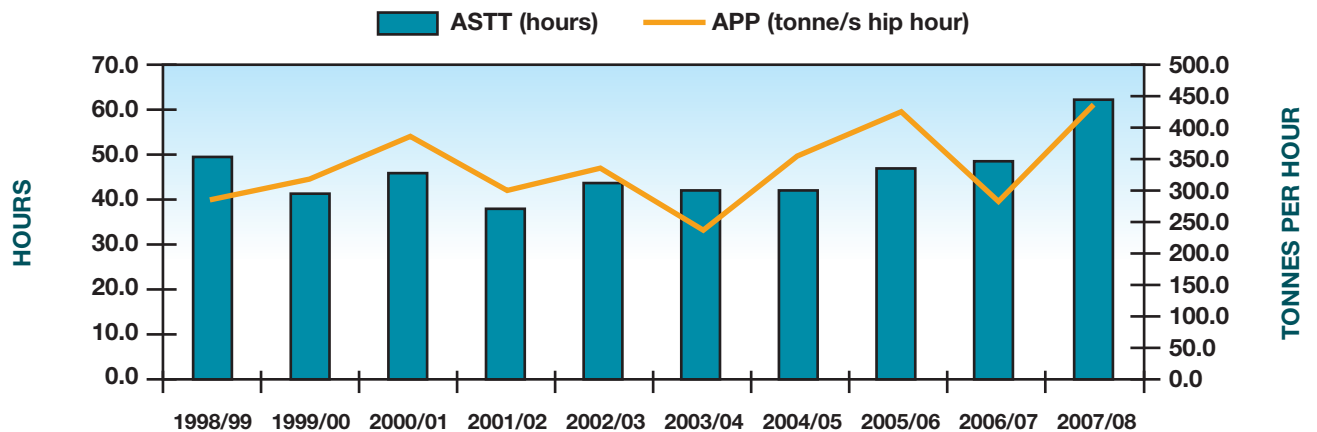
KEY PERFORMANCE INDICATORS

As at 30 June 2008

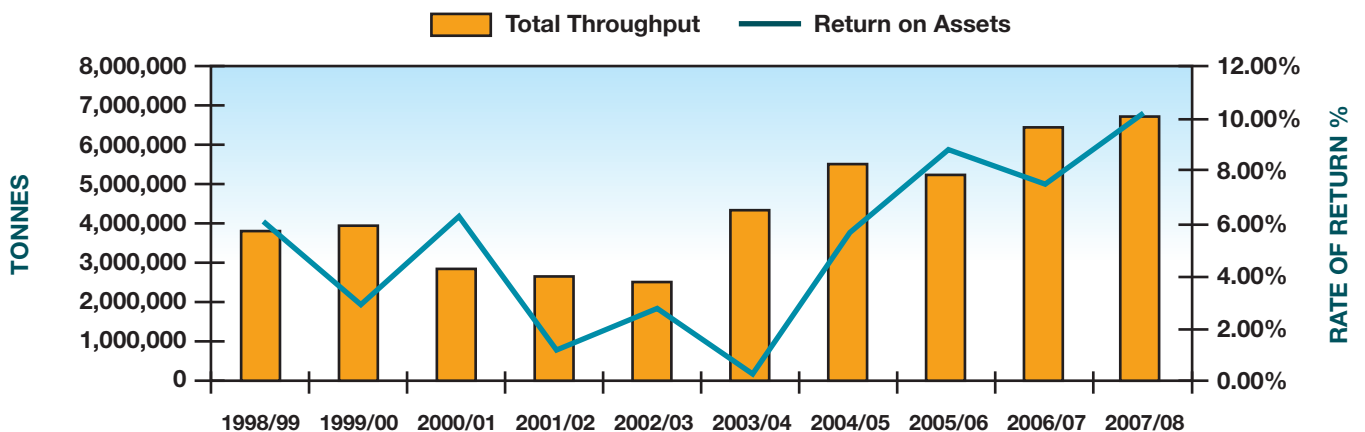
Tonne Per Berth vs Utilisation



Turnaround Time and Loading Rate per Hour



Throughput and Profitability





FINANCIAL STATEMENTS

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INCOME STATEMENT

for the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Revenue	2.1	42,719	39,145
Operational expenses		(20,242)	(16,058)
Commercial management		(4,272)	(5,001)
Port utilities		(1,933)	(1,815)
Finance costs	3	(10,179)	(7,691)
Other expenses		(109)	(732)
Profit before income tax		5,984	7,848
Income tax benefit/(expense)	4	(1,852)	4,000
Profit for the period		4,132	11,848

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

BALANCE SHEET

as at 30 June 2008

	Notes	2008 \$'000	2007 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.1	14,408	24,268
Trade and other receivables	6.2	6,101	3,906
Total current assets		20,509	28,174
Non-current assets			
Property, plant and equipment	7.1	176,462	146,780
Deferred tax assets	4	1,362	1,518
Total non-current assets		177,824	148,298
Total assets		198,333	176,472
LIABILITIES			
Current liabilities			
Trade and other payables	8.1	7,781	8,517
Interest bearing borrowings	8.2	5,359	4,656
Income tax payable	4	181	(368)
Provisions	11.1	1,096	1,145
Total current liabilities		14,417	13,950
Non-current liabilities			
Interest bearing borrowings	8.2	153,823	130,519
Provisions	11.2	1,735	1,611
Other	12	142	228
Total non-current liabilities		155,700	132,358
Total liabilities		170,117	146,308
Net assets		28,216	30,164
EQUITY			
Contributed equity	13	2,641	2,641
Retained earnings	13	25,575	27,523
Total equity	13	28,216	30,164

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

ANNUAL REPORT 2007/2008



STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Balance of equity at start of period		30,164	19,049
Profit for the period		4,132	11,848
Dividends paid	5	(6,080)	(733)
Balance of equity at end of period	13	28,216	30,164

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 2008

	Note	2008 \$'000	2007 \$'000
Cash flows from operating activities			
Receipts from customers		39,453	37,360
Payments to suppliers and employees		(22,784)	(14,220)
Interest received		1,412	1,246
Interest paid		(10,179)	(7,691)
Income tax paid		(1,147)	(2,707)
Net cash inflow from operating activities	14	6,755	13,988
Cash flows from investing activities			
Purchase of property, plant and equipment		(34,544)	(20,677)
Proceeds from sale of property, plant and equipment		2	3
Net cash outflow from investing activities		(34,542)	(20,674)
Cash flows from financing activities			
Repayment of borrowings		-	(6,019)
Proceeds from borrowings		24,007	20,783
Dividends paid	5	(6,080)	(733)
Net cash inflow from financing activities		17,927	14,031
Net increase in cash and cash equivalents		(9,860)	7,345
Cash and cash equivalents at 1 July		24,268	16,923
Cash and cash equivalents at 30 June	6.1	14,408	24,268

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



Notes to and forming part of the Financial Statements for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 25 September 2008 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 2008.

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 the Authority in these financial statements:

- AASB 101 Presentation of Financial Statements introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Authority's 30 June 2010 financial statements. The Authority does not expect any financial impact when the standard is first applied.
- AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Authority's 30 June 2010 financial statements. The Authority already capitalises borrowing costs directly attributable to qualifying assets, therefore there will be no impact on the financial statements when the standard is first applied.

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:

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.



Notes to and forming part of the Financial Statements for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 and are recognised as the legal entitlement arises.

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 straight line basis for over the period of the lease.

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

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.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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 recognized 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 2008

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	10-40
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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1.10).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Income Statement.

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.



Notes to and forming part of the Financial Statements for the year ended 30 June 2008

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 basis 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 Financial instruments

In addition to cash, the Authority has three categories of financial instruments:

- Loans and receivables;
- Held to maturity investments; and
- Financial liabilities measured at amortised cost.

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

1.13 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.

1.14 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.

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.

1.15 Employee benefits

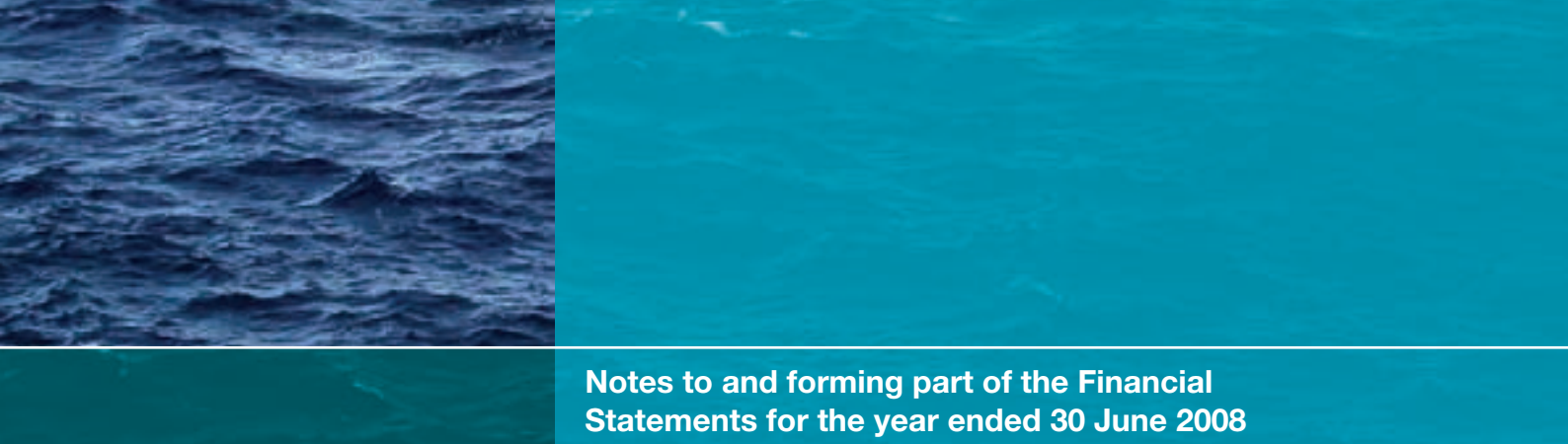
Annual leave benefits represent present obligations resulting from employees' services provided to reporting date and are provided at nominal amounts calculated on the basis of remuneration rates expected to be paid when the liability is settled.

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 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.16 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 2008.

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 Authority'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.

1.17 Dividends

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

1.18 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.



Notes to and forming part of the Financial Statements for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.19 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.

1.20 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.

1.21 Contributed equity

The Authority receives support from the WA Government (See Note 13). The amount received is recognised directly as a credit to contributed equity.

1.22 Foreign currency transaction

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.

1.23 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 re-measurement to fair value is recognised immediately in profit or loss.

1.24 Changes in accounting policy

Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standard effective for annual reporting periods beginning on or after 1 July 2007:

- AASB 7 Financial Instruments: Disclosures (including consequential amendments in AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Authority's exposure to risks, including enhanced disclosure regarding components of the Authority's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

2. REVENUE

2.1 Revenue

Revenue consists of the following items:

	2008 \$'000	2007 \$'000
Revenue		
Charges on Cargo	15,352	12,923
Charges on Ships	8,017	6,712
Port Enhancement Charge	10,903	11,575
Rentals and Leases	2,080	2,741
Interest Received	1,412	1,246
Fishing Industry Facilities	1,681	1,249
Power and Water	1,467	1,548
Plant Hire	32	11
Land Tax Revenue	191	154
Miscellaneous Revenue	1,584	986
Total Revenue	42,719	39,145

Included in the Miscellaneous revenue is customer contributions amounting to \$1.2 million (2007: \$Nil) for the purpose of modifying a service delivery network in the 2008 financial year.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2008

3. PROFIT BEFORE INCOME TAX

	2008 \$'000	2007 \$'000
Expenses		
Profit before income tax includes the following specific expenses:		
Finance costs		
Borrowings	10,179	7,691
Total finance costs	10,179	7,691
Depreciation and amortisation		
Buildings	29	25
Breakwaters	115	115
Dredging	2,191	2,191
Berths, Jetties and Infrastructure	1,398	935
Plant and Equipment	1,018	815
Total depreciation and amortisation	4,751	4,081
Provisions		
Employee benefits	302	322
Retirement benefit obligations	(227)	328
	75	650
Loss on disposal of property, plant and equipment	109	128
Employee benefits expense	5,121	4,848

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

4. INCOME TAX EXPENSE

Major components of income tax expense for the year are:

	2008 \$'000	2007 \$'000
Income tax expense		
Current income tax:		
Current income tax charge	1,759	2,265
Adjustments in respect of current income tax of previous years	(63)	(6,186)
Deferred income tax:		
Relating to origination and reversal of temporary differences	156	(79)
Income tax expense reported in the income statement	<u>1,852</u>	<u>(4,000)</u>
<p>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.</p> <p>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:</p>		
	<u>5,984</u>	<u>7,848</u>
Accounting profit before income tax		
Tax at statutory income tax rate of 30%	1,795	2,354
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non deductible entertainment expenses	7	(169)
Non assessable forex gains	6	-
Transfer forward contract movement to permanent differences	106	-
Unadjusted difference	1	-
Under/over provision prior year	<u>(63)</u>	<u>(6,185)</u>
	<u>1,852</u>	<u>(4,000)</u>

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Notes to and forming part of the Financial Statements for the year ended 30 June 2008

4. INCOME TAX EXPENSE (Continued)

	2008 \$'000	2007 \$'000
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provision for doubtful debts	11	11
Accrued charges	10	117
Borrowing costs	1	7
Employee benefits	849	827
Income received in advance	116	141
Business related costs	20	81
	<u>1,007</u>	<u>1,184</u>
Movements:		
Opening balance	1,184	859
Credited/(charged) to the Income Statement	(177)	79
Movement attributable to prior year adjustments	-	246
	<u>1,007</u>	<u>1,184</u>
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Depreciation	6	-
Berth costs	(369)	(334)
FBT	8	-
	<u>(355)</u>	<u>(334)</u>
Movements:		
Opening balance	(334)	3,860
Charged/(credited) to the Income Statement	(21)	(134)
Movement attributable to prior year adjustments	-	(4,060)
	<u>(355)</u>	<u>(334)</u>

The deferred tax liability above has been offset against deferred tax assets in the Balance Sheet.

Current Tax Asset/Liabilities

The current tax liability of \$0.181 million (2007: asset of \$0.368 million) represents the amount of income taxes payable in respect of current and prior financial periods.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

5. DIVIDENDS

	2008 \$'000	2007 \$'000
Dividend paid in the financial year	6,080	733

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 2008 have not been provided as they are expected to be declared by the Government after balance date.

A dividend of \$6.08 million (2007: \$0.733 million) in respect of the financial results for the year ended 30 June 2007 was paid by 30 June 2008.

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.

	2008 \$'000	2007 \$'000
Cash at Bank and Cash on Hand	2,184	13,065
Term Deposits	12,224	11,203
Cash and cash equivalents in the cash flow statement	<u>14,408</u>	<u>24,268</u>

Significant Terms and Conditions

Interest on Cash at Bank was at prevailing bank rates. The weighted average interest rate at 30 June 2008 was 7.00% (2007: 5.68%).

Interest on Term Deposits was at prevailing rates. The weighted average interest rate at 30 June 2008 was 7.50% (2007: 6.28%).

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

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 2008

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.

	2008 \$'000	2007 \$'000
Trade Debtors		3,917
Less: Provision for Impairment of Receivables		(37)
	6,018	3,880
Prepayments	83	26
Balance as at 30 June	6,101	3,906

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.

Risk Exposures

Information about the Authority's exposure to financial risks including credit risk and liquidity risk is provided in note 9.

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. Trade debtors past due not considered to be impaired totalled \$722 as at the end of June 2008, (2007: \$255).

Other Debtors

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

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 2008

7. NON-CURRENT ASSETS

7.1 Property, Plant and Equipment

	2008 \$'000	2007 \$'000
Freehold Land		
At Cost	1,109	1,109
	<u>1,109</u>	<u>1,109</u>
Buildings		
At Cost	1,172	1,143
Less: Accumulated Depreciation	(402)	(402)
	<u>770</u>	<u>741</u>
Breakwaters		
At Cost	9,052	9,233
Less: Accumulated Depreciation	(5,525)	(5,511)
	<u>3,527</u>	<u>3,722</u>
Dredging		
At Cost	89,158	87,658
Less: Accumulated Depreciation	(7,426)	(5,235)
	<u>81,732</u>	<u>82,423</u>
Berths, Jetties and Infrastructure		
At Cost	94,971	46,101
Less: Accumulated Depreciation	(26,299)	(24,901)
Less: Impairment Charge	-	-
	<u>68,672</u>	<u>21,200</u>
Plant and Equipment		
At Cost	31,159	26,181
Less: Accumulated Depreciation	(12,810)	(11,974)
Less: Impairment Charge	-	-
	<u>18,349</u>	<u>14,207</u>
Total Property, Plant and Equipment at net book value	174,159	123,402
Add: Work in Progress (at cost)	2,303	23,378
Total Property, Plant and Equipment	<u>176,462</u>	<u>146,780</u>

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Notes to and forming part of the Financial Statements for the year ended 30 June 2008

7. NON-CURRENT ASSETS (Continued)

7.1 Property, Plant and Equipment (Continued)

Reconciliations of carrying amounts

	2008 \$'000	2007 \$'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	741	663
Additions	68	7
Transfers	-	96
Disposals	(10)	-
Depreciation for the year	(29)	(25)
Carrying amount at 30 June	770	741
Breakwaters:		
Carrying amount at 1 July	3,722	3,837
Disposals	(80)	-
Depreciation for the year	(115)	(115)
Carrying amount at 30 June	3,527	3,722
Dredging:		
Carrying amount at 1 July	82,423	84,614
Additions	1,500	-
Depreciation for the year	(2,191)	(2,191)
Carrying amount at 30 June	81,732	82,423
Berths, Jetties and Infrastructure:		
Carrying amount at 1 July	21,200	20,349
Additions	27,831	-
Transfers	21,039	1,915
Disposals	-	(129)
Depreciation for the year	(1,397)	(935)
Impairment loss	-	-
Carrying amount at 30 June	68,673	21,200

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

7. NON-CURRENT ASSETS (Continued)

7.1 Property, Plant and Equipment (Continued)

Reconciliations of carrying amounts (Continued)

	2008 \$'000	2007 \$'000
Plant and Equipment:		
Carrying amount at 1 July	14,207	14,078
Additions	792	556
Disposals	(322)	(3)
Transfers	4,690	391
Depreciation for the year	(1,018)	(815)
Impairment loss	-	-
Carrying amount at 30 June	18,349	14,207
Work in Progress:		
Carrying amount at 1 July	23,378	5,667
Additions	4,655	20,101
Transfers	(25,730)	(2,390)
Carrying amount at 30 June	2,303	23,378
Total Property, Plant and Equipment	176,462	146,780

The Authority commenced construction of the upgrade to Berth No 5 in the 2007 financial year. This upgrade was completed during the last quarter of the 2008 financial year and transferred to Berths, Jetties & Infrastructure.

Impairment of property, plant and equipment

As at reporting date, property, plant and equipment are considered recoverable.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2008

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.

	2008 \$'000	2007 \$'000
Trade Payables	4,895	1,567
Accrued Expenses	30	5,276
Retention Moneys	377	61
GST Payable	315	(213)
Accrued Interest	1,921	1,538
Accrued Salaries	-	77
Income in Advance	243	211
	<u>7,781</u>	<u>8,517</u>

Accrued Expenses are comprised of charges for goods and services received but not invoiced as at 30 June 2008. Income in Advance represents rents and lease payments billed prior to 30 June 2008 but relates to the period beginning 1 July 2008.

Significant Terms and Conditions

Trade creditors payable are usually settled within 30 days.

Fair Value

The directors consider the carrying amounts of Trade Creditors and Accrued Expenses represent their fair value.

8.2 Interest Bearing Borrowings

	2008 \$'000	2007 \$'000
Current		
WA Treasury Corporation Direct Borrowings	5,359	4,656
	<u>5,359</u>	<u>4,656</u>
Non-Current		
WA Treasury Corporation Direct Borrowings	153,823	130,519
	<u>153,823</u>	<u>130,519</u>

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. The weighted average interest rate on the non-current portions of the loans is 6.5% (2007: 6.08%).

All interest-bearing borrowings are unsecured.

The weighted average interest rate on the current portions of the loans is 7.8% (2007: 5.69%). 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 2008

9. FINANCIAL RISK MANAGEMENT

The Authority's principal activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Port's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse affects on the performance of the Authority.

The Authority uses different methods to measure different types of risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by the executive management under policies approved by the Board of Directors. The executive management identifies, evaluates and manages financial risks in close co-operation with the Ports operating units. The Board provides written policies for the Authority's administration of risk management.

9.1 Market risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions denominated in a currency that is not the Port's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Authority manages its foreign currency risk through the use of forward exchange contracts. As at balance sheet date the Authority has no financial instruments subject to foreign exchange exposure or investments securities that may be subject to price risk.

Cash flow and fair value interest rate risk

The Authority's exposure to market risk for changes in interest rates relates primarily to its long-term borrowings. 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. Borrowings issued at variable rates expose the Authority to cash flow interest rate risk and borrowings issued at fixed rates expose the Authority to fair value interest rate risk. The risk is managed in conjunction with WATC through portfolio diversification and variation in maturity dates.

	2008 \$'000	2007 \$'000
Financial assets		
Cash	14,408	24,268
Debtors	6,055	3,917
Doubtful debts	(37)	(37)
	<u>20,426</u>	<u>28,148</u>
Financial liabilities		
Trade payables	4,895	1,567
Accrued expenses	30	5,276
Accrued interest	1,921	1,538
Other payables	692	(75)
Current interest bearing liabilities	5,359	4,656
Non-current interest bearing liabilities	153,823	130,519
	<u>166,720</u>	<u>143,481</u>

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Notes to and forming part of the Financial Statements for the year ended 30 June 2008

9. FINANCIAL RISK MANAGEMENT (Continued)

9.2 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to Port customers for outstanding receivables and committed transactions. For banks and institutions only independently rated parties with a minimum rating of 'AA' are accepted. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors and individual risk limits are set based on internal or external ratings.

Maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised below. For some trade receivables, the Authority may also obtain security in the form of guarantees which can be called upon if the counterparty is in default under the terms of the agreement.

Credit Risk Disclosures

Year End 2007/08

Credit quality of financial assets that are neither past due nor impaired

The credit quality of financial assets that are neither past due nor impaired can be assessed by credit ratings (if available) or historical information about counterparty default rates:

	2008 \$'000	2007 \$'000
Trade Receivables		
Counterparties with external credit rating		
Counterparties without external credit rating		
Group 1	-	-
Group 2	5,296	3,851
Group 3	722	29
Total trade receivables		
Cash at Bank and short term deposits		
AA (Std & Poor)	14,408	24,268
Group 1 New customers		
Group 2 Existing customers (over 6 months) with no default		
Group 3 Existing customers (over 6 months) with some defaults. All defaults recovered		

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

9. FINANCIAL RISK MANAGEMENT (Continued)

9.2 Credit risk (Continued)

	Quantitative Risk Disclosures			
	Year End 2007/2008			
	Carrying Amount \$'000	Fully Performing \$'000	Past Due \$'000	Impaired \$'000
Cash & Cash Equivalents	14,408	14,408	-	-
Trade Debtors	6,018	5,295	722	1
Payables	4,895	4,749	104	42
Borrowings	159,182	159,182	-	-
Year End 2006/2007				
Cash & Cash Equivalents	24,268	24,268	-	-
Trade Debtors	3,880	3,624	255	1
Payables	1,567	1,451	26	90
Borrowings	135,175	135,175	-	-

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Notes to and forming part of the Financial Statements for the year ended 30 June 2008

9. FINANCIAL RISK MANAGEMENT (Continued)

9.3 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. The Port manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

Financing arrangements

The Authority does not have access to undrawn borrowing facilities at the reporting date.

Maturities of financial liabilities

The tables below analyse the Ports financial liabilities into relevant groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Set out below are the relevant maturity groupings at the reporting date for the carrying amounts of the Authority's financial instruments.

2008		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	2,184	12,224	-	-	-	14,408
Receivables	6.2	-	-	-	-	6,101	6,101
Weighted average interest rate		7.0%	7.5%	-	-	-	-
Financial Liabilities							
Payables	8.1	-	-	-	-	(4,895)	(4,895)
Loan - WATC	8.2	-	(5,359)	(24,675)	(129,148)	-	(159,182)
Weighted average interest rate		-	7.8%	6.8%	6.5%	-	-
Net financial assets (liabilities)		2,184	6,865	(24,675)	(129,148)	1,206	(143,568)

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%	-	-	-	-
Financial Liabilities							
Payables	8.1	-	-	-	-	(1,567)	(1,567)
Loan - WATC	8.2	-	(4,656)	(18,927)	(111,592)	-	(135,175)
Weighted average interest rate		-	5.69%	5.82%	6.08%	-	-
Net financial assets (liabilities)		13,062	6,547	(18,927)	(111,592)	2,342	(108,568)

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

9. FINANCIAL RISK MANAGEMENT (Continued)

9.3 Liquidity risk (Continued)

Forecast Liquidity Reserve as at 30 June 2008		
	2008-2012 \$'000	2007 \$'000
Opening Balance	24,268	16,923
Operating Revenue	395,314	38,606
Operating Expenditure	(445,621)	(45,295)
Proceeds from sale of assets	-	3
Borrowings	104,450	20,783
Loan Repayments & Dividends	(47,945)	(6,752)
Closing Balance	30,466	24,268

Management monitors rolling forecasts of the Authority's liquidity reserves on the basis of expected cash flows

Liquidity Analysis

The following table analyses the Authority's financial liabilities into relevant groups based on the remaining period at the balance sheet to the contractual maturity date. Disclosed amounts are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as impact of discounting is not significant.

	Less than 1 year	Between 1 & 2 Years	Between 2 & 5 Years	Over 5 Years
30 June 2008	5,359	5,662	19,012	129,149
Borrowings	5,359	5,662	19,012	129,149
Fixed interest rate to maturity				
Trade & Other Payables	4,895	-	-	-
30 June 2007				
Borrowings	4,656	5,145	24,072	101,302
Trade & Other Payables	1,567	-	-	-

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Notes to and forming part of the Financial Statements for the year ended 30 June 2008

9. FINANCIAL RISK MANAGEMENT (Continued)

9.3 Liquidity risk (Continued)

Sensitivity Analysis Disclosures

The following table summarises the sensitivity of the Authority's financial assets and liabilities to interest rate and credit rate risk

	2007/08					2006/07				
	Carrying Amount	-1% Change		+1% Change		Carrying Amount	-1% Change		+1% Change	
	(\$000)	Profit (\$000)	Equity (\$000)	Profit (\$000)	Equity (\$000)	(\$000)	Profit (\$000)	Equity (\$000)	Profit (\$000)	Equity (\$000)
Financial assets										
Cash & Cash Equivalents	14,408	(144)	(50)	144	50	24,268	(242)	(84)	242	84
Receivables	6,018	(60)	(21)	60	21	3,880	(38)	(13)	38	13
Financial liabilities										
Payables	4,895	49	17	(49)	(17)	1,567	15	5	(15)	(5)
Borrowings	159,182	372	130	(372)	(130)	135,175	377	131	(377)	(131)

Sensitivity assumptions

Sensitivity analysis on borrowings applied only to balance of borrowings that are to be reset or refinanced in 2008/09 financial year

9.4 Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes.

The fair value of financial instruments that are not traded in an active market are based on market conditions existing at each balance date, using a variety of methods and assumptions such as quoted market rates and prices.

The carrying value less impairment provision of trade receivables and trade payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Port for similar financial instruments.

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

10. COMMITMENTS

10.1 Capital Works

Capital Commitments

	2008 \$'000	2007 \$'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
Amounts due later than one year and not later than five years	-	-
	<u>-</u>	<u>27,700</u>

As at 30 June 2007, the WA State Government had given approval for loan funding of \$47.25 million for the berth five iron ore expansion project and associated works. This project was completed and capitalised during the second half of this financial year. No further commitments have for the acquisition of plant and equipment have been entered into at this time.

10.2 Lease Commitments

Operating Leases Payable

	2008 \$'000	2007 \$'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	296	235
Later than one year but not later than five years	369	238
	<u>665</u>	<u>473</u>

Operating leases payable are in respect of motor vehicles.

11. PROVISIONS

11.1 Current

	2008 \$'000	2007 \$'000
Liability for accumulated days off	18	24
Liability for sick leave	396	327
Liability for annual leave	492	366
Liability for long service leave	124	347
Liability for superannuation	66	81
	<u>1,096</u>	<u>1,145</u>

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Notes to and forming part of the Financial Statements for the year ended 30 June 2008

11. PROVISIONS (Continued)

11.2 Non-Current

	2008 \$'000	2007 \$'000
Liability for superannuation	1,329	1,541
Liability for long service leave	406	70
	<u>1,735</u>	<u>1,611</u>

11.3 Aggregate Employee Benefits

	2008 \$'000	2007 \$'000
Current Liability	1,096	1,145
Non-Current Liability	1,735	1,611
	<u>2,831</u>	<u>2,756</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.

11.4 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.

	2008 \$'000	2007 \$'000
Amounts recognised in the balance sheet:		
Present value of unfunded obligations	1,395	1,622
Fair value of plan assets	-	-
	<u>1,395</u>	<u>1,622</u>

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

Opening balance	1,622	1,293
Current service cost and interest cost	117	139
Actuarial losses (gains) on liabilities	(281)	266
Benefits paid (including expenses and taxes)	(63)	(76)
	<u>1,395</u>	<u>1,622</u>

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

11. PROVISIONS (Continued)

11.4 Retirement benefit obligations (Continued)

Surplus/deficit

	2008 \$'000	2007 \$'000
Amounts recognised in the income statement:		
Current service cost	21	65
Interest cost	96	73
Actuarial losses (gains) recognised	(281)	266
	<u>(164)</u>	<u>404</u>
Historic summary		
Defined benefit plan obligation	1,395	1,622
Plan assets		-
	<u>1,395</u>	<u>1,622</u>
Experience adjustments arising on plan liabilities	(161)	284
Experience adjustments arising on plan assets	-	-
Principal actuarial assumptions		
Discount rate	6.64%	6.06%
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 1.16.

12. NON CURRENT LIABILITIES - OTHER

	2008 \$'000	2007 \$'000
Income received in advance	142	228
	<u>142</u>	<u>228</u>

Income received in advance represents rents and lease payments billed prior to 30 June 2008 but relates to the period beginning 1 July 2008.

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Notes to and forming part of the Financial Statements for the year ended 30 June 2008

13. EQUITY

	Contributed equity \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2006	2,641	16,408	19,049
Equity contribution in the year	-	-	1
Total recognised income and expense	-	11,848	11,848
Dividends paid	-	(733)	(733)
Balance at 30 June 2007	2,641	27,523	30,164
Equity contribution in the year	-	-	-
Total recognised income and expense	-	4,132	4,132
Dividends paid	-	(6,080)	(6,080)
Balance at 30 June 2008	2,641	25,575	28,216

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.

The Authority has entered into discussions with the Government to have capital injections from 2009.

14. NOTES TO CASH FLOW STATEMENT

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

	2008 \$'000	2007 \$'000
Net Profit	5,984	11,714
Depreciation	4,751	4,082
Net loss on sale of property, plant and equipment	109	128
Other non cash items	-	-
Changes in assets and liabilities:		
Receivables	(1,676)	(714)
Other current assets	(57)	(26)
Income tax benefit	(157)	(580)
Payables	342	5,505
Provision for income tax	(969)	(2,265)
Other current liabilities	(1,625)	(781)
Employee benefits	74	651
Deferred tax liability	(21)	(3,726)
NET CASH INFLOW FROM OPERATING ACTIVITIES	6,755	13,988

Notes to and forming part of the Financial Statements for the year ended 30 June 2008

15. REMUNERATION OF OFFICERS

15.1 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:

	2008	2007
\$0 - \$9,999	-	-
\$10,000 - \$19,999	3	4
\$20,000 - \$29,999	1	1
\$40,000 - \$49,999	1	-

	2008 \$'000	2007 \$'000
The total of all fees and other benefits received or due and receivable for the year, by Directors of the Authority	116	72

Directors' remuneration excludes a proportion of insurance premiums of \$27,133 (2007: \$20,357) 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.

15.2 Remuneration of Executives

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

	2008	2007
\$50,000 - \$59,999	-	2
\$110,000 - \$119,999	4	-
\$120,000 - \$129,999	1	-
\$130,000 - \$139,999	-	1
\$140,000 - \$149,999	1	1
\$160,000 - \$169,999	1	-
\$150,000 - \$189,999	-	3
\$200,000 - \$209,999	1	-

	2008 \$'000	2007 \$'000
The aggregate income of the executives referred to above:	1,099	892

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 2008

16. REMUNERATION OF AUDITORS

	2008 \$'000	2007 \$'000
Remuneration for audit of the financial statements	47	33

17. 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 2008 was \$5.68 million (2007: \$2.28 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.

18. CONTINGENT LIABILITIES

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.

The Authority has received additional claims from contractors for capital works projects completed on behalf of the Port during the 2007/2008 financial year. The Authority considers that adequate justification has not been provided, and is disputing the claim for works amounting to \$2 million. The Authority is endeavouring to settle this claim by negotiation however the amount of the obligation currently cannot be measured with sufficient reliability and therefore has been disclosed as a contingent liability.


19. PRIOR PERIOD ERROR

A prior period error interpreting accounting policy during the periods 2005/06 to 2006/07 resulted in items expense in nature being capitalized. In accordance with Accounting Standard AASB 108 transactions totalling \$1.114 million have been restated in the comparative amounts in the accounting periods during which the error occurred.

Capital Work in Progress of \$0.667 million for 2005/06 and \$0.447 million for 2006/07 has been transferred to commercial management expense, reducing the value of non current assets from \$149,078 to \$147,964. After tax profit has also been restated to \$0.998 million for 2005/06 and \$11.848 million for 2006/07. The comparative retained earnings for the periods 2005/06 and 2006/07 have been adjusted by \$0.467million and \$0.313 million to \$16,408 and \$27,523 respectively.

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 2008

DIRECTORS' DECLARATION

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

- (a) the financial statements and notes, set out on pages 3 to 40, 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 2008 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 25th September 2008.



Ian King
Chairman



Michael Culloton
Director

25th September 2008

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Notes to and forming part of the Financial Statements for the year ended 30 June 2008



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 2008, 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 is 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>".

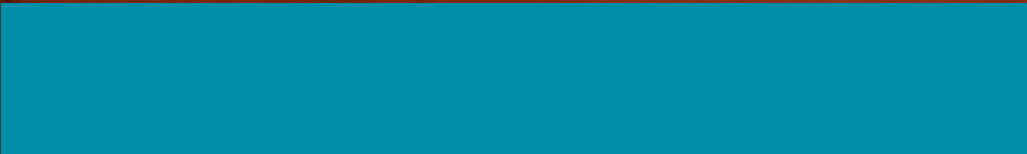
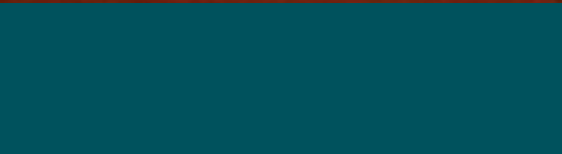
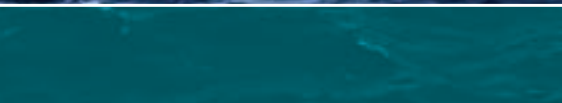
An audit does not guarantee that every amount and disclosure in the financial report is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial report.

Audit Opinion

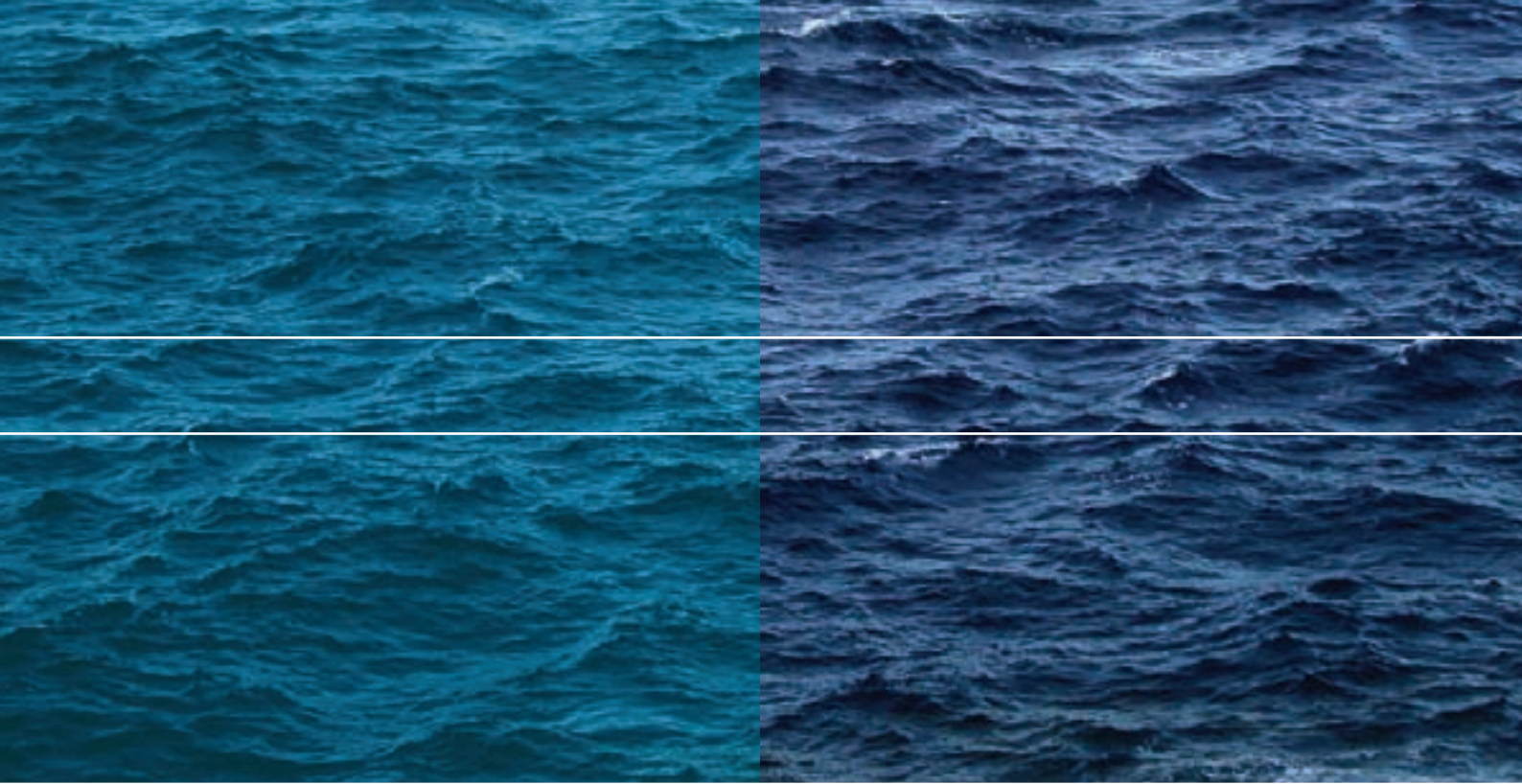
In my opinion, the financial report of the Geraldton Port Authority is in accordance with schedule 5 of the Port Authorities Act 1999, including:

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2008 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
25 September 2008







GERALDTON PORT AUTHORITY

