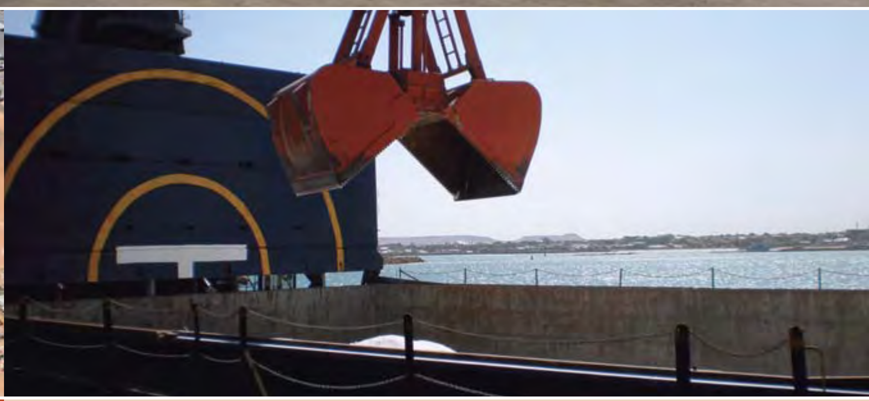
GERALDTON PORT AUTHORITY

ANNUAL REPORT 2008/2009



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**Harbour Master/
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DAMIEN MILES
Human Resources Manager

MICHAEL MULLIGAN
HSE Manager

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FROM THE CHAIRMAN

The 2008/09 financial year presented many challenges for the Geraldton Port Authority. Notwithstanding the impacts of the financial crisis on our trade, I am delighted and proud to report, on behalf of the Board of the Geraldton Port Authority, another year of record trade through the Geraldton Port and a very satisfactory financial result that met Government rate of return targets.

It was a year where the Port reaped the benefits of recent expansion projects, quantified our significant contribution to the Mid West economy, and hosted the biennial Western Australian Port Authorities Association (WAPAA) Conference.

The completion of the Berth 5 Iron Ore Expansion Project during 2008, now provides the Port's bulk mineral customers with a facility to increase iron ore throughput to between 10 and 12 million tonnes PA. It represents a key milestone for the Port's operational and financial growth plans, strengthening the economic foundations of the region and bringing prosperity to the local community.

This economic strength was highlighted in an economic impact report commissioned by the GPA. The report revealed some impressive statistics:

- the Geraldton Port facilitates trade worth an estimated $2.3 billion a year;
- businesses associated directly with activities in the port generate State-wide impacts with output valued at $450 million;
- producing around 1,900 jobs;
- two thirds of the economic benefits generated through Port activities remain in the region, producing more than 5% of the jobs in Geraldton-Greenough.

We're proud of this economic contribution and equally as proud of the way in which our organisation and people operate in a wider community context. This community involvement was central to the theme of the WAPAA Conference "Port Business is Community Business" hosted by the GPA in June. It was our pleasure to welcome the Minister for Transport, the Hon Simon O'Brien along with government representatives, service suppliers, Directors and Management teams of Ports from Esperance to Broome and beyond. I commend and thank the GPA staff for managing such a highly effective program and conference.

With the State Development Agreement signed between the State Government and Oakajee Port and Rail earlier in the year, planning for this deep water port has stepped up in earnest. The GPA is playing a fundamental role by providing marine expertise to several working groups wherever required to assist the Oakajee project. We were also pleased to host the Prime Minister Rt Hon Kevin Rudd and Premier Hon Colin Barnett to make announcements on Government commitments to the project.

We have a number of project development plans for the next financial year, including a $30 million upgrade to our train unloader. This will enhance the ore handling systems reliability and increase the Port's train unloading capacity to 3,000 tonnes per hour.

I express my appreciation to my fellow Directors, our Chief Executive Officer, Port Authority staff, contractors and service providers for the contributions they have made over the past 12 months. With continued demand for iron ore and other bulk minerals by our Asian neighbours, the prospects of GPA's success continuing in 2009/10 are bright as are the associated economic benefits for Geraldton-Greenough, the Mid West and the State.

Ian King
CHAIRMAN

FROM THE CHIEF EXECUTIVE OFFICER

The focus for the Geraldton Port Authority during 2008/09 has been to consolidate its operations and management systems following significant port upgrades in the previous five year period. The new Berth 5 iron ore facility achieved its first full year of operation and successfully served the requirements of the GPA's iron ore exporters and provided sustained relief from congestion to the long term users of Berth 4.

This consolidation was aided by a stable GPA workforce and senior management team and further development of the GPA's processes, in particular progress towards certification of its environmental and safety management systems.

The GPA's trade and financial performance was challenged by the dramatic change of fortune in global financial markets which resulted in an immediate revision in the throughput expectation of existing and prospective port users. Fortunately this impact was somewhat offset by higher grain exports following a record regional harvest of 2.6 million tonnes. The effect of this downturn is still affecting the performance of some exporters.

Reducing the Port's overall environmental footprint has also been a key strategic focus. A third party environmental audit identified a series of improvement initiatives and these have been progressively implemented by the GPA during 2008/09, resulting in improved compliance with the environmental licence conditions and the community's performance expectations.

Trade

During 2008/09 the GPA recorded its third successive record annual trade.

Total trade in 2005/06, the beginning of this period was a then record of 5.2 million tonnes, a record triggered by Port Enhancement Project completion and the development of new Mid West iron ore mines. During 2008/09 total trade increased to 7.6 million tonnes a 46% increase in trade compared with three years ago and a 14% or 949,527 tonne increase over the previous reporting period.

The leading contributor to this trade performance was the export of 1.93 million tonnes of grain compared with just 613,000 tonnes, in 2007/08. Iron ore exports during the reporting period totalled 4.2 million tonnes, a decline of 200,000 tonnes which reflects the more difficult trading conditions experienced. Other major trades including mineral sands, concentrates, fuel and general cargo were similar to the previous year.

China is clearly Geraldton Port's major export destination with a total of 70% of all exports delivered to this market. Other Asian markets receive a further 16% and the Middle East, Europe and the USA are each the destination for between 3 & 4% of exported products.

Despite record trade, the utilisation of port infrastructure at Geraldton-Greenough is at manageable levels and surplus capacity for additional trade is available. Berths 4 & 5 recorded annual utilisation of between 40 and 45%, the grain berth 34% and Berth 6 32%. Utilisation of Berth1/2 was less than 10%.

Geraldton Port accommodated 312 commercial ship visits during 2008/09, slightly higher than the 301 vessels during 2007/08.

Operations

The GPA has continued to improve and drive implementation of its Safety Management and Environmental Management Systems. A further internal audit of these systems in late 2008/09 has confirmed that their development and implementation is consistent with the AS 4801 and ISO 14001 standards respectively. Certification of these systems to their respective standard is now planned for next year.

Mitigating the effects of long period waves on the stability of ships alongside has been the focus of considerable management effort. A combination of improved forecasting, berthing criteria and the use of a shore mooring system has led to significant improvement to the safety of vessels within the harbour. This matter will be the subject of on-going monitoring and improvement.

There were no lost time injuries involving GPA staff during 2008/09. Across the entire Port involving contractors, leaseholders and licensees one lost time injury was reported.

GPA has additionally introduced an improved preventative maintenance program across its port infrastructure and has continued to build its critical spares inventory and this will continue during 2009/10. Infrastructure investment, underpinned and prioritised by risk assessments is on-going to both ensure compliance with the Australian Standards and to improve operating efficiency.

Environment

Consultation with the Department of Conservation and Environment in respect to an amended Environmental Licence has featured during 2008/09. In preparation for expected new licence conditions, the GPA has continued to make environmental improvements.

The outcome of a comprehensive audit of operations at Geraldton-Greenough has resulted in development of an Environmental Improvement Plan covering all aspects of port operations. This plan has been largely implemented and involved over 70 separate initiatives. The remaining actions are planned to be delivered in the near future subject to funding approval.

Business Development

Significant opportunities for further trade growth were pursued during 2008/09. The GPA successfully facilitated the importation of soda ash on behalf of Windamurra Vanadium Pty Ltd. A challenging cargo, the GPA was able to work with the importer and stevedore to develop an industry best practice method for importation of this product.

In addition the GPA has continued to work with Iluka Resources to accommodate their planned importation of heavy mineral concentrate derived from their prospective mining operation in the Eucla basin in South Australia. Declining reserves at Iluka's existing Mid West mine sites has created surplus processing capacity at their Narngulu plant that can be allocated to processing the South Australian product.

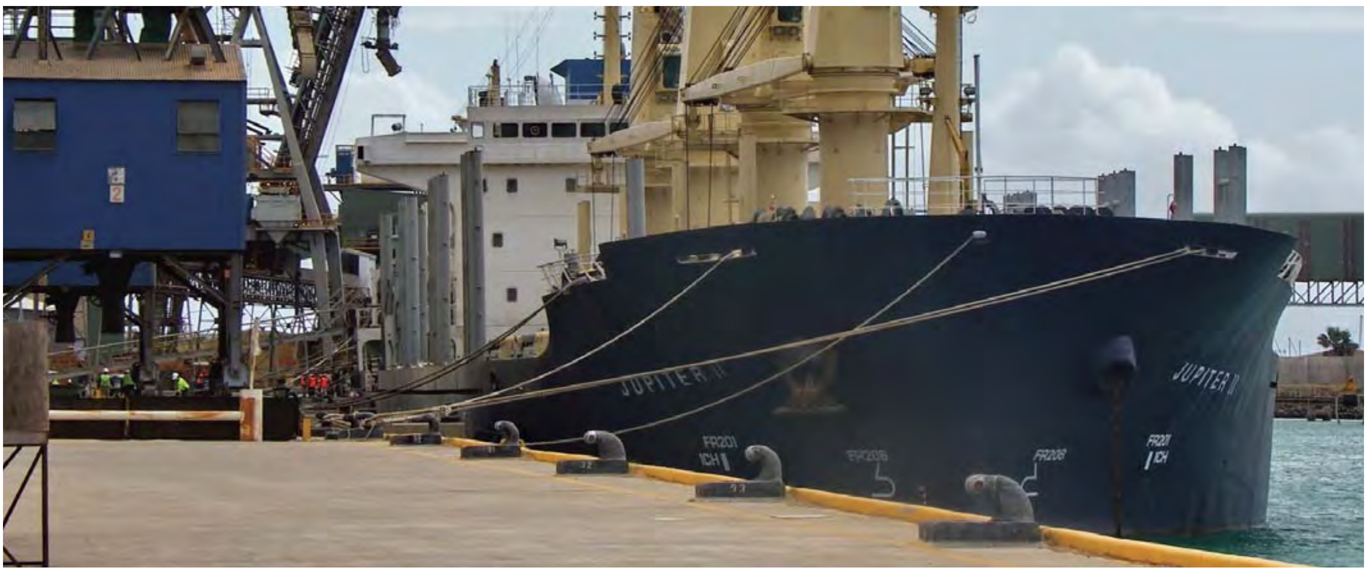
The Geraldton Port's ability to accommodate this new import trade creates a significant win for the GPA, Iluka Resources and the Mid West community which will benefit significantly from the maintenance of employment at the Narngulu facility.

The Future

Looking ahead there continue to be many challenges. We will work closely with the State Government to manage trade development under Geraldton Port's 12 million tonne iron ore cap introduced in March 2009 to ensure our mutual objectives are satisfied. In addition the GPA's role in assisting State preparation for Oakajee Port is growing and this exciting project, once realised, will transform not only the Geraldton Port but regional and state prosperity. To this end, we were pleased to welcome both the Prime Minister Kevin Rudd and Premier Colin Barnett to the GPA following the announcement of Government funding to the project.

In conclusion, the 2008/09 year was a challenging yet rewarding year for all those involved in operations at Geraldton Port. We continue to enjoy productive relationships with port users whose on-going commitment to the port is greatly appreciated. It is also appropriate to express our thanks to our contracted Berth 4/5 operator Patrick Ports for their dedicated efforts throughout the year and we look forward to this continuing. Finally, I wish to express my thanks to all GPA staff for their tireless effort and dedication and to the GPA Chairman Ian King and board members for their support and guidance.

Peter Klein
CHIEF EXECUTIVE OFFICER



Geraldton Port Authority

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:

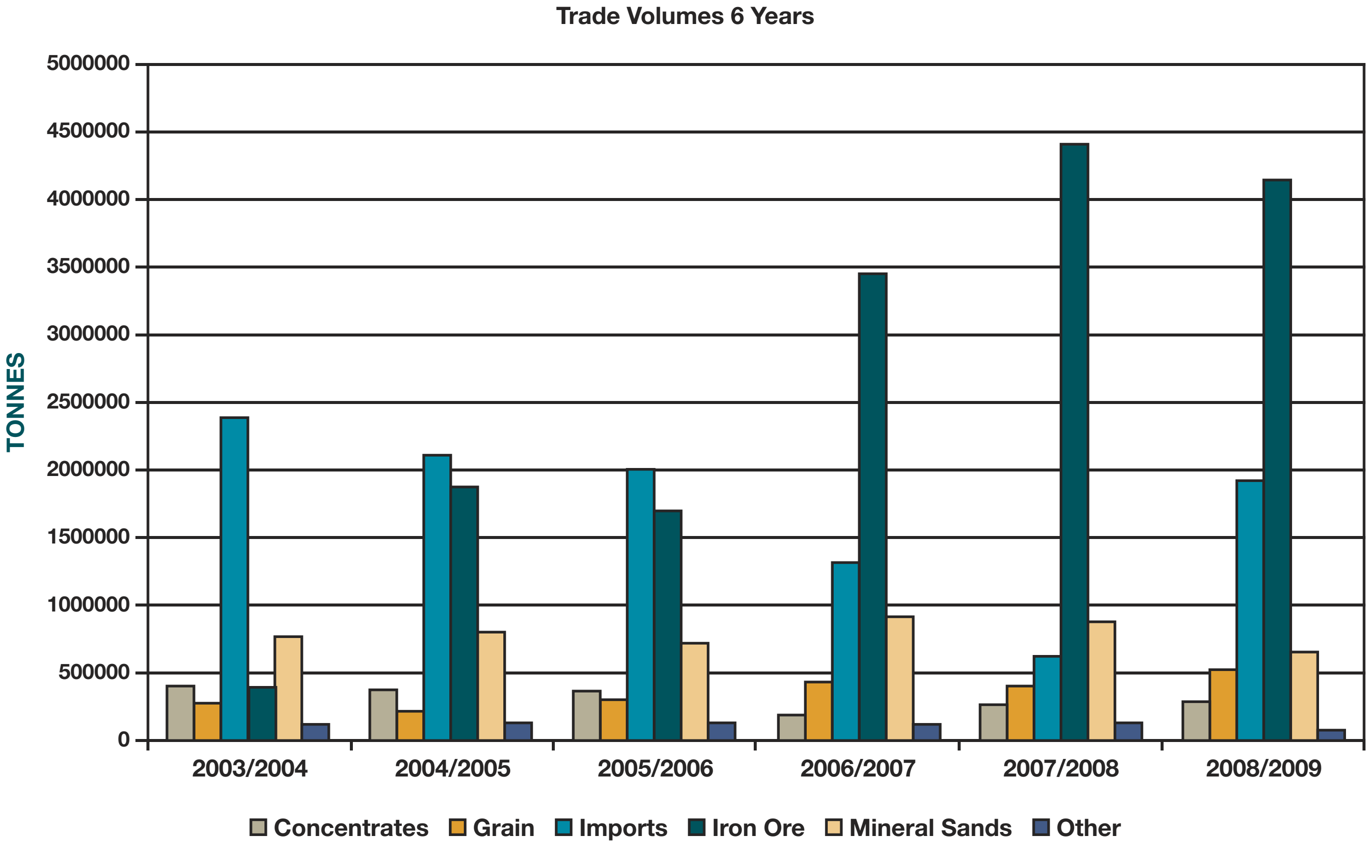
(a) Act in accordance with prudent commercial principles.

(b) Endeavour to make a profit.

CURRENT SITUATION

Trade volumes reached 7.658 million tonnes for the year ended 30 June 2009, on par with previous year volumes. The mix of trade however was considerably different to last year. Grain, representing 25% of trade volumes, made a significant 215% turn around on the previous year, with exports of 1.932 million tonnes. This was a welcome recovery that provided some protection for the Port from the impacts of lower mineral sands (24%) and iron ore exports (6%), which together contributed to a reduction of 0.479 million tonnes on the previous year.

A graphical representation of the trade for the previous 6 years is presented below.



The import / export trade balance remained the same for 2008/09, with 96% of trade being exported.

The Port hosted 312 vessel visits for the year, with a combined Gross Registered Tons of 7.093 million. Iron ore represented the Port's greatest ship visits at 72 vessels. This serviced 4.167 million tonnes of trade, indicating an average consignment size of 58,000 tonnes. Grain followed with 67 vessels, providing for 1.932 million tonnes, taking an average consignment of 29,000 tonne.

Trade Forecast

Port trade for 2009/10 is forecast to reach 8.78 million tonnes, an increase of 30% compared to the 2007/08 actual trade performance. This trade growth is anticipated as a result of new trade commencing for the importation of heavy mineral concentrates, growth in iron ore exports with additional projects coming to fruition and grain performing at historical averages. 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 330 visits increasing by 6% on current vessel movements. The GPA is also expecting 19 cruise ship visits during the 2009/10 financial year.

2008/2009 HIGHLIGHTS

Trade

The Port recorded a number of trade highlights during the year including;

- In December 2008 the GPA recorded its highest monthly trade result, with 0.970 million tonnes exported. This was achieved due to a record monthly grain export of 310,000 tonnes and the second highest monthly iron ore trade of 514,000 tonnes.
- For the six months from December 2008 to May 2009, GPA monthly throughput continued to exceed comparative trade levels set in the previous year.
- It was a record year for concentrates exports of 516,000 tonnes.
- The GPA accommodated four cruise vessel visits for the year, up from one for the prior year.

Infrastructure Upgrades

The state of the art cascade chute that was commissioned in June 2008 delivered a quantum improvement in the Port's environmental performance during ship loading of the traditionally dustier products at the Berth 4 ship loader. The chute manipulates product free fall into 30 to 40 cm falls through a series of off-set fiberglass cones that act like buckets catching the material as it falls. In addition to environmental improvement, the cascade chute's performance has enabled the ship loading rate to be increased threefold, consequently improving ship loading rates.

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 miners. The planning for the upgrade is underway with Port customers. Preliminary engineering has been completed for a scope of works that would 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 and 6 storage sites.
3. Extend the Port rail network to accommodate longer, 90 wagon trains.
4. Install a second hopper to allow continuous train discharge.
5. Increase throughput capacity from 5 to 8.5 million tonnes per year.
6. Reduce reliance on road transportation for iron ore deliveries to the Port.

Alternatively, should funding not be forthcoming and depending on the exporters needs for storage facilities at Berth 5, it may be that a replacement of components of the existing aged ore receival infrastructure be provided instead. This would see continued operations at the same flow rates to the existing sheds.

Significant investigation, scoping and planning is also underway for work associated with a major maintenance project for the rehabilitation of aged concrete at Berth 4.

Work has recently been completed to replace aged overhead powerlines at the southern end of Connell Rd and the surrounding areas with underground lines. It is intended to continue that program in the current financial year.

There has also been a program of continual improvement around the Berth 4 and 5 materials handling facilities. The key components have included:

- Transfer chute upgrades to accommodate loading of Jabiru's concentrates.
- Major drive upgrade on conveyor CV03.
- Additional access landings and platforms.
- Commencement of the enclosure of Transfer Tower 4.

Upgrades and relocations of existing infrastructure between the minerals storage areas at Berth 4 and the CBH grain silos at Berth 3 has been undertaken by OzMin (now MMG) and the GPA in order to prepare for the construction of another concentrates shed for material being delivered from the Jabiru operations. Most significantly this included an upgrade of a section of aged power distribution mains and of the storm water drainage system. Construction of the shed by Jabiru is expected to occur in the current financial year.

A heavy boat lifting facility with a 300 tonne nominal capacity has been installed within the Geraldton-Greenough Fishing Boat Harbour precinct by Geraldton Boat Lifters Limited (GBLL). GBLL is a local consortium which obtained both State and Federal Government funding for the project. The GPA has provided free space to GBLL and relocated existing infrastructure to facilitate the development.

Staff

The Port continued to strengthen its positioning as an employer of choice during 2008/09. A key initiative this year was the employee survey undertaken to better understand the needs, concerns and attitudes of our Geraldton Port Authority team. The results identified some key issues that were reviewed by a staff focus group. The group has already completed its first report on organisational communication and implemented improvements in this area.

2008/09 saw a review and update of the Port's Codes of Ethics and Conduct, as well as strengthening of the Human Resources Management System through the development of procedures associated with Conflict of Interest and Public Interest Disclosure.

New collective industrial agreements were also negotiated during 2008/09. The improvement of industrial arrangements along with a very stable and skilled workforce, has the Port well positioned for an exciting and prosperous future.

Training

Training remains an important focus for the GPA with courses and support provided in the following areas during 2008/09:

- General competency in operational requirements such as Port Security and Emergency, Elevated Work Platform, Crane Operations, Shore Mooring Theory & Practice, Forklift Truck Operation, Fire Extinguisher Theory and Use, Manual Handling, Confined Space, Spreadsheets and Synergysoft Software.
- Health, Safety & Environment Training including Senior First Aid, Advanced Resuscitation, Job Safety Evaluation, OH&S Representatives Course, STEMS Incident Management System, Emergency Evacuation, and Environmental Exercises.
- Individual position related training including Alcohol and Drug Test Operations, Port Security Officer Training, Oil Spill Response Management and Operation, Electrical Nominees, High Voltage Switching, Shoreline Clean-up and Assessment and Fire Warden Training.
- Individual professional development including attendance at professional conferences and workshops.

Community

As the Geraldton Port is located in close proximity to the central business district of Geraldton-Greenough, we are conscious of the need to communicate with and be actively involved in community activities. The GPA participates in a number of groups to facilitate communication including the Midwest Strategic Infrastructure Group, Midwest Chamber of Commerce and Industry, Foreshore Redevelopment Advisory Committee, City of Geraldton-Greenough / GPA Liaison Committee, City of Geraldton-Greenough Northern Beaches Stabilization Plan, Mission to Seafarers Management Committee, Local Emergency Management Action Committee as well as Support for the Variety Club WA Midwest Branch.

The GPA hosted the 24th Biennial West Australian Port Authorities Association Conference in Geraldton-Greenough in June 2009. This highly successful event brought government representatives, supplier businesses and Boards and Management of Ports from Esperance to Broome to Geraldton-Greenough to focus on the theme "Port Business is Community Business". The conference considered the ways in which Port's can contribute to community through their people, performance and care of the planet.

OPERATIONS

Marine Operations

This has been a busy year for the Marine section with a significant number of initiatives implemented:

- An active management system for moorings was introduced in the Port with records showing that a trend exists toward significant mooring line breakage reductions.
- A ship simulator for pilot training was commissioned in Fremantle in June. Including validation exercises, a total of 29 runs were completed over three days. This reflects over two weeks worth of normal Geraldton Port shipping and will allow focused training for both new and experienced pilots in the areas of professional competence and port development.
- There is a significant increase of interest in Geraldton-Greenough by the cruise industry and this represents something of an unexpected new market. This growth is led by Carnival Australia with over 20 visits scheduled by large ships in the next 18 months, representing more than 40,000 visitors. Passengers are reporting very favourably on the reception provided by the City as they come ashore from the anchorage by ships tender to Batavia Coast Marina.
- The new security contract was awarded in May. This provided a more beneficial arrangement for the Port and all existing security staff were employed.
- Two new Wharf Operations Supervisors were employed in order to assist with the increasing workload brought about by active mooring line management. One new officer brought substantial marine and planning expertise whilst the other has extensive port control experience. Both skill sets will be invaluable as the Port evolves and we consider Oakajee developments.
- The navigation aids system has been upgraded to include a web based monitoring system of battery life cycles and other maintenance indicators. This information is transmitted ashore by mobile phone technology and provides ample warning of maintenance needs, essential for the sometimes difficult to access outer beacons.

Maintenance Operations

During the year, the GPA has operated three separate minerals ship loaders for the export of a variety of cargoes by numerous customers. The new Berth 5 ship loading facility has been used exclusively for iron ore exports. The Berth 4 ship loader has returned to its transitional role as the mixed minerals loader and the mobile ship loader at Berth 6 was used primarily for talc.

The Port took delivery of a substantial quantity of critical parts for its bulk handling facilities. The 24/7 operational requirement means that critical emergency spares for items that are not readily available from vendors on short notice needed to be held locally by the GPA. Over $1.2 million has been spent in this program.

Continued work on the further implementation of an Environmental Improvement Plan has seen continued progress in respect of all of the following:

1. The virtual elimination of mineral loading fugitive dust.
2. The reduction of product spillage.
3. The containment of washdown and storm water drainage.
4. Improved berth deck cleaning procedures.

Underscoring the positive outcomes in this respect the fact that in the last year there has been only a single incident of dust concern raised by third parties.

Some of the major new initiatives that have been implemented during the course of the reporting period have included:

a) The position of Electrical Supervisor created within the Port's organisational structure. This has resulted in an upgrading of the Port's procedural and compliance functions which is having a flow on in efficiency and reliability performance.

b) The Port's participation in the "dial-before-you-dig" program and the centralisation and upgrading of our work permit system has seen improved personnel and infrastructure safety – particularly within the Fishing Boat Harbour which is less regulated than some other areas of the Port.

c) The extensive expansion of the Port's staff intranet has dramatically aided with the development of more effective systems of service delivery and has been an integral component in the development of the Port's Integrated Management System.

d) A major information technology upgrade was underway at the end of the year that is aimed at strengthening and further developing the GPA's management information systems.

There has been much uncertainty in the fishing industry but nevertheless the GPA has continued its service delivery to that sector. Fishing Boat Harbour Focus Group meetings between the Port and its stakeholder have been a regular event. Some key activities that have been performed within the Fishing Boat Harbour during the course of the year have included:

a) Significant maintenance to the north pens.

b) Support and assistance of the development of the heavy boat lifting facility.

Other enhancements and initiatives throughout the Port that have benefited the overall Port operations have included:

a) The development of a standardised line-marking and traffic signage program.

b) The role out of new and improved lighting within various parts of the plant and at various berths.

c) The implementation of improvements and extensions to the operation of the Port's vacuum sewer system.

d) The commencement of significant remediation work to address subsidence behind Berths 1 and 2 which were first constructed in the late 1920's / early 1930's, and then rejuvenated at the turn of the present century.

e) The provision of new outboard motors to the older components of the ports small craft fleet.

OCCUPATIONAL SAFETY AND HEALTH

Health and Safety Record

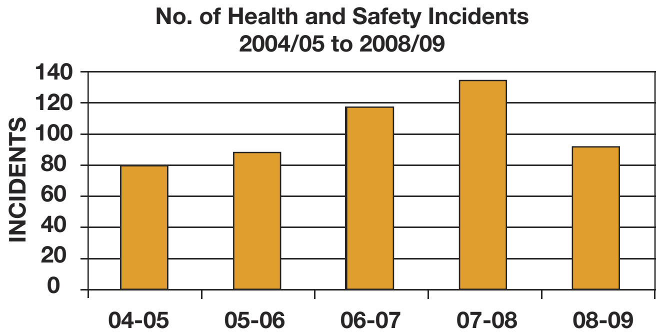
As at 30 June 2009

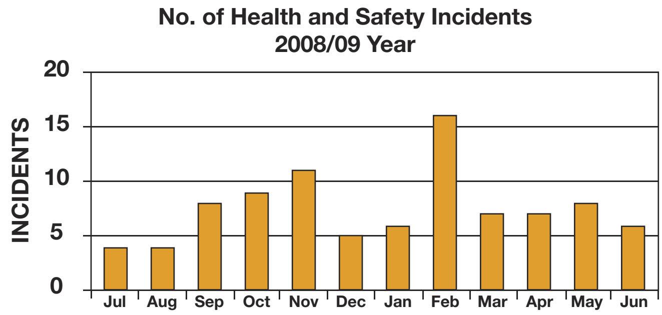
Date of last GPA lost time injury:	13/2/2008
Days since last lost time injury:	3
LTIFR	0
MTI	31
Total hours worked	96,863
Workers compensation hours (prior period)	1860

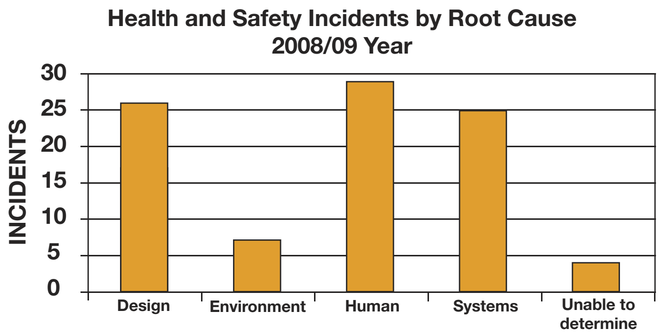
Type of Incidents Reported

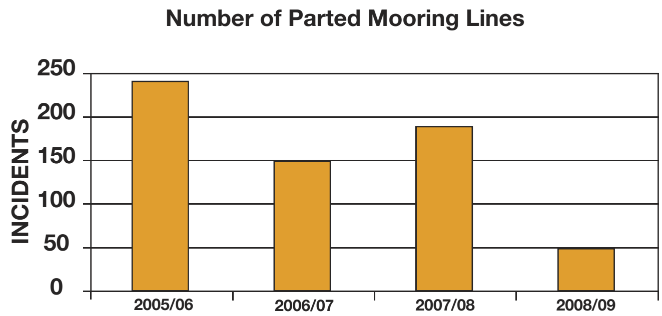
Administrative	3
Damage	32
First Aid Injury	5
Lost Time Injury (non-GPA staff)	1
Medical Treatment Injury	3
Near Miss	47
Notification	1

Comparative Incident Graphs









OCCUPATIONAL SAFETY AND HEALTH

AS4801 Accredited Health and Safety Systems

Significant progress has occurred this financial year towards the GPA's journey for certification to AS4801 Occupational Health and Safety Management Systems. All recommendations from a gap analysis in May 2008 were implemented. A second internal audit in June 2009 confirms GPA is well on track to achieving accreditation by June 2010.

Health, Safety and Environmental (HSE) Committee

The GPA's health, safety and environmental committee continued to meet every month. Committee members play an important consultation and communication role. Agenda items typically including reviewing and endorsing system procedures, monitoring incidents and corrective actions and resolving HSE issues.

Online Reporting – Incidents, Hazards and Observations

To streamline incident reporting processes and improve quality of data, STEMS (Safety, Training, Employee Management System) has been introduced as the GPA's formal incident reporting system.

The program has now been rolled out across the organisation and is used by employees to log incidents, hazards and observations (safe or unsafe acts). It is also used to record all HSE training undertaken by employees. Attachments such as photos, inspection checklists, course outlines, etc can be uploaded to the system.

Benefits from improved data capture and quality is already being seen with additional key performance indicators now being reported on.

Traffic Management in accordance with Australian Standards

GPA has identified the opportunity to improve uniformity of traffic control across GPA roadways in both public and secured areas. Steps are being taken to achieve compliance with the Australian Standard 1742 series for uniform traffic control devices. The first step in the process has involved a line-marking and sign audit and preparation of a computer aided drawing showing all required devices. Improvements will occur during the new financial year.

ENVIRONMENT

Environmental Management System

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

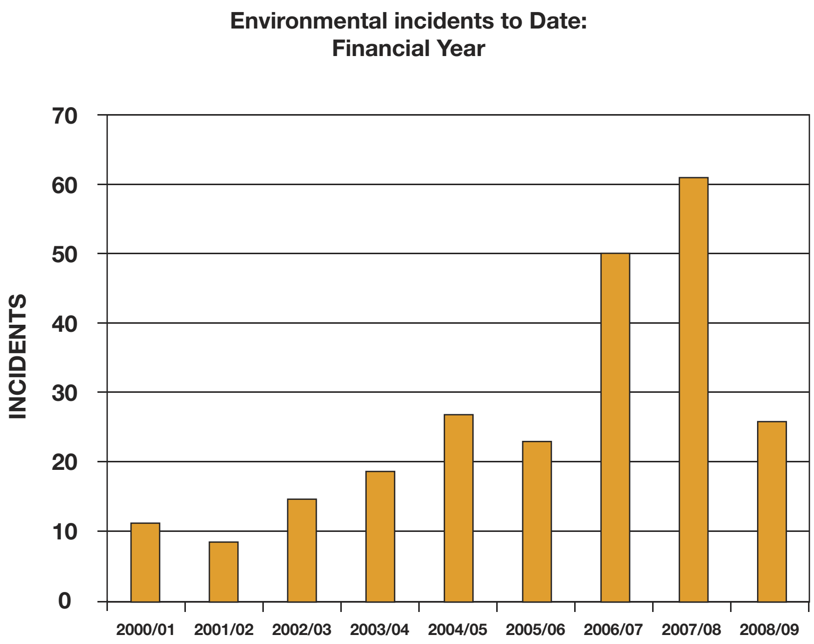
The GPA has continued to develop its Environmental Management System (EMS) to a level consistent with the guiding principles of the International Standards Organisation (ISO) 14001. The EMS details our environmental policy, significant environmental aspects and impacts, legal requirements, objectives and targets, planning, roles and responsibilities, auditing and management review.

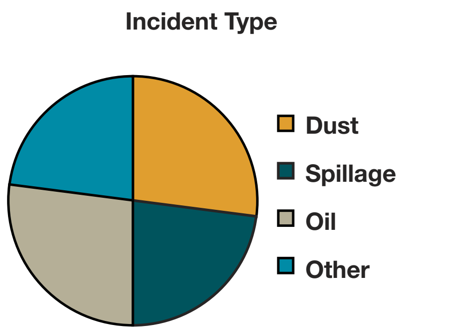
The GPA works closely with Port users, customers and regulating authorities in maintaining a good environmental performance and one that includes continual improvement. The Port operates under an Environmental Protection Act 1986 license issued by the Department of Environment and Conservation (DEC) and reports annually to the DEC on a range of environmental activities.

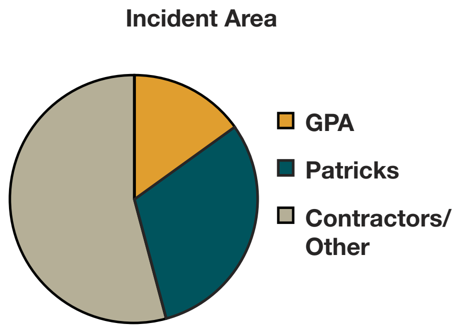
Environmental Incidents

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

Incidents Statistics:







Environmental Activities

A number of significant gains in environmental effectiveness of the Port have been achieved in the past year:

The 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 the need for improvements. The DEC also indicated that the Environmental Licence would be amended over time to further regulate environmental considerations at the Port. As a result of the audit 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;
2. Storage and receival facilities;
3. Internal transport infrastructure;
4. Ship loading infrastructure;
5. Wastewater management;
6. Stormwater management;
7. Harbour monitoring – water and sediment;
8. Air monitoring; and
9. Housekeeping.

The EIP recommendations included implementation timeframes to assure that the GPA undertakes the improvements identified. Specialist consultants have included Water Treatment Systems Australia (WTSA), Ecotech, Safety Management Services (SMS), and Oceanica to review Geraldton Port. The final EIP was submitted to the DEC in February 2008.

In March 2009, the DEC issued the Port with a renewed Licence. The DEC also advised that further changes to that Licence would follow and in June 2009 a draft was provided to the Port for comment. The Port has provided feedback regarding the conditions of that Licence. A formal 21 day public comment period will commence when the DEC complete their final editing and release the draft.

Berth 4

With the commissioning of Berth 5 as a dedicated iron ore loading facility Berth 4 has now been fully reconfigured to facilitate the out loading of concentrates, mineral sands and talc.

Upgrades undertaken to the Berth 4 conveyor circuit that improve environmental performance include:

- Underpans on CV1 to capture all carry-back (product carried on the underside of the conveyor belt);
- Underpans and side curtains to CV2 to contain vagrant product;
- Improved drainage to CV2 area to facilitate more efficient cleaning;
- Sealing of take-up tower TT4 and the bridge connecting it to TT501;
- Improved design of Kibbles to ensure concentrate spillage capture and recovery;
- Improved spill plates design to prevent spillage of concentrate into harbour;
- The relocation of talc loading through Berth 4 to reduce noise and spillage;
- The allocation of Critical Spares System resources to CV4 Dust Extraction units;
- Improvement to Bulk Handling Facility operator and Stevedore procedures to improve certain aspects of concentrates loading;
- Improved maintenance regimes of Berth 4 drainage infrastructure;
- A trial section of covering has been fabricated for CV4. An in-situ trial of this is expected to be conducted in July.

ENVIRONMENT

Coastal Stability

The GPA and the City of Geraldton-Greenough (CGG) are investigating a proposal to partnership a study on coastal stability along the town beaches and northern beaches.

The GPA is also funding a collaborative study with the Northern Agricultural Catchment Council (NACC), the Department for Planning and Infrastructure (DPI) and the CGG for a study that considers coastal stability and processes in a wider context.

HSE System Activities

Further significant HSE System activities that have been undertaken include:

- Preparing draft Objectives, Targets and Programs for 09/10;
- Further developing our Safety, Training, Employee Management System (STEMS) and providing training and support to staff;
- Further reviewing Systems and Operational Procedures;
- Conducting Risk Assessments;
- Environmental management consultants KASA undertook an audit of the GPA's Integrated Management System in June. A draft report has been received from KASA. HSE Manager has collated comments from staff relating to the draft audit report. A final audit report will take into consideration the comments received.

Oakajee

The GPA continues to provide technical advice and information to OP&R and its subcontractors, as requested.

New Cargoes and New Facilities

The GPA's environmental license requires submission of Works Approval applications to the DEC on behalf of its clients for new cargoes and new significant infrastructure facilities. Works approvals received in 08/09 include:

- Mount Gibson Limited iron ore storage facility located west of Berth 5 (Lease 20)
- Iluka HMC Import (Berth 2);
- New concentrates storage shed on the Oxiana Lease (Lease 27);
- Gindalbie Magnetite export facilities;
- Karara Hematite storage and export facilities project (Lease 52).

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

In addition to the Seagrass Recovery Project, the GPA joined forces with the Strategic Research Fund for the Marine Environment (SRFME) and Edith Cowan University (ECU) to fund a major seagrass experiment over three years. The experiment, based around imposed shading to seagrass, focussed 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 report is available through CSIRO's Strategic Research Fund for the Marine Environment (SRFME).

REVIEW OF OPERATIONS

Review of Operations

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

	2009	2008
Total Trade (Tonnes)	**7,658,396**	**6,708,868**
Revenue	'000'	'000'
Revenue from cargo	19,941	15,352
Revenue from ships	7,142	5,403
Revenue from ship services	2,711	2,614
Revenue from Port enhancement charges	13,054	10,903
Other revenue	5,229	5,364
Total revenue	**48,077**	**39,636**
Expenditure		
Less expenditure	44,075	33,652
Profit before income tax	**4,002**	**5,984**
Income tax on operating profit	(1,221)	(1,852)
Profit for the period	**2,781**	**4,132**

A record trade result was achieved for the 2008/09 financial year, mainly due to an increase in grain export. The marginal increase in operating costs is mainly due to the increase in fixed costs anticipated in respect of utilising the recent Berth 5 upgrade

ORIGIN & DESTINATION OF CARGO

2008-2009

PORTS	Grains	Sands	Oils	Fert	General	Iron Ore	Talc	Concentrates	Livestock	Bunkers	Tonnes
Australia (Other)	14,835			5,179				76,726		2,274	99,103.72
Australia (WA)	79,994		95,732	10,270							185,996.00
Bangladesh	70,300										70,300.00
Belgium		12,031						22,066			34,097.00
China	73,873	38,487	10,991	9,992	3,248	3,843,547		237,338			4,217,476.86
Egypt	64,451										64,451.05
India								16,120			16,120.00
Indonesia	400,764	3,000			23,123				16,845		443,731.77
Iran	363,653										363,653.22
Israel				3,834							3,834.12
Italy		36,149									36,149.00
Japan	101,325	30,837	36,848				30,009	43,729			242,747.48
Kuwait	33,000										33,000.00
Malaysia	117,029	27,490							1,300		145,818.65
Mexico		86,563									86,562.70
Netherlands	134,251	83,987					38,915				257,152.49
New Zealand				6,181							6,181.00
Philippines	38,476							27,530			66,005.77
Qatar				11,070							11,070.00
Saudi Arabia	52,383	110,725		2,396							165,504.37
Singapore		1,800	32,871		30	63,672					98,372.97
South Africa	27,500	8,341			68						35,908.80
South Korea	96,295	21,056	28,716			259,866		32,466			438,399.05
Spain		12,030									12,030.10
Taiwan		43,615									43,614.50
Thailand	38,500							60,207			98,707.00
United Arab Emirates	44,000	27,027		7,948							78,975.30
USA		123,258		5,140	925						129,323.42
Yemen	174,200										174,200.00
Total	1,924,829	666,394	205,159	62,011	27,394	4,167,085	68,924	516,182	18,145	2,274	7,658,396.00

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

COMPARATIVE TRADE STATISTICS

Ending 30 June 2008

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/2009
IMPORTS						
Fert DAP	15,874	21,203	10,038	8,372	7,218	**15,075**
Fert MAP	15,517	15,459	6,183	7,481	1,579	**3,640**
Vigor / NPK	5,156	4,463	2,484	-	-	
Phosphate	-	-	-	-	-	
New Phosphate (TSP+S)	29,125	14,709	20,648	6,968	4,610	**10,522**
Sulphur	-	-	-	-	-	
Urea	61,811	51,354	75,198	5,541	23,126	**27,595**
Potassium Carbo	17,673	33,324	-	-	-	
Petroleum Products	186,179	195,789	193,582	172,510	177,449	**205,159**
Mineral Sands	56,653	-	21,000	-	13,502	
General	12,463	17,537	24,526	10,633	39,596	**32,543**
	400,451	353,837	353,659	211,504	267,038	**294,534**
EXPORTS						
Wheat	1,733,059	1,707,265	1,558,487	1,064,608	560,457	**1,629,184**
Oats	-	4,200	1,823	-	-	
Barley	219,749	113,707	79,619	92,832	9,602	**93,880**
Lupins	420,583	238,411	318,587	142,013	43,043	**101,573**
Canola	41,320	60,567	65,870	15,225	-	**108,001**
Chickpeas	-	-	-	-	-	
Faba Beans	-	-	-	-	-	
Concentrates	271,645	227,196	288,065	420,442	405,663	**516,182**
Mineral Sands	764,268	799,824	729,296	907,364	871,775	**658,585**
Talc	102,316	107,218	106,966	97,496	102,006	**68,924**
Manganese	-	-	6,531	-	-	
Nickel	-	-	-	-	-	
Iron Ore	386,973	1,866,491	1,706,004	3,470,666	4,433,031	**4,167,085**
Stockfeed	1,525	1,895	1,934	1,750	1,726	**2,843**
Livestock	12,139	13,315	9,237	10,291	9,189	**15,302**
General	3,980	8,603	4,530	908	-	**30**
	3,957,557	5,148,692	4,876,948	6,223,495	6,436,492	**7,361,589**
Bunkers - Oil	5,278	1,712	5,467	2,996	5,338	**2,273**
Total Trade	4,363,286	5,504,241	5,236,073	6,437,995	6,708,868	**7,658,396**
SHIPPING						
Gross Reg Tonnage	4,677,617	5,391,926	5,272,668	6,902,762	5,688,280	**7,093,888**
Deadweight Tonnage	7,672,609	8,868,915	8,817,735	11,388,712	9,595,827	**12,048,753**
No of Vessels	284	306	384	305	301	**312**
Average DWT	27,016	28,983	22,963	37,340	31,880	**38,617**

RECORD INFORMATION

2008/2009	HISTORY	
LARGEST VESSEL - Total Cargo	**LARGEST VESSEL**	**LARGEST TOTAL CARGO**
MV Christina	MV Tai Promotion	MV Hanjin Tacoma
77,053DWT - Wheat	77,834DWT	66,000 Tonnes Iron Ore
April 2008	November 2006	February 2008

KEY PERFORMANCE INDICATORS

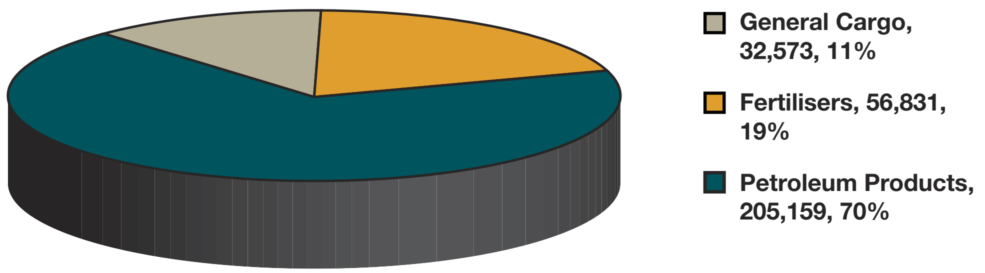
As at 30 June 2008

	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	2002/03
Liquidity Ratio Current Ratio	1.69	1.49	2.02	2.22	2.20	1.20	1.24
Cash Management Ratio Free Cash Ratio	49.78%	39.89%	65.24%	53.06%	53.27%	55.16%	47.65%
Debt Management Ratio Debt to Equity	5.30	5.64	4.37	6.17	6.81	4.92	4.33
Interest Cover	1.77	1.74	1.24	1.30	1.28	1.22	1.01
Profitability Ratios							
Return on Assets	7.00%	9.42%	5.79%	5.88%	6.40%	3.75%	0.71%
Return on Shareholders Equity	9.54%	15.83%	39.30%	7.51%	6.73%	4.78%	0.05%
Economic Rate of Return	11.19%	9.42%	10.26%	6.49%	7.79%	5.74%	0.32%
Port Efficiency Ratios							
REPUT ($/Tonne) - nominal	$4.31	$3.89	$3.81	$2.63	$2.58	$2.10	$1.07
REPUT ($/Tonne) - real	$2.97	$2.75	$2.81	$1.98	$2.00	$1.68	$0.88
REPS ($/Ship) - nominal	$31,580	$26,731	$22,006	$23,317	$20,021	$17,962	$15,860
REPS ($/Ship) - real	$21,777	$18,894	$16,255	$17,584	$15,552	$14,371	$13,070
PACPUT ($/Tonne) - nominal	$5.84	$3.43	$3.58	$3.80	$2.94	$2.95	$4.04
PACPUT ($/Tonne) - real	$4.03	$2.43	$2.64	$2.86	$2.29	$2.36	$3.33
CUB (tonnes per berth)	1,276,399	1,118,145	1,072,999	869,913	917,374	872,657	499,137
SUB (berth utilisation)	35.50%	35.50%	27.94%	34.25%	29.03%	27.11%	23.36%
ASTT (hours)	59.97	62.16	48.28	47.01	41.66	41.92	43.84
APP (tonne/ship-hour)	409.32	358.57	437.22	289.15	431.73	366.48	243.27
Total Throughput	**7,658,396**	**6,708,868**	**6,437,995**	**5,219,475**	**5,504,241**	**4,363,287**	**2,495,684**

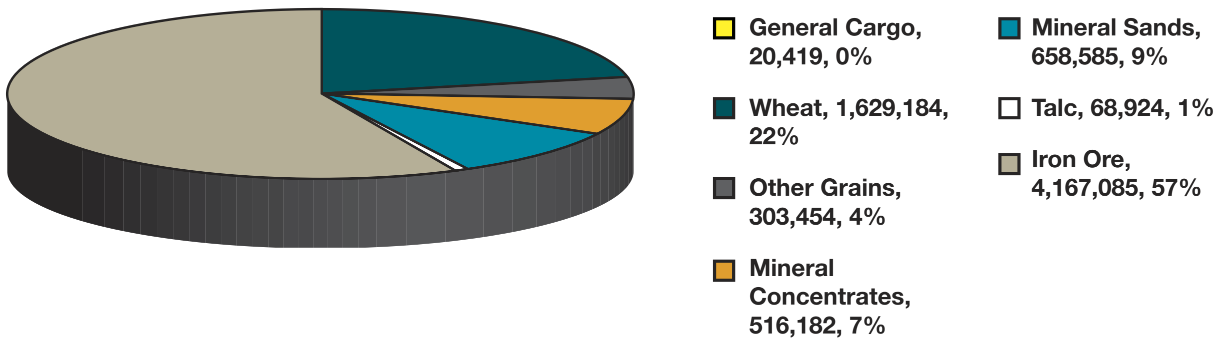
REPUT - Revenue Earned per Unit Throughput
REPS - Revenue Earned per Ship
PACPUT - Port Authority Costs per Unit Throughput
CUB - Cargo Units Berth
SUB - Ship Utilisation Berth
ASTT - Ship Turnaround Time
APP - Average Port Productiveness

KEY PERFORMANCE INDICATORS

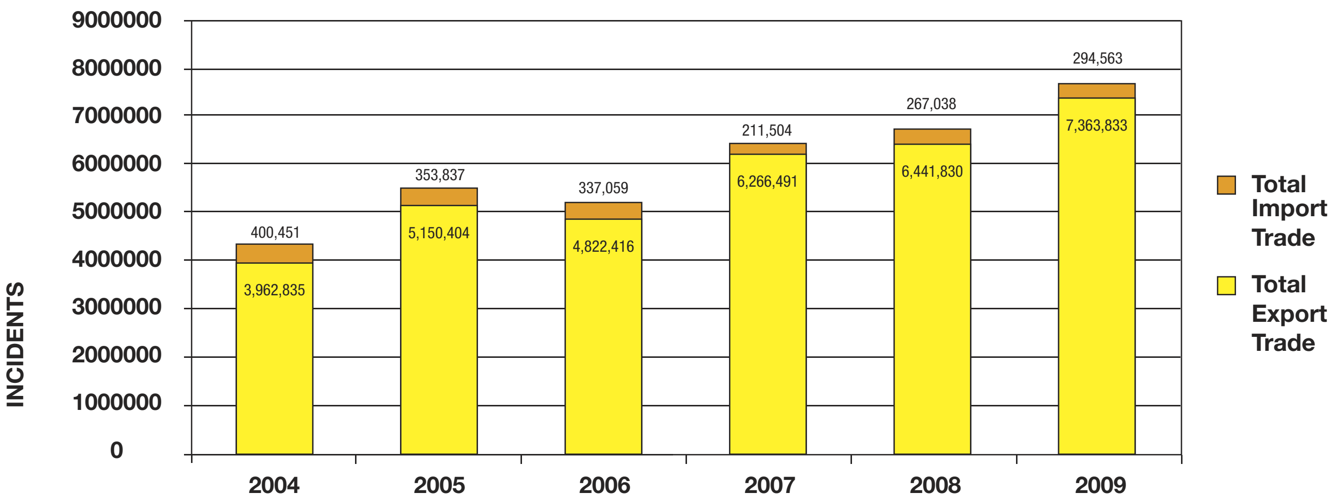
GPA IMPORT TRADE 2008/09



GPA EXPORT TRADE 2008/09



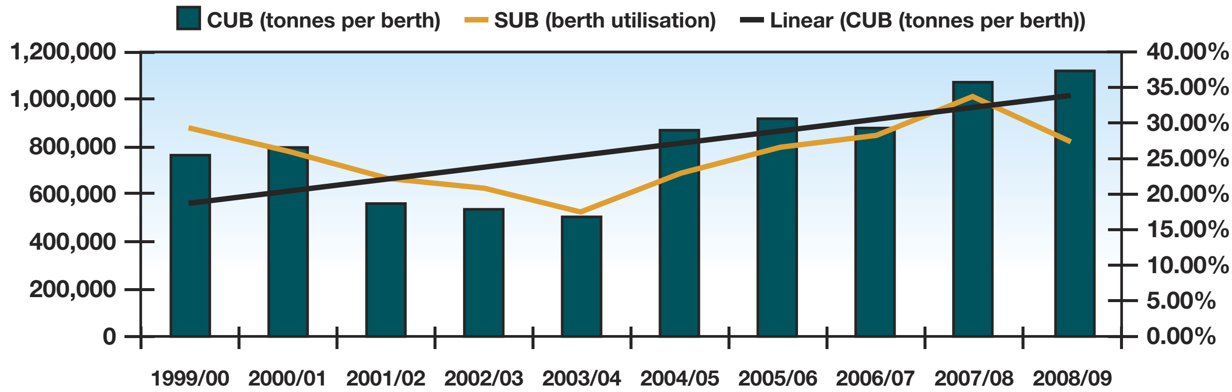
GPA EXPORT AND IMPORT TRADE VOLUME BY FINANCIAL YEAR



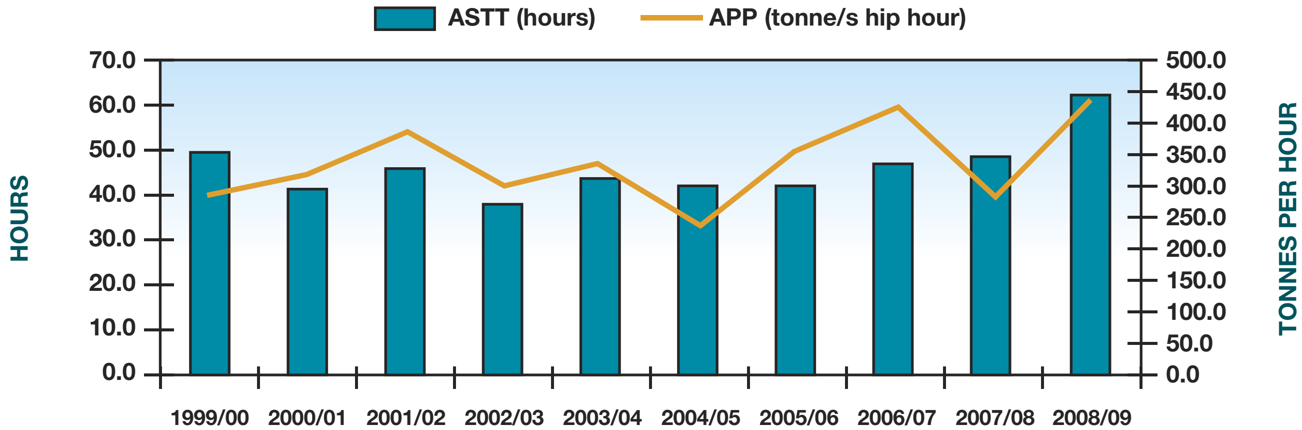
KEY PERFORMANCE INDICATORS

As at 30 June 2008

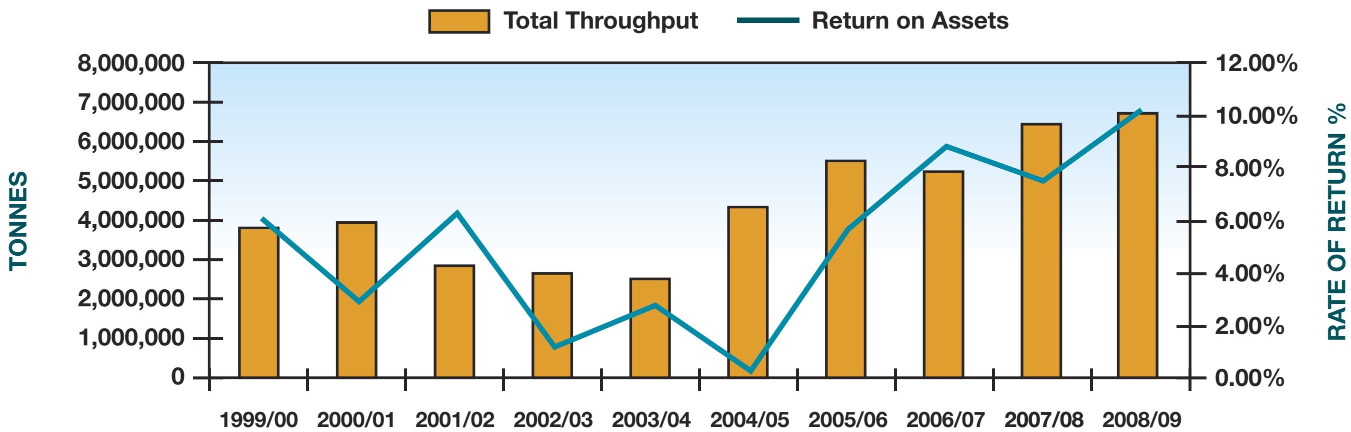
Tonne Per Berth vs Utilisation



Turnaround Time and Loading Rate per Hour



Throughput and Profitability



FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' REPORT

The Board of Directors of the Geraldton Port Authority ("the Authority") has pleasure in submitting its report for the financial year ended 30 June 2009.

1. Directors

The directors of the Authority at any time during or since the end of the financial year are:

Chairman	Ian King
Occupation	Company Director and Systems Auditor
Appointments	Appointed Non- executive Director, Chairman 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 • Chairman Ports WA • Member of The Freight and Logistics Council of WA

Director	Bruce Anderson
Occupation	Mining Engineer
Appointments	Appointed 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

DIRECTORS' REPORT

Director	Jeff Carr
Occupation	Retired Member of Parliament
Appointments	Appointed Non-executive Director, 2005/06
Background/ Qualifications	• Member for Geraldton 1974 – 1991 • Cabinet Minister WA Government 1983 – 1991 • BA (UWS 1971) • Chairperson of Commissioners: City of Geraldton-Greenough 2007

Director	Michael Culloton
Occupation	Farmer
Appointments	Appointed Non-executive Director, 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

2. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Authority during the financial year are:

Type of Meeting	Board	Finance	Compliance
Number of meetings held	11	6	6

Numbers of Meetings Attended by:

	Board	Finance	Compliance
I King	11	6	6
B Anderson	10	4	4
M Culloton	11	6	6
J Carr	8	5	5

3. Principal activities

(a) The principal activities of the Authority during the course of the financial year were 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.

There were no other significant changes in the nature of the activities of the Authority during the year.

Objectives

(a) The Authority's objectives are to grow our trade.

(b) Meet and maintain the State Government's target for return on assets.

(c) Continuously improve the Port's business processes and systems.

(d) Create employer of choice status.

(e) Assist the development and efficient operation of Oakajee Port.

In order to meet these objectives the following targets have been set for the 2010 financial year and beyond:

(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 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 the Authority.

(f) Protect the environment of the Port and minimise the impact of port activities on that environment.

DIRECTORS' REPORT

4. Dividends

Dividends paid or declared by the Authority since the end of the previous financial year were:

A dividend of $1,390,327 is recommended in respect of the 2008/09 financial year. A dividend of $1,646,074 was paid during the 2008/09 financial year.

5. Operating and financial review

Review of Operations

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

	2009	2008
Total trade (tonnes)	7,658,396	6,708,868
'$000'	**'$000'**	**'$000'**
Revenue from cargo	19,941	15,352
Revenue from ships	7,142	5,403
Revenue from ship services	2,711	2,614
Revenue from port enhancement charges	13,054	10,903
Other revenue	5,229	7,016
Total revenue	48,077	41,285
Less expenditure	44,075	35,301
Operating profit before tax	4,002	5,984
Income tax on operating profit	(1,221)	(1,852)
Operating profit after tax	2,781	4,132

Commentary on operating results

Operating profit before tax was lower than for the previous period mainly due to lower bulk minerals sands trade as a result of the impact of the Global Financial Crisis and a community service obligation payment of $1.5 million made to the City of Geraldton -Greenough. This was significantly offset by increased revenue from higher grain throughput as a result of a favourable change in seasonal conditions for the Midwest Region and additional revenue arising from increases during 2009 in Port charges.

Strategy and future performance

For the major goals that have been defined, strategies/initiatives/projects to achieve these goals and associated outcomes are articulated. Action plans and timelines are developed from the strategic plan to ensure the timely achievement of stated projects.

6. Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Authority that occurred during the financial year under review.

7. 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 Authority, the results of those operations, or the state of affairs of the Authority, in future financial years.

8. Likely developments

There are no likely developments which are expected to impact on the results of the operations.

9. Directors' emoluments

In accordance with Section 13(c)(i) of Schedule 5 of the Port Authorities Act 1999, the nature and amount of each major element of remuneration of each director of the Authority, each of the three named executives who received the highest remuneration and other key management personnel of the Authority are:

(a) The Minister for Transport 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) $	Total $
I King	45,000	4,050	Nil	49,050
B Anderson	25,000	2,250	Nil	27,250
M Culloton	16,500	1,485	Nil	17,985
J Carr	16,500	1,485	Nil	17,985

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

2 **Post Emp Benefits**
Superannuation

3 **LTB**
Long Service Leave

Executive Emoluments

(b) 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 $
P Klein	186,907	16,821	4,313	208,041
P Duplex	156,107	14,050	3,643	173,800
M North	171,826	15,464	3,958	191,248

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

2 **Post Emp Benefits**
Superannuation

3 **LTB**
Long Service Leave

10. Environmental regulation

The Authority's operations are subject to regulation under both Commonwealth and State environmental legislation applicable to any Australian commercial entity. Under the Port Authorities Act 1999, the Authority is also 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..

The Geraldton Port Authority in 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.

11. Environmental management

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. GPA is currently progressing it's commitment toward obtaining certification to meet the international standard ISO14001.

12. Rounding off

Amounts have been rounded off to the nearest thousand dollars in the Directors' Report and Financial Statements.

This report is made with a resolution of the directors:

Ian King

Chairman

17th September 2009

INCOME STATEMENT for the year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
Revenue	4	48,077	39,636
Other income	5	659	1,649
Depreciation and amortisation expense	6	(9,325)	(4,751)
Marine expenses		(3,275)	(2,186)
Port operations expenses		(11,098)	(8,709)
General administration		(4,236)	(4,453)
Asset maintenance		(2,738)	(3,239)
Environmental expenses		(470)	(581)
Port utilities		(387)	(56)
Safety and security		(644)	(596)
Finance costs	8	(9,967)	(10,179)
Other expenses	9	(2,594)	(551)
Profit before income tax		4,002	5,984
Income tax expense	10	(1,221)	(1,852)
Profit for the period		**2,781**	**4,132**

The notes on pages 33 to 61 are an integral part of these financial statements.

BALANCE SHEET as at 30 June 2009

	Notes	2009 $'000	2008 $'000
ASSETS			
Cash and cash equivalents	12	15,730	14,408
Trade and other receivables	13	9,622	6,101
Total current assets		25,352	20,509
Deferred tax assets	10	1,597	1,362
Property, plant and equipment	14	170,767	176,462
Total non-current assets		172,364	177,824
Total assets		197,716	198,333
LIABILITIES			
Trade and other payables	15	8,226	7,538
Interest bearing borrowings	16	5,873	5,359
Current tax payable	10	704	181
Provisions	17	1,629	1,096
Other	18	243	243
Total current liabilities		16,675	14,417
Interest bearing borrowings	16	149,900	153,823
Provisions	17	1,723	1,735
Other	18	67	142
Total non-current liabilities		151,690	155,700
Total liabilities		168,365	170,117
Net assets		**29,351**	**28,216**
EQUITY			
Contributed equity	19	2,641	2,641
Retained earnings	19	26,710	25,575
Total equity		**29,351**	**28,216**

The notes on pages 33 to 61 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
Balance of equity at start of period		**28,216**	**30,164**
Contributed equity	19		
Balance at start of period		2,641	2,641
Capital contribution		-	-
Balance at end of period		2,641	2,641
Retained earnings	19		
Balance at start of period		25,575	27,523
Profit for the period		2,781	4,132
Dividends paid	11	(1,646)	(6,080)
Balance at end of period		26,710	25,575
Balance of equity at end of period		**29,351**	**28,216**
Total income and expense for the period		2,781	4,132

The notes on pages 33 to 61 are an integral part of these financial statements.

CASH FLOW STATEMENT for the year ended 30 June 2009

	Notes	2009 $'000	2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		49,360	39,453
Cash paid to suppliers and employees		(28,246)	(21,372)
Cash generated from operations		21,114	18,081
Interest paid		(9,967)	(10,179)
Income taxes paid		(933)	(1,147)
Net cash from operating activities	20	10,214	6,755
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		(41)	2
Acquisition of property, plant and equipment	14	(3,796)	(34,544)
Net cash from investing activities		(3,837)	(34,542)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings		3,000	24,007
Repayment of borrowings		(6,409)	-
Dividends paid	11	(1,646)	(6,080)
Net cash from financing activities		(5,055)	17,927
Net increase (decrease) in cash and cash equivalents		1,322	(9,860)
Cash and cash equivalents at 1 July		14,408	24,268
Cash and cash equivalents at 30 June	12	**15,730**	**14,408**

The notes on pages 33 to 61 are an integral part of these financial statements.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared 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 financial statements were authorised for issue on 17th September 2009 by the Board of Directors of Geraldton Port Authority ("the Authority").

(b) Presentation of the income statement

During the year ended 30 June 2009 the Authority modified the income statement presentation of expenses using a classification based on the nature of expenses. Comparative amounts were reclassified for consistency.

Classification of expenses by nature is considered to provide more relevant and reliable information than classification by function due to the nature of the Authority's operations.

The directors have concluded that the financial statements present fairly the Authority's financial position, financial performance and cash flows and that it has complied with applicable standards and interpretations.

Total employee benefits expenses are disclosed in note 7 to the financial statements

(c) Basis of measurement

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

(d) Functional and presentation currency

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

(e) 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 amounts 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 17.

Estimating useful life and residual value of key assets

Various assumptions are required when determining the Authority's expected useful life, residual value and depreciation rate on capitalized construction projects are discussed in note 14.

Recoverability of trade receivables

Various assumptions are required when determining the Authority's likelihood of collecting outstanding trade receivables, including the Authority's likelihood of success in pursuing uncollected debtors through legal or other means.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise stated.

Certain comparative amounts have been reclassified to conform with the current year's presentation

(a) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

(i) Rendering of services

Revenue from services rendered is recognised in profit and loss in respect of the services provided upon delivery of the service to the customer. Other revenue includes the recovery of water and electricity costs from leasehold tenants based on actual consumption.

(ii) Interest

Interest revenue is recognised as it accrues using the effective interest method (see note 2(b)).

(iii) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

(b) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings and finance charges payable under finance leases. All borrowing costs are recognised in profit or loss using the effective interest method. The interest expense component of finance lease payments is also recognised in the income statement 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income tax

The Authority operates within the national tax equivalent regime ("NTER") whereby an equivalent amount in respect of income tax is payable to the State Government. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

As a consequence of participation in the NTER, the Authority is required to comply with AASB 112 Income Taxes.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss 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 income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Receivables

(i) Trade receivables

Trade debtors are recognised and carried at the original invoice amounts 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 collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts.

(ii) Lease receivables

A lease receivable is recognised for leases of property, plant and equipment which effectively transfers to the lessee substantially all of the risks and benefits incidental to legal ownership of the leased asset. The lease receivable is initially recognised as the amount of the present value of the minimum lease payments receivable at the reporting date plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term.

Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease with interest revenue calculated using the interest rate implicit in the lease and recognised directly in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for each class of depreciable assets are as follows:

Channels and breakwater	40 years
Buildings and improvements	10 to 50 years
Plant and equipment	3 to 30 years
Berths, jetties and infrastructure	10 to 40 years
Leased plant and equipment	20 to 33 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment

Property, plant and equipment and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is any indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Leases

Leases in terms of which the Authority assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Authority's balance sheet.

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(h) Financial instruments

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

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Refer to Note 21 for further information on the classification of financial instruments.

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.

(i) 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. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Borrowings

All borrowings are initially recognised at cost, being the fair value of the consideration received less directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest rate 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.

(k) Employee benefits

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Associated payroll on-costs are included in the determination of other provisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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 2009.

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

Defined benefit plan

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

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

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

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

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

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

(m) Dividends

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

(n) Provisions

A provision is recognised if, as a result of a past event, the Authority has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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.

(p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), 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.

Receivables and payables are stated with the amount of GST included. 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 statement of cash flows 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.

(q) Contributed equity

The Authority receives support from the WA Government (see note 19). The amount received is recognised directly as a credit to contributed equity.

(r) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- Revised AASB 101 Presentation of Financial Statements (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Authority's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the financial statements. The Authority plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 financial statements.

- Revised 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 in the Authority's 30 June 2010 financial statements.

3. EXPENSES BY NATURE

Operating expenses are presented on the face of the income statement using a classification based on the nature of expenses (see note 1(b)). Marine expenses include those expenses derived from water based activities, port operations expenses include those expenses related to land based support activities, whilst general administration expenses includes expenditure of an administrative nature.

4. REVENUE

Revenue consists of the following items:

	2009 $'000	2008 $'000
Rendering of services		
Charges on cargo	19,941	15,352
Charges on ships	7,142	5,403
Shipping services	2,711	2,614
Port enhancement charge	13,054	10,903
Interest revenue	789	1,412
Rentals and leases	4,440	3,952
Total revenue	**48,077**	**39,636**

Interest revenue is derived from a major Australian banking institution utilizing a combination of short term investments and cash management facilities.

5. OTHER INCOME

Other income consists of the following items:

	2009 $'000	2008 $'000
Net gain on sale of electricity and water	86	33
Miscellaneous revenue	-	1,616
Insurance claims revenue	573	-
	659	**1,649**

Included in the Miscellaneous revenue is customer contributions amounting to $Nil million (2008 $1.2 million) for the purposes of modifying a service delivery network .

6. DEPRECIATION AND AMORTISATION EXPENSE

	2009 $'000	2008 $'000
DEPRECIATION		
Channels and breakwaters	2,305	2,306
Buildings and improvements	30	29
Plant and equipment	5,831	1,018
Berths, jetties and infrastructure	1,159	1,398
Total depreciation	9,325	4,751

7. EMPLOYEE BENEFITS EXPENSE

	2009 $'000	2008 $'000
Wages and salaries[a]	5,587	4,380
Superannuation – defined benefit plans (see note 17)	382	(164)
Long service leave[b]	100	113
Annual leave[b]	436	327
	6,505	4,656

(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component.

(b) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance and payroll tax are included at note 9 'Other expenses". The employment on-costs liability is included at note 17 'Provisions'.

8. FINANCE COSTS

	2009 $'000	2008 $'000
Interest paid	9,967	10,179
Finance costs expensed	9,967	10,179

9. OTHER EXPENSES

	2009 $'000	2008 $'000
Doubtful debts expense	50	-
Employee on-costs(a)	537	442
Community Service Obligation(b)	1,500	-
Net loss on sale of property plant and equipment	207	109
Preliminary project expense	300	-
	2,594	551

(a) Includes workers' compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 19 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employee on-costs.

(b) Accrued expense to the City of Geraldton-Greenough for the development of parking, landscaping, boardwalks etc. to the benefit of the regional economy and the community of Geraldton-Greenough.

10. INCOME TAX EXPENSE

Recognised in the income statement

	2009 $'000	2008 $'000
CURRENT TAX EXPENSE		
Current income tax charge	1,437	1,759
Adjustment for prior periods	19	(63)
	1,456	1,696
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	(235)	156
	(235)	156
Total income tax expense	1,221	1,852
NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE TAX NET PROFIT		
Profit for the period	2,781	4,132
Total income tax expense	1,221	1,852
Profit excluding income tax	4,002	5,984
Income tax using the statutory tax rate of 30% (2008: 30%)	1,201	1,795
Non-deductible expenses	-	7
Sundry items	1	113
	1,202	1,915
Under (over) provision in prior years	19	(63)
Income tax expense	1,221	1,852

10. INCOME TAX EXPENSE (CONTINUED)

Deferred income tax

	2009 Balance sheet $'000	2008 Balance sheet $'000	2009 Income statement $'000	2008 Income statement $'000
DEFERRED TAX LIABILITIES				
Accelerated depreciation for tax purposes	2	-	-	
Others	10	-	114	(21)
Gross deferred tax liabilities	12	-	114	(21)
DEFERRED TAX ASSETS				
Employee benefits	1,005	849	(156)	(22)
Prepaid rental	93	116	23	25
Others	511	295	(216)	174
Gross deferred tax assets	1,609	1,260	(349)	177
Set-off of deferred tax liabilities pursuant to set-off provisions	(12)	102		
Net deferred tax assets	1,597	1,362		
Deferred tax charge			(235)	198

Current tax liabilities

The current tax liability of $0.704 million (2008: $0.181 million) represents the amount of income taxes payable in respect of current and prior financial periods.

11. DIVIDENDS

	2009 $'000	2008 $'000
Dividends paid in the financial year	1,646	6,080

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 2009 have not been provided as they are expected to be declared by Government after balance date.

A dividend of $1.646 million (2008: $6.080 million) in respect of the financial results for the year ended 30 June 2008 was paid by 30 June 2009.

12. CASH AND CASH EQUIVALENTS

	2009 $'000	2008 $'000
Bank balances	7,942	2,184
Term deposits	7,788	12,224
Cash and cash equivalents in the statements of cash flows	15,730	14,408

The Authority's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 16 and 21.

13. TRADE AND OTHER RECEIVABLES

	2009 $'000	2008 $'000
CURRENT		
Receivables	9,629	6,055
Less: allowance for impairment of receivables	(87)	(37)
	9,542	6,018
Prepayments	80	83
	9,622	6,101
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	37	37
Doubtful debts expense recognised in the income statement	50	-
Balance at end of year	87	37

The Authority does not hold any collateral as security or other credit enhancements relating to receivables.

The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

At 30 June, the ageing analysis of trade debtors past due but not impaired is as follows:

	2009 $'000	2008 $'000
Not more than 3 months	8,360	5,463
More than 3 months but less than 6 months	1,222	197
More than 6 months but less than 1 year	-	197
More than 1 year	47	198
	9,629	6,055

14 PROPERTY, PLANT AND EQUIPMENT

	2009 $'000	2008 $'000
CHANNELS AND BREAKWATERS		
At cost	98,210	98,210
Accumulated depreciation	(15,256)	(12,951)
	82,954	85,259
LAND		
At cost	1,109	1,109
	1,109	1,109
BUILDINGS AND IMPROVEMENTS		
At cost	1,174	1,172
Accumulated depreciation	(432)	(402)
	742	770
PLANT AND EQUIPMENT		
At cost	32,884	31,159
Accumulated depreciation	(13,919)	(12,793)
Accumulated impairment losses	(17)	(17)
	18,948	18,349
BERTHS, JETTIES AND INFRASTRUCTURE		
At cost	98,049	94,971
Accumulated depreciation	(26,384)	(21,028)
Accumulated impairment losses	(5,256)	(5,271)
	66,409	68,672
	170,162	174,159
Add: Work in progress (at cost)	605	2,303
Total property, plant and equipment	170,767	176,462

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below.

	2009 $'000	2008 $'000
CHANNELS AND BREAKWATERS		
Carrying amount at 1 July	85,259	86,145
Additions	-	1,500
Depreciation for the year	(2,305)	(2,306)
Disposals	-	(80)
Carrying amount at 30 June	82,954	85,259
LAND	1,109	1,109
Carrying amount at 1 July		
Carrying amount at 30 June	1,109	1,109
BUILDINGS AND IMPROVEMENTS		
Carrying amount at 1 July	770	741
Transfer from work in progress	2	68
Depreciation for the year	(30)	(29)
Disposals	-	(10)
Carrying amount at 30 June	742	770
PLANT AND EQUIPMENT		
Carrying amount at 1 July	18,349	14,207
Additions	479	792
Transfer from work in progress	1,241	4,690
Depreciation for the year	(1,159)	(1,018)
Disposals	38	(322)
Carrying amount at 30 June	18,948	18,349

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2009 $'000	2008 $'000
BERTHS, JETTIES AND INFRASTRUCTURE		
Carrying amount at 1 July	68,673	21,200
Additions	1,088	27,831
Transfer from work in progress	2,683	21,039
Depreciation for the year	(5,831)	(1,397)
Disposals	(204)	-
Carrying amount at 30 June	66,409	68,673
	170,162	174,160
WORK IN PROGRESS:		
Carrying amount at 1 July	2,303	23,378
Additions	2,228	4,655
Transfers to property, plant and equipment	(3,926)	(25,730)
Carrying amount at 30 June	605	2,303
Total property, plant and equipment	**170,767**	**176,462**

15. TRADE AND OTHER PAYABLES

	2009 $'000	2008 $'000
CURRENT		
Trade payables	2,700	4,895
Other payables	1,894	377
GST payable	475	315
Accrued expenses	1,815	30
Other accrued interest	1,342	1,921
	8,226	7,538

The Authority's exposure to liquidity risk related to trade and other payables in disclosed in note 21(i).

16. INTEREST BEARING BORROWINGS

This note provides information about the contractual terms of the Authority's interest bearing borrowings, which are measured at amortised cost. For more information about the Authority's exposure to interest rate and liquidity risk, see note 21.

	2009 $'000	2008 $'000
CURRENT LIABILITIES		
Direct borrowings	5,873	5,359
	5,873	5,359
NON-CURRENT LIABILITIES		
Direct borrowings	149,900	153,823
	149,900	153,823
FINANCING ARRANGEMENTS		
The Authority has access to the following lines of credit:		
Total facilities available:		
Liquidity facility	-	-
Direct and special borrowings	155,800	164,294
	155,800	164,294
Facilities utilised at reporting date:		
Liquidity facility	-	-
Direct and special borrowings	155,773	159,182
	155,773	159,182

	2009 $'000	2008 $'000
Facilities not utilised at reporting date:		
Direct and special borrowings	27	5,112
	27	5,112

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 and includes a bullet repayment of $27.3 million in 2022/3. In addition, a schedule of interest only loans is to be repaid by 2034.

All interest bearing borrowings are unsecured.

The fair value of these loans as at 30 June 2009 was $157,908,898.

16. INTEREST BEARING BORROWINGS (CONTINUED)

Interest rate risk exposure

The Authority's exposure to interest rate risk on the interest bearing borrowings and the effective weighted average interest rate at year end by maturity periods is set out in the following table.

2009		Fixed Interest Rate						
	Variable interest rate $'000	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	More than 5 years $'000	Total $'000
Interest bearing borrowings:								
Direct borrowings	66,649	5,052	5,467	6,575	5,754	6,081	60,195	155,773
	66,649	5,052	5,467	6,575	5,754	6,081	60,195	155,773
Weighted average interest rate:								
Direct borrowings		6.4	6.4	6.4	6.4	6.4	6.4	

2008		Fixed Interest Rate						
	Variable interest rate $'000	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	More than 5 years $'000	Total $'000
Interest bearing borrowings:								
Direct borrowings	67,470	4,538	4,861	5,156	5,498	5,869	65,790	159,182
	67,470	4,538	4,861	5,156	5,498	5,869	65,790	159,182
Weighted average interest rate:								
Direct borrowings		7.8	6.5	6.5	6.5	6.5	6.5	

17. PROVISIONS

	2009 $'000	2008 $'000
CURRENT		
Employee benefits provision	24	18
Sick leave	524	396
Annual leave[(a)]	542	492
Long service leave[(b)]	470	124
Superannuation[(c)]	69	66
	1,629	1,096
NON-CURRENT		
Long service leave[(b)]	80	406
Superannuation[(c)]	1,643	1,329
	1,723	1,735

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2009 $'000	2008 $'000
Within 12 months of balance date	288	288
More than 12 months after balance sheet date	254	204
	542	492

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2009 $'000	2008 $'000
Within 12 months of balance date	470	406
More than 12 months after balance sheet date	80	124
	550	530

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 9 'Other expenses'.

17. PROVISIONS (CONTINUED)

(c) Defined benefit superannuation plans

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.

	2009 $'000	2008 $'000
Amounts recognised in the balance sheet:		
Present value of unfunded obligations	1,712	1,395
	1,712	1,395
Reconciliation of movement in the present value of the unfunded obligations recognised in the balance sheet:		
Opening balance	1,395	1,622
Current service cost	19	21
Interest cost	90	96
Actuarial gain on liabilities	273	(281)
Benefits paid (including expenses and taxes)	(65)	(63)
	1,712	1,395
Amounts recognised in the income statement:		
Current service cost	19	21
Interest cost	90	96
Actual gain recognised	273	(281)
	382	(164)
Historic summary:		
Defined benefit plan obligation	1,712	1,395
Plan assets	-	-
	1,712	1,395
Experience adjustments arising on plan liabilities	317	(161)
Principal actuarial assumptions:		
Discount rate	5.34%	6.64%
Expected future salary increases	4.50%	4.5%
Expected future pension increases	2.50%	2.5%
Anticipated return on plan assets	-	-

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 2(l).

17. PROVISIONS (CONTINUED)

(c) Defined benefit superannuation plans (continued)

Movements in provisions

Reconciliations for the carrying amounts of each class of provision, except for employee benefits are set out below:

	2009 $'000	2008 $'000
RETIREMENT BENEFIT OBLIGATIONS		
Carrying amount at 1 July	1,395	1,622
Provisions made during the year	382	(164)
Amounts utilised in the year	(65)	(63)
Carrying amount at 30 June	1,712	1,395

18. OTHER LIABILITIES

	2009 $'000	2008 $'000
CURRENT		
Prepaid rental income	243	243
NON-CURRENT		
Prepaid rental income	67	142

19. EQUITY

	Notes	2009 $'000	2008 $'000
CONTRIBUTED EQUITY			
Balance at the start of the year		2,641	2,641
Capital contributions		-	-
Balance at end of year		2,641	2,641
RETAINED EARNINGS			
Balance at start of year		25,575	27,523
Profit for the period		2,781	4,132
Dividends paid	11	(1,646)	(6,080)
Balance at end of year		26,710	25,575

20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Notes	2009 $'000	2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		2,781	4,132
Adjustments for:			
Depreciation	6	9,325	4,751
Net finance expense		9,967	10,179
Loss on sale of property, plant and equipment	9	207	109
Income tax expense	10	1,221	1,852
Operating profit before changes in working capital and provisions		23,501	21,023
Change in trade and other receivables	13	(3,524)	(1,676)
Change in trade and other payables	15	613	(1,283)
Change in other current assets	13	4	(57)
Change in provisions and employee benefits	17	520	74
		(2,387)	(2,942)
Interest paid	8	(9,967)	(10,179)
Income taxes paid		(933)	(1,147)
Net cash from operating activities		10,214	6,755

21. FINANCIAL INSTRUMENTS

(i) Financial risk management objectives and policies

The Authority's principal financial instruments comprise cash and cash equivalents, receivables, payables and interest bearing borrowings, The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

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 and foreign exchange risk, aging 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. The executive management identifies, evaluates and manages financial risk in close co-operation with the Port's operating units. The Board provides written policies for the Authority's administration of risk management.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks.

The Authority's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities or at variable rates. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than as detailed in the interest rate sensitivity analysis in the table below, the Authority has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings and the majority of its borrowings are in fixed interest.

21. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Financial risk management objectives and policies (continued)

Sensitivity analysis

The Authority's policy is to manage its finance costs using a mix of fixed and variable debt with the objective of achieving optimum returns whilst managing interest rate risk to avoid uncertainty and volatility in the market place.

The Authority closely monitors its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions and alternative financing structures.

At the balance sheet date, if interest rates had moved as illustrated in the table below, with all other variables held constant, the effect would be as follows:

	Carrying Amount $'000	+0.50% change Profit $'000	-0.25% change Profit $'000
2009			
Financial Assets			
Cash and cash equivalents	15,730	78	(39)
Financial Liabilities			
Interest bearing borrowings			
Fixed rate	89,124	-	-
Variable rate	66,649	(333)	167
Total Increase/(Decrease)		(255)	128

	Carrying Amount $'000	+1.0% change Profit $'000	-1.0% change Profit $'000
2008			
Financial Assets			
Cash and cash equivalents	14,408	144	(144)
		144	(144)
Financial Liabilities			
Interest bearing borrowings			
Fixed rate	91,712	-	-
Variable rate	67,470	(675)	675
		(675)	675
Total Increase/(Decrease)		(531)	531

21. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Financial risk management objectives and policies (continued)

Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis. With respect to credit risk arising from cash and cash equivalents, The Authority's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents.

The Authority operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table below.

The Authority follows stringent credit control and management procedures in reviewing and monitoring debtor accounts and outstanding balances as evidenced by the historical aged debtor balances. In addition, management of receivable balances includes frequent monitoring thereby minimising the Authority's exposure to bad debts. For financial assets that are either past due or impaired, refer to note 13 'Trade and other receivables'.

The Authority's credit risk management is further supported by rental agreements and sections 116 & 117 of the Port Authorities Act 1999. Section 116 refers to the liability to pay port charges in respect of vessels and Section 117 refers to the liability to pay port charges in respect of goods. Port charges are defined in Section 115. The Authority currently issues credit to approved customers. As at 30 June 2009 there is a significant concentration of credit (61%) extended to one Port customer. Additional short term credit facilities have been extended to this customer while awaiting arbitration adjudication.

21. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Financial risk management objectives and policies (continued)

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 Authority manages its exposure to liquidity risk by ensuring appropriate procedures are in place to manage cash flows, including monitoring forecast cash flows to ensure sufficient funds are available to meet its commitments.

The table below reflects the contractual maturity of financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows. An adjustment has been made where material.

		Including interest				
Financial liabilities	**Carrying amount $'000**	**6 mths or less $'000**	**6-12 mths $'000**	**1-2 years $'000**	**2-5 years $'000**	**More than 5 years $'000**
2009						
Trade and other payables	8,226	8,226	-	-	-	-
Interest bearing borrowings	155,773	7,323	7,255	13,554	45,320	160,835
	163,999	15,549	7,255	13,554	45,320	160,835
2008						
Trade and other payables	7,538	7,538	-	-	-	-
Interest bearing borrowings	159,182	7,519	7,563	14,220	46,948	176,940
	166,720	15,057	7,563	14,220	46,948	176,940

21. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Categories of financial instruments

Set out below are the carrying amounts of the Authority's financial instruments. With the exception of interest bearing borrowings, the directors consider the carrying amounts of the financial instruments represent their net fair values.

	2009 $'000	2008 $'000
FINANCIAL ASSETS		
Cash and cash equivalents	15,730	14,408
Trade and other receivables	9,622	6,101
FINANCIAL LIABILITIES		
Trade and other payables	8,226	7,538
Interest-bearing borrowings:	155,773	159,182

The fair value of interest bearing liabilities is $157,908,898

(iii) Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

22. COMMITMENTS

(i) Capital expenditure commitments

	2009 $'000	2008 $'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	1,162	-
Later than 1 year and not later than 5 years		
Later than 5 years		
	1,162	-

(ii) Lease commitments

	2009 $'000	2008 $'000
Commitments in relation to leases contracted for at the balance sheet date but not recognised in the financial statements as liabilities are payable as follows:		
Within 1 year	231	296
Later than 1 year and not later than 5 years	165	369
Later than 5 years	-	-
	396	665
Representing:		
Cancellable operating leases	396	665
	396	665

Operating leases payable are in respect of motor vehicles.

(iii) Operating leases receivable

	2009 $'000	2008 $'000
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	305	305
Later than 1 year and not later than 5 years	1,069	1,374
Later than 5 years	125	153
	1,499	1,832

23. REMUNERATION OF AUDITOR

Remuneration payable to the Auditor General in respect to the audit for the current financial year is as follows:

	2009 $'000	2008 $'000
Auditing the accounts and financial statements	54	47

24. RELATED PARTIES

The following persons held the position of Director during the financial year and until the date of this report:

I King

B Anderson

M Culloton

J Carr

A current director of the Authority Mr Bruce Anderson, resigned from the position of General Manager of the Golden Grove Operations of Oxiana Golden Grove Pty Ltd during the 2008/09 financial year. Oxiana currently exports mineral products out of Geraldton Port. The total revenue from Oxiana for the financial year ended 30 June 2009 was $3.39 million (2008: $5.68 million). These transactions were under normal commercial terms and conditions.

25. CONTINGENT LIABILITIES

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Contaminated sites

Under the Contaminated Sites Act 2003 (the Act), 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 either 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 was advised by DEC of the identification of three suspected contaminated sites. These sites are currently being assessed and therefore it is not yet practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. The Authority may need to apply for funding support from the Contaminated Sites Management Account.

26. EVENTS OCCURRING AFTER THE BALANCE SHEET 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 Authority, the results of those operations, or the state of affairs of the Authority, in future financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of Geraldton Port Authority (the "Authority"):

(a) the financial statements and notes, set out on pages 9 to 47, are in accordance with the financial reporting provisions of the Port Authorities Act 1999, including:

(i) giving a true and fair view of the Authority's financial position as at 30 June 2009 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Port Authorities Act 1999;

(b) there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Ian King

Chairman

17th September 2009

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. The financial report comprises the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration.

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

Summary of my Role
As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.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:

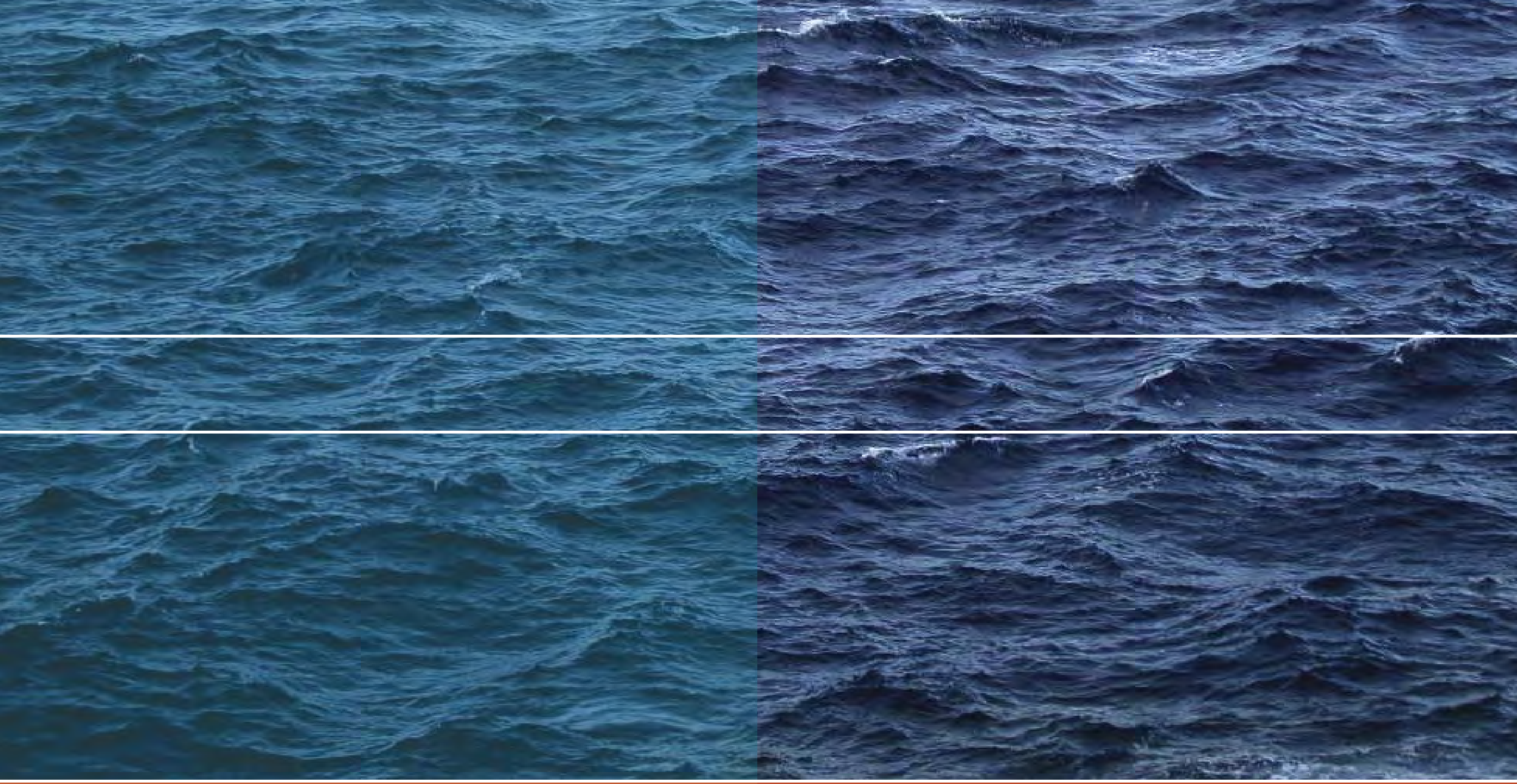
(a) giving a true and fair view of the Authority's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

GLEN CLARKE
ACTING AUDITOR GENERAL
22 September 2009

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

Geraldton Port Authority

ANNUAL REPORT 2008/2009



GERALDTON PORT AUTHORITY