GERALDTON PORT AUTHORITY

ANNUAL REPORT 2009/2010

GERALDTON PORT AUTHORITY

ABN 73 384 989 178

Street Address

298 Marine Terrace, Geraldton
Western Australia 6530

Postal Address

PO Box 1856, Geraldton
Western Australia 6531

Telephone: +61 8 9964 0520
Facsimile: +61 8 9964 0555

Internet: www.gpa.wa.gov.au
E-mail: mail@gpa.wa.gov.au

Board Members

IAN KING
Chairman

BILL PERRY
Deputy Chairman

KAREN GODFREY

BART BOELEN

STEVE CHARMARETTE

Executive Officers

PETER KLEIN
Chief Executive Officer

MELANIE DAVIES
Commercial Manager - Oakajee

RICK POCHROJ
Finance Manager

PETER DUPLEX
Engineering Manager

MARTIN NORTH
**Harbour Master/
Marine Manager**

LESTER ROZARIO
Human Resources Manager

SUE MISCHKE
HSE Manager

DAVE BOUGOURD
Operations Manager

PETER GAZE
Commercial Manager

Contents

FROM THE CHAIRMAN

The year ending 30 June 2010 represented, for Geraldton Port Authority (GPA), a step change in activity and planning for a future that will look very different from now. The Geraldton Port Authority is now preparing for the most fundamental changes in its history to date. The changes include not only the new port at Oakajee but the welcome yet highly challenging prospect of up to three years of doubling iron ore export volumes at our existing facility in the city.

Substantial growth at GPA's port in the city and the intense involvement of so many in the region in preparation for the new port at Oakajee can only serve to benefit the Mid West economy in a way that we will see just the beginnings of in the year to come.

Of additional encouragement, is the growth in sectors that do not receive the exposure of Mid-West Iron Ore. Geraldton Port's traditional mainstay, grain exports, grew again as did one of its newest revenue streams, cruise vessels.

As the planning for Oakajee has evolved into tangible work at the site, GPA's important technical input has involved our staff more and more. We view that this involvement will broaden and deepen in the months and years ahead to the point where we assume the full authority under the Minister for the port at Oakajee in the same capacity as we have at the port in the city. GPA expertise amassed over the years here in Geraldton and from our experienced staff members', is critical to the measured and prudent planning necessary to ensure the success of the port at Oakajee.

At the existing port, in Geraldton itself, we have worked in cooperation with customers to introduce increased mineral sands trade where Iluka imports, processes in Geraldton and then exports back through the port. Another new iron ore exporter, Sinosteel Midwest, loaded its first vessels bound for Nanjing in China.

The year ahead is already proving to be busier than any we have experienced to date. Construction works in preparation of greatly increased iron ore exports have begun and dredging to recover the maximum usable depth in our channel and basin will commence in the not-too-distant future.

Once again, I would like to express my thanks to GPA's directors, our Chief Executive Officer, Port Authority staff, contractors and service providers for their outstanding contributions over the last twelve months. In addition, I would like to thank our customers both domestic and international for driving the growth of our region and enabling the port to contribute that benefit to the growth and prosperity of Western Australia.

Ian King
CHAIRMAN

FROM THE CHIEF EXECUTIVE OFFICER

While the operation of Geraldton Port continues to grow in both scale and complexity, the strategic focus is increasingly toward a much larger operation incorporating activities at Oakajee Port.

The Geraldton Port Authority (GPA), now recognised as the "relevant authority" for Oakajee Port is supporting the State Government's efforts in preparing for this development. Dedicated commercial and engineering staff are currently managing the production of a long term Oakajee Port master plan and are assisting in the scoping and delivery of its due diligence efforts to ensure the designs meet the Government's obligations and represent value for money.

This is significant activity that will continue throughout 2011 and beyond.

Increased economic activity within the Mid West region is reflected in GPA's record trade result for 2010. Trade in the region grew 17.5% to 9,009,310 tonnes which was 1.3 million tonnes greater than the performance during the previous financial year. This growth was led by iron ore which grew 1.1 million tonnes or 27% and grain exports which grew by 0.2 million tonnes to 2,132,348 tonnes. Mineral sands and concentrate exports were marginally lower.

A total of 321 cargo vessels and 20 cruise vessels called to Geraldton during 2010.

Geraldton Port's management systems have matured further driven by chain of responsibility obligations and the need for detailed governance systems integrated across the organisation. The organisation's efforts have been rewarded with its Safety and Environmental Management System being certified as compliant with the requirements of AS/NZS 4801:2001 (Occupational Health and Safety Management) and AS/NZS ISO 14001:2004 (Environmental Management).

The certification of these systems is a substantial achievement and demonstrates the value the organisation places on effective management of occupational health and safety and environmental risk management.

A recent internal audit of Geraldton Port's Quality Management System has also confirmed that documentation is well on track to meeting AS/NZS ISO 9001:2008 standard.

Geraldton Port congratulates both Iluka Resources and Sinosteel Midwest who both initiated new projects during 2010.

Iluka Resources has commenced operations at its Jacinth-Ambrosia mineral sands project which will result in up to 600,000 tonnes per annum of a zircon rich concentrate being imported as a feed stock for its mineral processing plant at Geraldton. This is a significant long term development with major economic implications for Geraldton and the broader Mid West region.

Sinosteel Midwest has commenced operations at their Koolanooka and Blue Hills mines and its first shipment has recently set sail from Geraldton Port. This mine is expected to produce 1.5 million tonnes per annum for 5 to 7 years.

The Geraldton Port continues to be challenged by the effects of long period waves. These waves often create a dynamic environment within the harbour and can result in breaking mooring lines which are the port's most significant operating risk.

Our management approach continues to evolve and improve. The shore mooring system deployed to enhance safety has been discontinued and replaced by a system relying on the identification of safe berth thresholds in combination with conventional mooring techniques. While this may result in occasional interruption to shipping operations it produces a significantly improved safety outcome.

Looking ahead Geraldton Port will be challenged by a planned maintenance dredging program to reinstate harbour and channel depth to the post 2003 Port Enhancement Project depths. In addition, increased demand, particularly from the iron ore sector has the potential to fully absorb the port's Berth 5 iron ore handling capacity. While this highlights the need for the new port at Oakajee it will also require GPA to introduce more sophisticated arrangements for management of berth utilisation to minimise the probability of demurrage payments by port users. Projected trade growth in the lead up to the operation of Oakajee port will stretch both staff and equipment across the organisation and will be addressed by careful but proactive management.

On a concluding note I wish to thank all of the Geraldton Port Authority's employees and contractors for their dedicated efforts over the last 12 months which has enabled the Authority to meet and exceed expectation for the provision of its internal and external services.

Peter Klein
CHIEF EXECUTIVE OFFICER

PURPOSE

The purpose of the Geraldton Port Authority is:

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

The GPA's 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 assist the development and efficient operation of Oakajee Port
2. To grow our trade in compliance with the State Government's objectives for the Port
3. To meet and maintain the State Government's target for return on assets
4. To continuously improve the port's business processes and systems
5. To create employer of choice status

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.

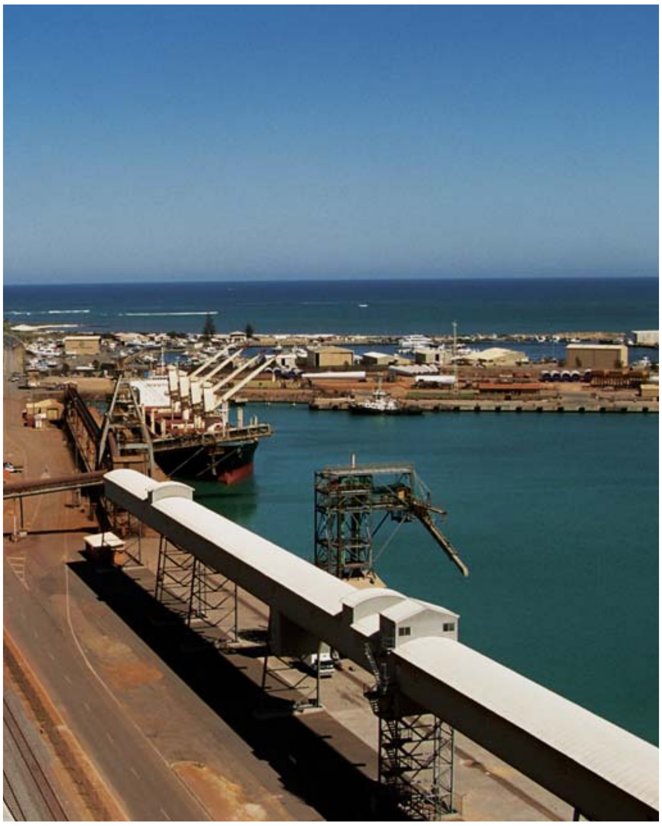
(e) Be responsible for the maintenance and preservation of vested property and other property held by it.

(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.

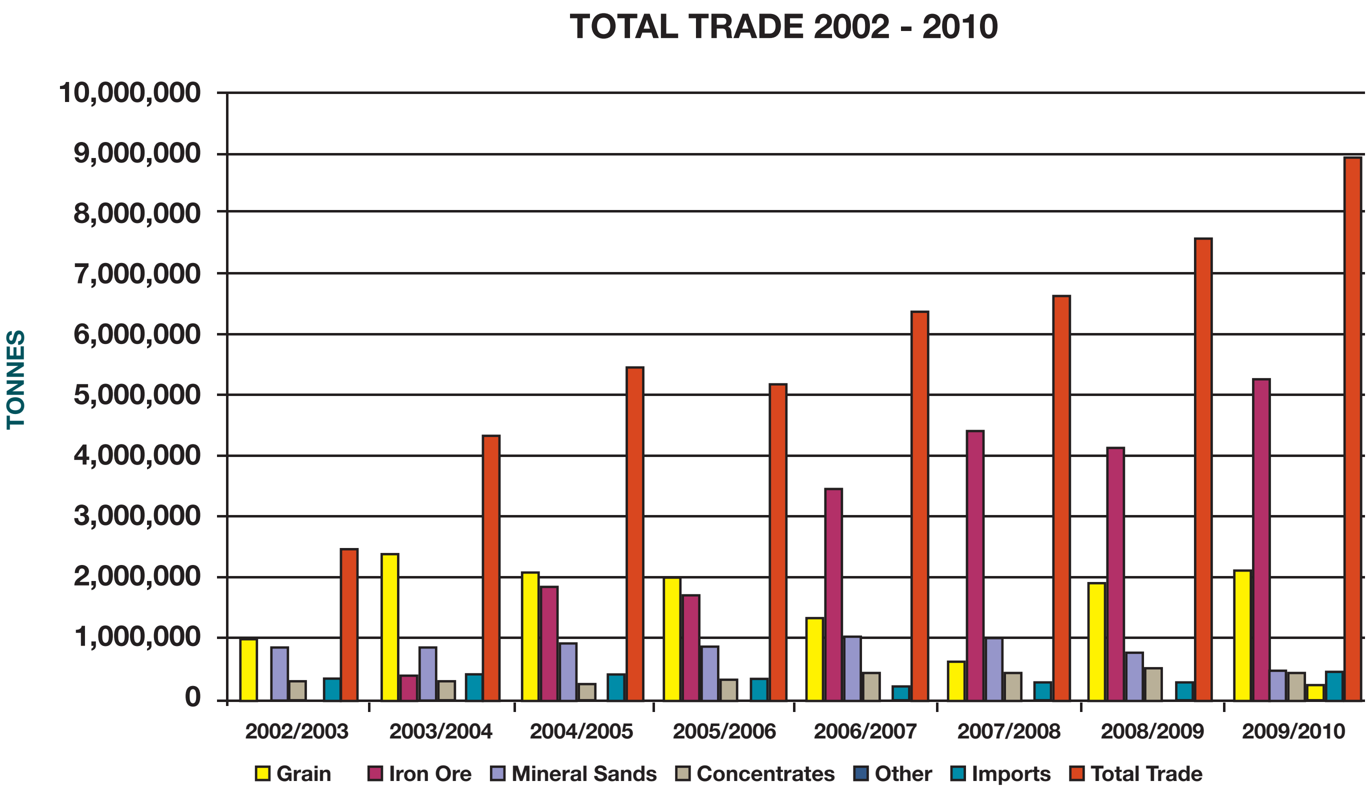
(b) Endeavour to make a profit.



CURRENT SITUATION

Trade volumes reached 9.009 million tonnes for the year ended 30 June 2010, a 15.4% increase on the previous year's figures. The mix of trade was broadly similar to the previous year, however, not only grain but iron ore increases this year contributed to the overall growth through the port. Grain exports increased 10.4% to 2.132 million tonnes (2008/9: 1.932 million tonnes) and iron ore grew 21.6% to 5.316 million tonnes (2008/9: 4.167 million tonnes). Cruise vessel visits increased five-fold from four to twenty.

A graphical representation of the trade for the previous 8 years is presented below.



The import / export trade balance altered 1.24% in favour of imports for 2009/10, with 94.76% of trade being exported.

The port hosted 347 vessel visits for the year, an 11% increase on the previous year that demonstrates growth in larger vessels (trade volumes increased 15.4%). Iron ore represented the ports greatest ship visits at 92 vessels which serviced 5.316 million tonnes of trade, indicating an average consignment size of 58,000 tonnes, followed by 84 vessels for grain providing for 2.132 million tonnes taking an average 25,000 tonne consignment.

Trade Report

Port trade for 2010/2011 is forecast to reach 9.353 million tonnes. This trade growth is anticipated as a result of new trade commencing from existing iron ore exporters with additional projects coming to fruition, Sinosteel Midwest's new iron ore exports, Iluka Resources' new exports of zircon-rich concentrate from its Jacinth-Ambrosia project 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 for 2010/11 are estimated to be around 339 visits. GPA is also expecting 19 cruise ship visits during the 2009/10 financial year.

2009/2010 HIGHLIGHTS

Trade

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

- In December – again our busiest month - GPA recorded a new highest monthly trade result, with 1.209 million tonnes exported, a 6% increase on the previous record-breaking December of 2008. This was achieved due to a record monthly grain export of 320,009 tonnes and the second highest monthly iron ore trade of 529,221 tonnes.
- 471,000 tonnes of imports, 37.6% up on the year before (2008/9: 294,533 tonnes). Most of the increase is mineral sands that are imported into Geraldton from South Australia, processed at a factory in Geraldton and re-exported.
- GPA accommodated 20 cruise vessel visits for the year, a five-fold increase on the previous year (2008/9: four).

Infrastructure Upgrades

For number of reasons that included the Global Financial Crisis, much of what was slated for the 2009/10 year will now occur in the year to come. On top of what was already scheduled for the 2009/10 year, such plans mean this year will be extremely busy. The account below reveals that much of the year just ended was absorbed with the planning for this large volume of work.

The 2010/11 year will see the look and operation of the port alter considerably. More so – in all possibility – that at any time since the industrial side of the port began. Major storage and infrastructure installations will occur to prepare the port to handle a step-change in iron ore exports by Karara and Mount Gibson.

Substantial engineering and construction activities will occur in 2010/11 including upgraded and new train unloaders, a new berth – Berth 7 – with a new shiploader, a new major storage facility and a number of conveyors linking shiploaders, train unloaders, sheds and product.

The majority of the new ore will arrive by rail. The Port Yard will be substantially upgraded to handle more numerous and longer trains. Extra track, crossing loops, unloaders and signaling will enable a far heavier reliance by the port on rail to occur in a planned and orderly fashion.

The list of infrastructure includes:

1. Upgrade of the existing train unloader
2. New dual-wagon tippler
3. New rail and associated infrastructure
4. The completion of new Berth 5 storage
5. The construction of new Berth 6 storage
6. New berth – Berth 7
7. New Berth 7 shiploader
8. New conveyors linking the upgraded train unloader with Berth 5 storage
9. New conveyors linking the new dual-wagon tippler to Berth 6 storage
10. New conveyors linking Berth 6 storage with the Berth 7 shiploader

Significant investigation, scoping and planning has been underway for work associated with a major maintenance project that will occur during the present financial year for the rehabilitation of aged concrete at Berth 4. The rehabilitation will commence in 2010.

A programme of planned maintenance dredging will take place towards the middle of the period to restore the channel's, turning basin's and berth pockets' depths to their original dredged measurements. Such a programme is necessary – along with a number of other contributing factors – to enable GPA to extract the greatest capacity from the port by careful but pro-active management.

Oakajee

The capacity constraints that will become tangible at Geraldton in the not-too-distant future highlight the need for the new port at Oakajee. The GPA is now recognized as the “relevant authority” for Oakajee, representing the State Government’s efforts to prepare for the new development.

The GPA has deployed dedicated staff to manage the delivery of the Oakajee Port Master Plan that will enable the successful introduction of the new port and guide its growth in the decades to come.

In addition, staff are assisting in the scoping and delivery of the State Government’s due diligence efforts to ensure the designs meet objectives and that the results represent value for money.

Awards

In May 2010, the Port’s health, safety and environmental management systems were certified as compliant with the requirements of AS/NZS 4801:2001 (Occupational Health and Safety Management) and AS/NZS ISO 14001:2004 (Environment Management). This certification reinforces the Port’s ongoing commitment to continually improving our business processes and systems and ensures we are aligned with national and international best practice. It also provides a platform to enable GPA to set and achieve goals and objectives relating to delivering consistent and reliable products and services.

Geraldton Port Authority believes in the continual reinforcement of the principles of workplace safety and environmental vigilance and this commitment is positively impacting on practices employed by each and every person involved with Port operations.

In addition, a recent audit of Geraldton Port’s Quality Management System has also confirmed that documentation is completed to the AS/NZS ISO 9001:2008 Standard.

Community

Geraldton Port is located in close proximity to the heart of the City of Geraldton-Greenough. Our role in the economy and in the day-to-day life of the region enables us to be actively involved in community activities. The GPA participates in a number of groups to contribute to regional development. These groups include 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 Stabilisation Plan, Mission to Seafarers Management Committee, Local Emergency Management Action Committee and support for the Variety Club WA Midwest Branch.

HUMAN RESOURCES

Our Approach

The Geraldton Port Authority aims to achieve its business strategy through an engaged, capable workforce. Our focus has been to attract the right talent and nurture an environment with outstanding leadership that is instrumental in driving high performance.

Our People

The workforce at the Port grew by 13% from 69 in 2009 to 78 in 2010 (excludes contracting workforce). Specific emphasis was given to quality of talent in our recruitment activities. A key to our HR Strategy for 2009/10 has been on the targeted personnel development and on the further training of our workforce a cost of 1.78% of annual base payroll. The Port has had a reasonable turnover during the financial year and with the recruitment of such roles in a record time has set the pace for increased people performance.

Our Working Partnerships

The main people management activity during the reporting period was the negotiation of the Enterprise Agreements. Other activities included:

- Recruitment of few key roles based on the projected growth of our business activities.
- A review of a disability access and inclusion plan as part of GPAs initiative to ongoing support.
- Structured learning programs for employee professional and skills development.
- Exposure to contemporary leadership perspectives for senior managers and middle managers.

Our Community

A number of regular forums to assist in the planning for, and implementation of, new and ongoing business have seen GPAs participation with our local community members which include:

- Midwest Strategic Infrastructure Group which focuses on the issues and provision of power transmission in the mid-west region
- Foreshore Redevelopment Advisory Committee
- City of Geraldton / GPA Liaison Committee
- City of Geraldton Northern Beaches Stabilization Plan
- Mission to Seafarers Management Committee
- Local Emergency Management Action Committee
- Variety Club WA Midwest Branch
- Port Implementation Group
- Oakajee Port Implementation Group
- Oakajee Implementation Group
- Oakajee Steering Committee
- Oakajee Due Diligence Committee
- Oakajee Technical Working Group
- Customer Groups (includes Mineral Importers & Exporters Liaison Group)
- Geraldton Port Users Group
- Fishing Boat Harbour Focus Group
- HR Forum
- Engineers Australia Geraldton Chapter

OPERATIONS

MARINE OPERATIONS

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

- The boundaries of the secondary channel leading north from the main channel have been marked with buoys providing a clearly defined ship navigation zone for recreational boat operators to be aware of.
- LED sector lights have been introduced in the navigation channels providing enhanced visual accuracy for the pilots.
- The Dynamic Under Keel Clearance System has been improved and tuned to provide more accurate and largely favourable sailing draft results
- The active management system for reducing exposure to surge events in the harbour basin has been developed and now has a graphical display of forecast and measured events available real time.
- Ship simulation work has continued to develop in Fremantle with port development pilotage training undertaken considering new berths. Cruise shipping has also benefited from simulation with simulated runs resulting in a panamax size cruise ship berthing at berth 2 whilst a very large cruise vessel "Diamond Princess" at 290 m LOA safely transited the channel to the inner anchorage in wind conditions previously considered marginal.
- The inner cruise ship anchorage with passengers being tendered ashore in ships boats has served this sector very well over the last year and it is now the preferred option for regular callers. On one occasion during the year two cruise ships were anchored off the Port on the same day.
- Self discharging ships carrying Iluka cargo for discharge have become regular callers with discharge operations taking place on both berth 3 and 6 so providing greater productivity at Berth 3 and flexibility for the client.
- To meet the demands of the growing port traffic an additional pilot has been engaged during the year. In addition, the former Port Security Officer has been licensed as a pilot after successfully completing an alternative training pathway designed to address an expected shortage of traditional candidates. Ongoing training including Master Class 1 revalidation, Advanced Marine Pilot training, Bridge Recourse Management, ship simulator work and maned model training have all been undertaken in order to ensure that the Geraldton pilots are fully prepared, up-to-date, and are at the leading edge of contemporary training for the future piloting needs of the expanding port.

OPERATIONS AND MAINTENANCE

During the year GPA has operated two separate minerals ship loaders at berth 4 & berth 5 for the export of a variety of cargoes by numerous customers. Additionally all berths have been used to some degree for a variety of import and export duties. The berth 5 ship loading facility has been the exclusive iron ore export terminal. The berth 4 ship loader has operated as the mixed minerals loader, including talc.

Key features of the Geraldton Port operations for the year were:

- Record total cargo through the port led by record iron ore exports during the year, aligned with the recovery in global markets, notably China;
- Grain exports through berth 3 have been at higher than average levels;
- Berth 4 mineral exports were slower mainly due to the continued reduction in mineral sand exports;
- Record level of imports on the back of new trade commenced importing mineral sands concentrate via self discharging vessels. This business is expected to continue for some 15 years;
- Continued improvement in port processes and performance;
- Preparation of new lease holder facilities progressed;
- Seasonal livestock trade continued at increased levels;
- The fishing industry has continued to decline with reduction in the lobster fleet.

The Occupational Health and Safety culture within all aspects of the ports operations has continued to move forward significantly. Initiatives such as the JSEA training, focus on high risk activities, traffic management improvement, risk assessment development for project work and long term health program development.

Strong focus during the year on environmental performance has seen continued progress in respect of all of the following:

- Further reduction in mineral loading fugitive dust;
- Reduction of product spillage;
- The containment and control of washdown water;
- Improvements to operating and maintenance practices.

Significant maintenance initiatives that have been implemented during the course of the reporting period have included:

- High voltage infrastructure maintenance. Significant repairs and preventative maintenance activities were undertaken on the transmission, transformer and switching equipment. Preventative maintenance programs were put in place to improve electrical reliability;
- Commencement of regular shut down periods on the berth 4 and 5 infrastructure to permit preventative maintenance works to proceed. This program has contributed to improved berth 5 reliability during the year;
- Continued development of work permits and authorisations. The permits were developed in response to risks identified and will improve the safety and accountability of works;
- Focus on long term maintenance including surface treatment of the shiploader on berth 4, major repairs to truck unloader structure and preparation for further berth steel refurbishment;
- Continued development of preventative maintenance programs across the port.

Other enhancements and initiatives throughout the port that have been benefited to the overall port operations and maintenance have included:

- Continued improvement in the berth 5 operational reliability and efficiency;
- Continued improvement in lighting within various parts of the plant and berths;
- Removal of pontoon on berth 3, and use of the “superbrow” for ship access;
- The implementation of improvements and extensions to the operation of the port’s vacuum sewer system. A significant uptake of leaseholders moving away from leach drains to the vacuum sewer; and
- Preparation works for new leaseholders within the port.

HEALTH SAFETY AND THE ENVIRONMENT

Commitment to Occupational Safety and Health and the Environment

Geraldton Port Authority places a high importance on occupational safety and health and minimizing the impact of our operations on the environment.

In May 2010, the Port's health, safety and environmental management systems were certified as compliant with the requirements of AS/NZS 4801:2001 (Occupational Health and Safety Management) and AS/NZS ISO 14001:2004 (Environment Management).

This certification was a substantial achievement and demonstrates the value the organisation places on effective management of occupational health and safety and environmental risks. The compliance was confirmed by NCS International, Australia's leading business assurance and training organisation, measuring conformance against standards, industry benchmarks and specifications.

This certification reinforces the Port's ongoing commitment to continually improving our business processes and systems and ensures we are aligned with national and international best practice. It also provides a platform to enable GPA to set and achieve goals and objectives relating to delivering consistent and reliable products and services.

Geraldton Port Authority believes in the continual reinforcement of the principles of workplace safety and environmental vigilance and this commitment is positively impacting on practices employed by each and every person involved with Port operations. GPA's staff and contractors have accepted the challenge and their efforts to deliver a safer and cleaner workplace are to be commended.

Statistics

Indicator	Result	WA State Government Target
Number of fatalities	Zero	Zero
Lost time injury / disease incidence rate	3.4	Zero or 10% reduction on previous year
Lost time injury severity rate	50	Zero or 10% improvement on previous year
Percentage of injured workers returned to work within 28 weeks	100%	Actual percentage result to be reported
Percentage of managers trained in occupational safety, health and injury management responsibilities	100%	Greater than or equal to 50%

Consultation and Communication

Employee nominated representatives are in place for each work area and participate in the monthly Health Safety & Environment Committee as well as their own section's toolbox talks / staff meetings. Agenda items include:

- A review of all incidents;
- Hazards in the workplace and the status of corrective action;
- Monitoring of required hazard inspections versus number completed;
- Any changes to legislation or internal procedures or policies;
- Training;
- Any other general matters relating to health, safety or the environment.

Oil Spill Response Exercise

Training

A broad range of occupational health and safety training was delivered including hazard identification and risk management, environmental licence awareness, worksite traffic control, selection and use of personal protective equipment, hazardous substances and dangerous goods awareness, confined space entry refresher training, isolation and tag out of energized equipment and sun safety and skin cancer awareness.

Emergency awareness and related training included first aid, fire extinguisher training, fire warden, water rescue, general awareness in GPA's emergency response procedures, oil spill recovery exercise and an emergency response desktop exercise.

Water Rescue Exercise

Water Rescue Exercise

Environmental Management and Monitoring

A number of important environmental management and monitoring plans were developed during the year including:

1. Berth 4 Dust Reduction Strategy and General Upgrade Management Plan;
2. Stormwater Monitoring Program;
3. Wastewater Management Plan;
4. Air Quality Monitoring Program.

The new plans include a program of works for over 30 projects which GPA aims to complete by November of 2011. Strong commitment to the environment has been demonstrated with Operational, Engineering and HSE sections working together to deliver the outcomes proposed in these plans.

Many of these projects have already been delivered and progress is currently underway on others. Highlights of the program over the 2009/2010 financial year include:

- GPA's engineers have taken on the challenge of developing a low weight system to cover conveyor 4, which feeds the Berth 4 shiploader. A trial section of the cover was fabricated so tests could be conducted with movement of the shiploader along the conveyor system.
- A project team has been working on developing a wastewater treatment plant. A rigorous field sampling program has been conducted to ensure the wastewater treatment plant design is based on real data from wastewater generated at the port.
- A range of projects have been delivered to minimise the potential for wastewater or product emissions including bunding the base of Transfer Tower 3, increased kerbing on Berth 4, improvements to the cladding on towers and conveyor systems and sealing of ground in areas near infrastructure used to handle potentially hazardous cargo.
- A new berth handover procedure has been implemented.

HEALTH SAFETY AND THE ENVIRONMENT

Through our new wastewater, stormwater and air quality monitoring programs GPA is closely monitoring our environmental performance and working with Port users to manage or eliminate any issues identified.

Safe Work Australia Week

GPA participated in Safe Work Australia Week with a range of activities including a familiarization tour of the Berth 5 shiploader, a presentation on the risks of parted mooring lines, a tour of the Svitzer's tugs 'Wajarri' and 'Tarcoola', water rescue exercise from a pilot boat and a barbeque.

'Tour of Tugs - Safe Work Australia Week

Water Rescue Exercise

Goals and Objectives

In this financial year, five broad goals and objectives were set for the 2009-11 period for continual improvement on occupational safety and health and environmental management. Under each key objective, a number of specific outcomes were determined and then an action plan developed. GPA has already achieved a number of the objectives and is well on the way to meeting its targets by July 2011.

Objective 1 - Eliminate or reduce hazards upstream

- Develop and implement a procurement strategy and program for tenders and capital expenditure items that integrates HSE.
- Formalise and implement a project management manual to ensure OSH and environment is fully integrated.

Objective 2 - Monitor and measure HSE performance

- Adopt key performance indicators for HSE including measures relating to senior management participation/performance.
- Develop environmental sustainability objectives with a view to commencing reporting in the near future.
- Formalise program for quantitative monitoring required by the Environmental Licence or legislation.

Objective 3 - Reduce our hazard and risk burden

- Risk Register is fully populated, current and monitored.
- Categorise tenants into a HSE risk level to reflect any interface risks or impact on GPA, determine treatment and implement.
- Ensure all legal requirements relating to bulk handling and storage of petroleum products are being met.
- Safe access to vessels at Berth 3.
- Reduce the probability of ship's breaking mooring lines and reduce the potential for injury if mooring lines part.

Objective 4 - Become an organisation with best practice health, safety and environmental management systems

- Achieve accreditation against AS4801 OHS Management Systems and AS/NZS ISO 14001 Environmental Management Systems.

- Keep abreast of industry and government HSE initiatives/developments and foster relationships with other Ports at the operational and technical level.
- Meet appropriate design standards wherever possible to ensure HSE risks are eliminated or minimised as far as is reasonably practicable.
- Implement the environmental improvement plan for the bulk storage and handling area (including installation of CV04 covering).
- Develop a wastewater management plan.

Objective 5 – Ensure HSE compliance

- Develop and implement an internal HSE compliance audit schedule, including contractor compliance.
- Communicate new EPA licence conditions, provide required training and review systems to ensure conformance.

Commitment to Injury Management

Geraldton Port Authority is committed to appropriate injury management and early return to work in accordance with the Workers' Compensation and Injury Management Act 1981. GPA supports the injury management process and recognises that success relies on the active participation and cooperation of all parties including the injured worker, treating medical practitioners, insurance provider and GPA as employer.

GPA was unfortunate to experience a lost time injury in late 2009 that resulted in an extended period of time off work. GPA has been active in identifying and making available duties tailored to the needs of the injured worker which has resulted in a successful return to full time work with medical treatment continuing.

Internal Drug and Alcohol Test Team

GPA subscribes to a zero tolerance of drugs and alcohol in the workplace, excluding prescription or medical drugs. A drug and alcohol test team has been established this year to carry out GPA's random test program across the site. The team is made up of trained volunteers from GPA's workforce. Results have been very pleasing for tests taken to date with no positive results recorded.

Review of Operations

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

	2010	2009
Total Trade (Tonnes)	**9,009,310**	**7,658,369**
Revenue	'000'	'000'
Revenue from cargo	43,608	32,995
Revenue from ships	11,313	9,853
Other revenue	7,367	5,229
Total revenue	**62,288**	**48,077**
Expenditure		
Less expenditure	48,454	44,075
Profit before income tax	**13,834**	**4,002**
Income tax on operating profit	(3,932)	(1,456)
Profit for the period	**9,902**	**2,546**

The increase in operating profit before tax is attributed to the new record trade achieved through the Port during the year, mainly due to increased grain exports and trade volumes associated with the Berth 5 Upgrade development which is now beginning to deliver the expected increases in iron ore shipments over that facility.

ORIGIN & DESTINATION OF CARGO

2009-2010

PORTS	Grains	Sands	Oils	Fert	General	Ironore	Talc	Concentrates	Livestock	Bunkers	Tonnes
Australia (Other)	3,812	175,073		2,894	3,802			32,161		2792.45	220,523.00
Australia (WA)	30,240	3,000	55,012	48,749							137,000.80
Bahrain	24,851										24,851.37
Bangladesh	54,628										54,628.28
Belgium		9,879						5,535			15,414.00
China	186,540	122,496		3,985		4,916,616		286,522			5,516,158.11
India								9,042			9,042.00
Indian Ocean Islands					0						0.49
Indonesia	593,320	1,200							19,767		614,287.26
Italy		2,500									2,500.00
Japan	49,260	24,026	43,558			120,859	15,697	27,663			281,062.97
Kuwait	91,931										91,930.64
Malaysia	201,433	8,450			722						210,604.99
Netherlands	30,127	79,000					40,831				149,957.27
New Zealand				6,605							6,605.00
Pakistan	89,322										89,321.57
Saudi Arabia		40,728		4,616							45,343.99
Singapore		4,500	28,877								33,376.70
South Korea	500,370	5,013	74,437			232,375		11,072			823,267.10
Spain	15,050	21,247									36,296.54
Sri Lanka	23,601										23,601.36
Taiwan		82,965	12,996								95,960.93
Thailand						45,671		49,426			95,097.00
United Arab Emirates		20,195		1,949							22,144.48
USA		162,824		12,282							175,106.65
Vietnam	96,215				143						96,357.93
Yemen	141,650										141,649.94
Total	**2,132,348**	**763,095**	**214,880**	**81,080**	**4,667**	**5,315,521**	**56,528**	**421,421**	**19,767**	**2,792**	9,009,310.00

COMPARATIVE TRADE STATISTICS

Ending 30 June 2008

	2005/06	2006/07	2007/08	2008/09	2009/10
IMPORTS					
Fert DAP	10,038	8,372	7,218	15,075	18,088
Fert MAP	6,183	7,481	1,537	8,128	5,140
Vigor / NPK	2,484	-	-	-	-
New Phosphate (TSP+S)	20,648	6,968	4,610	6,034	6,605
Urea	75,198	5,541	23,126	27,595	47,262
Potassium Carbo	-	-	-	-	3,985
Petroleum Products	193,582	152,914	177,449	205,159	214,880
Mineral Sands	21,000	-	13,502	5,179	175,073
General	24,526	10,633	39,596	27,364	722
	353,659	191,909	267,038	294,533	471,756
EXPORTS					
Wheat	1,558,487	1,064,608	560,457	1,629,183	1,746,683
Oats	1,823	-	-	-	-
Barley	79,619	92,832	9,602	93,880	52,514
Lupins	318,587	142,013	43,043	101,573	243,830
Canola	65,870	15,225	-	108,001	89,322
Copper Cons/Ore	76,220	90,508	92,988	166,558	186,457
Zinc Cons/Ore/HPM	211,845	329,934	312,675	349,624	234,964
Mineral Sands	561,485	725,092	674,705	472,774	437,959
Bulk/Bagged Mineral Sands	167,811	182,172	197,070	193,620	150,063
Talc	106,966	97,496	102,006	68,924	56,528
Manganese	6,531	-	-	-	-
Iron Ore	1,706,004	3,470,666	4,433,031	4,167,085	5,315,521
Stockfeed	1,934	1,750	1,726	2,843	2,816
Livestock	9,237	10,291	9,190	15,302	16,951
General	4,530	908	-	30	143
	4,876,948	6,223,495	6,436,492	7,369,397	8,533,751
Bunkers - Oil	5,467	2,996	5,338	2,304	3,803
Total Trade	5,236,073	6,418,400	6,708,869	7,666,234	9,009,310
SHIPPING					
Gross Reg Tonnage	5,272,668	6,902,762	5,688,280	6,257,821	9,024,639
Deadweight Tonnage	8,817,735	11,388,712	9,595,827	11,336,589	13,591,821
No of Vessels	384	305	301	312	347
Average DWT	22,963	37,340	31,880	36,335	39,170

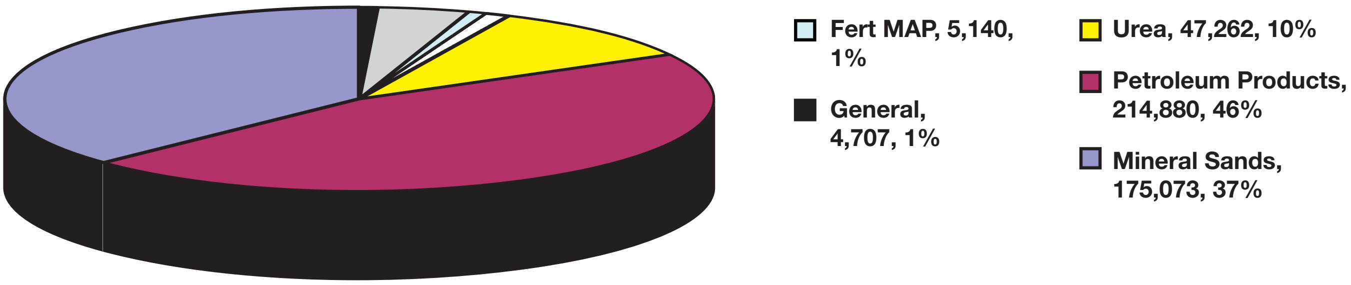
COMPARATIVE TRADE STATISTICS

RECORD INFORMATION			
2009/2010	**2009/2010**	**HISTORY**	**HISTORY**
LARGEST VESSEL	**LARGEST SINGLE CARGO**	**LARGEST VESSEL**	**LARGEST TOTAL CARGO**
MV Sea Of Harvest	MV Sea Of Harvest	MV Tai Promotion	MV Hanjin Tacoma
81383 DWT	63160 Tones Iron Ore	77,834 DWT	66,000 Tonnes Iron Ore
October 2009	October 2009	November 2006	March 2008

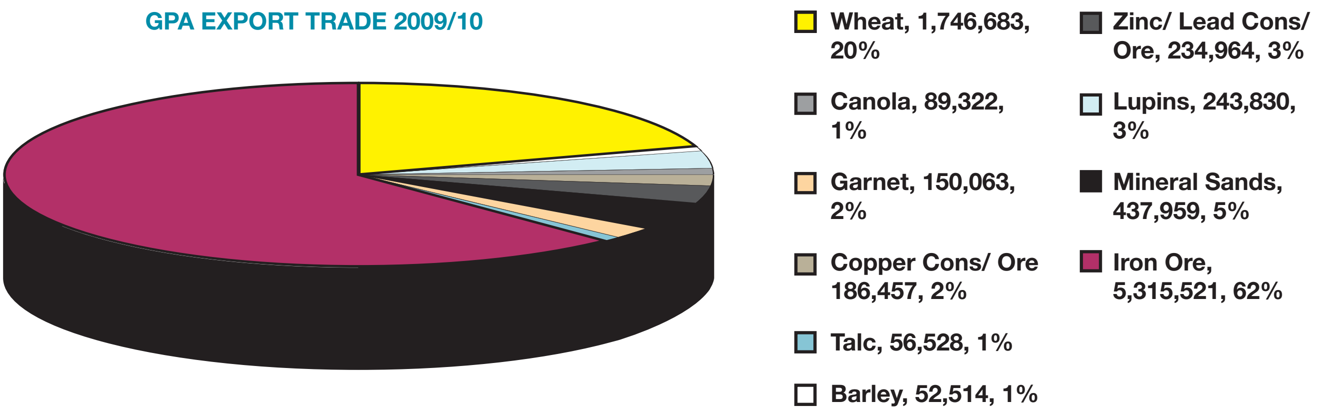
LARGEST SINGLE CARGOES			
MV Carol	Wheat	65,954 Tonnes	June 2006
MV Hanjin Tacoma	Iron Ore	66,000 Tonnes	March 2008
MV Alba	Canola	57,748 Tonnes	February 2006
MV Fu Le	Lupins	53,051 Tonnes	January 2006
MV Sunny Globe	Barley	39,672 Tonnes	May 2007
MV First Trader	Ilmenite	35,425 Tonnes	July 2008
MV North Princess	Talc	31,856 Tonnes	April 2006
MV Mikom Accord	Petroleum	29,103 Tonnes	March 2001

KEY PERFORMANCE INDICATORS

GPA IMPORT TRADE 2009/10

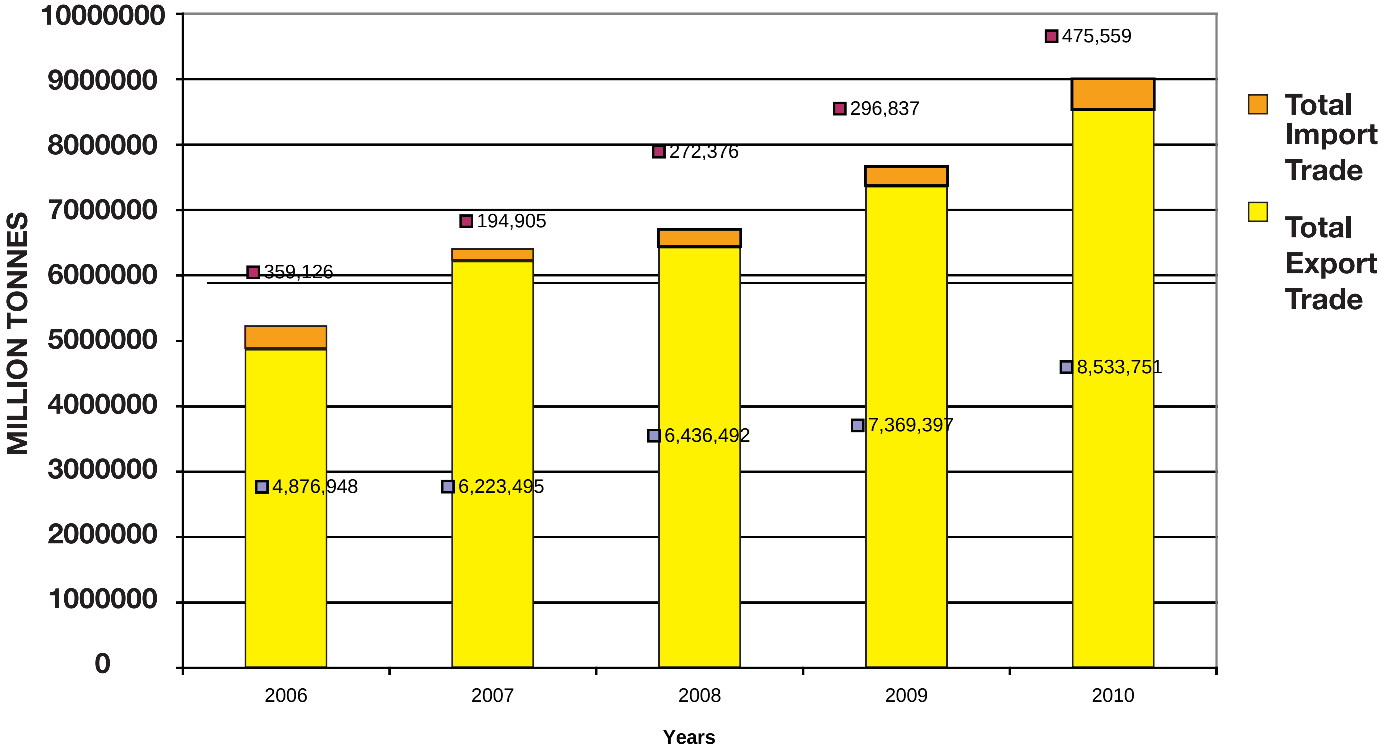


GPA EXPORT TRADE 2009/10

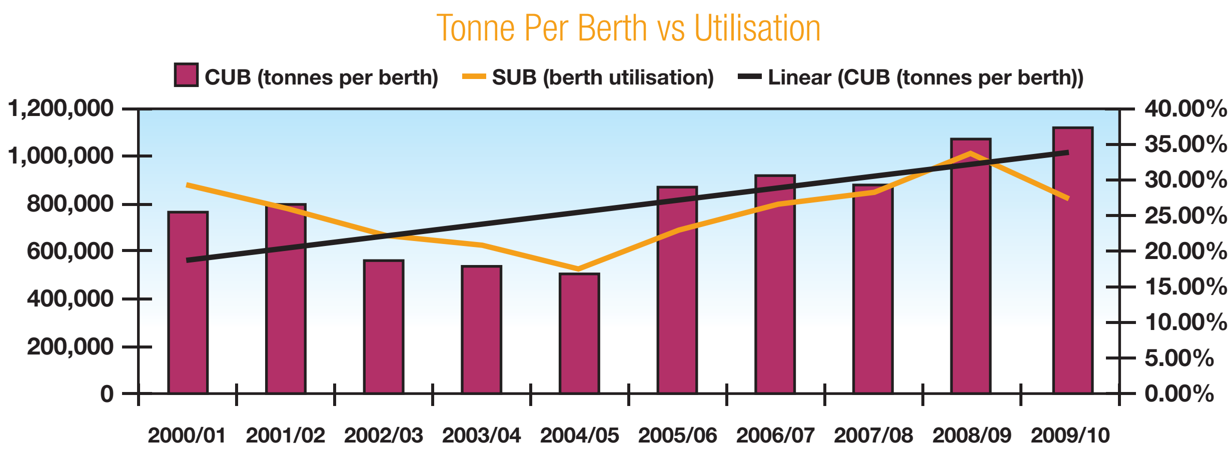


KEY PERFORMANCE INDICATORS

GPA COMPARATIVE TRADE (ACTUAL & PROJECTED)

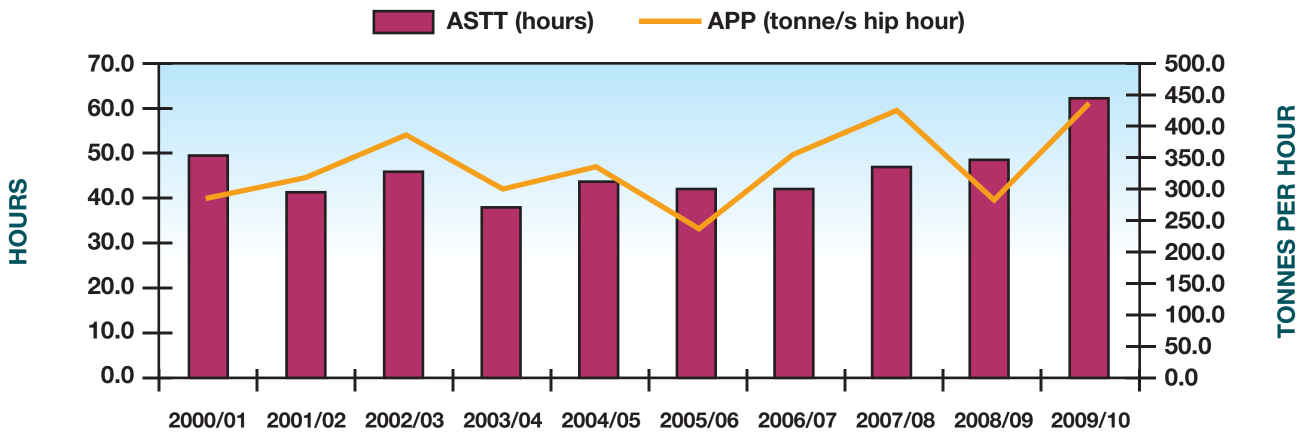


As at 30 June 2010

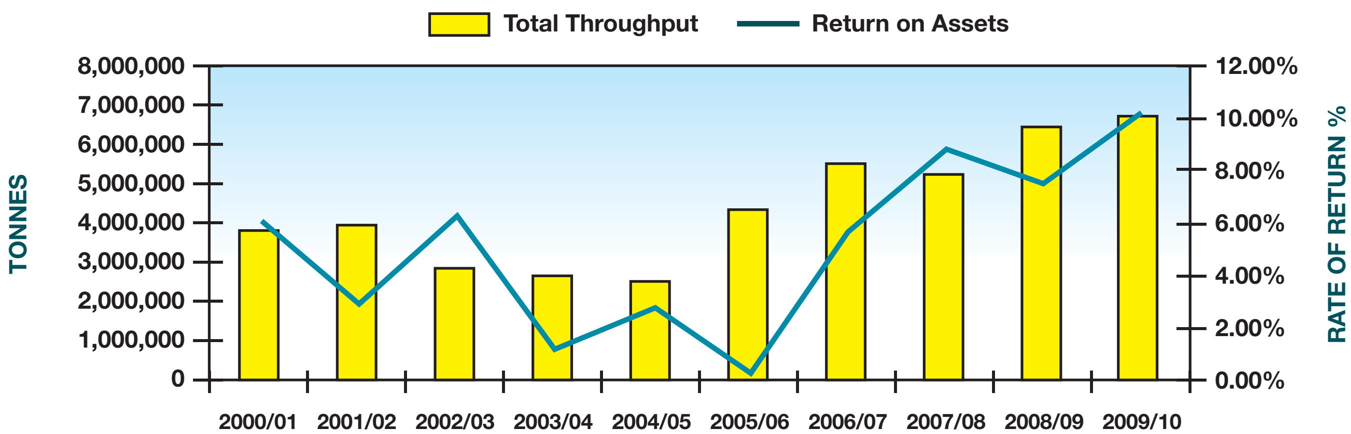


KEY PERFORMANCE INDICATORS

Turnaround Time and Loading Rate per Hour



Throughput and Profitability



KEY PERFORMANCE INDICATORS

As at 30 June 2010

	2009/10	2008/09	2007/08	2006/07	2005/06
Liquidity Ratio Current Ratio	1.96	1.69	1.49	2.02	2.22
Cash Management Ratio Free Cash Ratio	52.01%	49.78%	39.89%	65.24%	53.06%
Debt Management Ratio Debt to Equity	3.98	5.30	5.64	4.37	6.17
Interest Cover	1.88	1.77	1.74	1.24	1.30
Profitability Ratios					
Return on Assets	8.80%	8.94%	9.42%	5.79%	5.88%
Return on Shareholders Equity	25.73%	9.54%	15.83%	39.30%	7.51%
Economic Rate of Return	5.14%	11.19%	9.42%	10.26%	6.49%
Port Efficiency Ratios					
REPUT ($/Tonne) - nominal	$4.59	$4.31	$3.91	$3.81	$2.63
REPUT ($/Tonne) - real	$3.07	$2.97	$2.77	$2.81	$1.98
REPS ($/Ship) - nominal	$22,983	$31,580	$26,731	$22,006	$23,317
REPS ($/Ship) - real	$15,357	$21,777	$18,894	$16,255	$17,584
PACPUT ($/Tonne) - nominal	$5.38	$5.84	$5.26	$3.58	$3.80
PACPUT ($/Tonne) - real	$3.59	$4.03	$3.72	$2.64	$2.86
CUB (tonnes per berth)	1,501,552	1,276,399	1,118,145	1,072,999	869,913
SUB (berth utilisation)	35.50%	35.50%	35.50%	27.94%	34.25%
ASTT (hours)	53.92	59.97	62.16	48.28	47.01
APP (tonne/ship-hour)	481.52	409.32	358.57	437.22	289.15
Total Throughput	**9,009,310**	**7,658,396**	**6,708,868**	**6,437,995**	**5,219,475**

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

Geraldton Port Authority

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 2010.

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 & Gas Supply Chain Logistics
- Company Director for more than 20 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 Ports WA
- Member of The Freight and Logistics Council of WA
- Member of the COAG Road Reform Plan Industry Advisory Group

Deputy Chairman — Bill Perry

Occupation
Deputy Chairman

Appointments
Appointed Non-Executive Director October 2009

Background/ Qualifications

- 39 Years service to senior management in local government (27 Years as CEO)
- Midwest Gascoyne Area Consultative Committee member
- Licensee of several sporting clubs
- Diploma in Local Government
- Diploma in Accounting
- Municipal Clerks Certificate to Practice
- Certificate of Continuing Professional Development (Local Government Managers Australia)
- OH&S Certificate of Competency in Work Place Relations
- Fellow Local Government Managers Australia
- Member Australian Institute of Management

DIRECTORS' REPORT

1. Directors (Continued)

Director	Karen Godfrey
Occupation	Company Director
Appointments	Appointed Non-Executive Director October 2009
Background/ Qualifications	• Current Director, Geraldton Branch, Bendigo Bank • Former CEO Midwest Chamber of Commerce & Industry (2007 – 2009) • Former Vice President & Executive Member, Midwest Chamber of Commerce & Industry (2002 – 2009) • Former Vice President, Regional Chamber of Commerce (2007 – 2009) • AIM – Directors Certificate in Corporate Governance • Dept of Defence Administrators Financial Management Certificate • Certificate in Financial Management & Administration • Company Director - Family Business

Director	Bart Boelen
Occupation	Director – Braxford Consultancy Pty Ltd
Appointments	Appointed Non-Executive Director October 2009
Background/ Qualifications	• Operations Manager for Project Management – Georgiou Group • Chief Operating Officer for MacroPlan Australia • WA Manager Clifton Coney Group • Manager Major Projects – Department of Housing and Works • Trained as a Group Worker / Counsellor • Qualified as a Level Six (6) Master Project Director • Postgraduate qualification in Strategic Procurement • Justice of the Peace in Western Australia • Chairman – Viatores cum Christo

DIRECTORS' REPORT

Director	Steve Chamarette
Occupation	Farmer and Company Director
Background/ Qualifications	Appointed Non-Executive Director February 2010 • BEcons University of Western Australia • MSc (Mgt) Naval Post Graduate School, Monterey, California, USA • Graduate, Royal Australian Naval Staff College, Balmoral, NSW • Graduate Officer Cadet School, Portsea, Victoria • Diploma and Advanced Diploma, Australian Institute of Company Directors • Fellow, Australian Institute of Company Directors • Business Consultant • Held various Senior Management and Director appointments in Commonwealth and State Government Departments • Career soldier, Vietnam Veteran, retired as a Lieutenant Colonel having held appointments in Logistics, Training and Personnel

Director	Bruce Anderson
Occupation	Mining Engineer
Appointments	Appointed Non-executive Director, Deputy appointed 1995/96 Resigned 2009/10
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
Appointments	Appointed Non-executive Director, 2005/2006 Resigned 2009/10 Retired Member of Parliament
Background/ Qualifications	• Member for Geraldton 1974 – 1991 • Cabinet Minister WA Government 1983 – 1991 • BA (UWA 1971) • Chairperson of Commissioners: City of Geraldton-Greenough 2007

Director	Michael Culloton
Occupation	Farmer
Appointments	Appointed Non-executive Director, 2005/2006 Resigned 2009/10
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	16	8	10

Numbers of Meetings Attended by:

	Board Meetings Eligible to Attend	Board Meetings Attended	Finance Committee Meetings Eligible to Attend	Finance Committee Meetings Attended	Compliance Committee Meetings Eligible to Attend	Compliance Committee Meetings Attended
I King	16	16	8	8	10	10
B Anderson	4	3	4	1	4	2
M Culloton	4	4	4	2	4	3
J Carr	8	8	8	5	8	6
W Perry	12	12	8	6	8	7
B Boelen	12	12	8	6	8	7
K Godfrey	12	12	8	5	6	6
S Chamarette	8	8	3	3	6	4

3. Principal activities

The principal activities of the Authority during the course of the financial year were

(a) Trade Facilitation

(b) Managing and administering the Commercial Shipping Harbour

(c) Administering the Fishing Boat Harbour

(d) Managing the Assets of the Port

(e) Managing the Environment of the Port.

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

Objectives

The Authority's objectives are to:

(a) 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 it.

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

4. Dividends

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

A dividend of $6,436,516 is recommended in respect of the 2009/2010 financial year.

A dividend of $1,390,327 was paid during the 2009/2010 financial year.

5. Operating and financial review

Review of Operations

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

	2010	2009
Total trade (tonnes)	9,009,310	7,658,396
'$000'	**'$000'**	**'$000'**
Revenue from cargo	28,315	19,941
Revenue from ships	7,975	7,142
Revenue from ship services	3,338	2,711
Revenue from port enhancement charges	15,293	13,054
Other revenue	6,853	5,229
Total revenue	61,774	48,077
Less expenditure	47,940	44,075
Operating profit before tax	13,834	4,002
Income tax on operating profit	(3,932)	(1,221)
Operating profit after tax	9,902	2,781

Commentary on operating results

Operating profit before tax was higher than the previous period mainly due to increased revenues associated with a substantial increase in exports of grain and iron ore through the Port. The Port maintained effective control over the cost of operations which increased by 10% in 2010. This compares favourably against revenue increases of 30% during the same period.

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.

DIRECTORS' REPORT

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

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

Name	Short Term Benefits (1) $	Post Employment (2) $	Long Term Benefits (3) $	Total $
I King	45,000	4,050	Nil	49,050
B Anderson	6,249	562	Nil	6,811
M Culloton	4,125	371	Nil	4,496
J Carr	9,625	866	Nil	10,491
B Perry	18,747	1,687	Nil	20,434
K Godfrey	12,375	1,113	Nil	13,488
B Boelen	12,375	1,113	Nil	13,488
S Chamarette	6,875	618	Nil	7,493

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	193,057	17,375	1,133	211,565
P Duplex	165,983	14,938	1,015	181,936
M North	219,309	19,738	1,319	240,366

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

2 **Post Employment 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 is required to hold an environmental licence under the Environmental Protection Act 1986. The Department of Environment monitors compliance with licence conditions covering bulk materials loading and unloading, abrasive blasting, boat building and maintenance in the Port area.

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 for review and approval by the Department of Environment. During 2010, GPA obtained certification to 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
21st September 2010

William Perry
Deputy Chairman
21st September 2010

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2010 $'000	2009 $'000
Revenue	4	61,774	48,077
Other income	5	514	659
Depreciation and amortisation expense	6	(9,729)	(9,325)
Marine expenses		(3,802)	(3,275)
Port operations expenses		(11,871)	(11,098)
General administration		(8,043)	(4,236)
Asset maintenance		(1,801)	(2,738)
Environmental expenses		(115)	(470)
Port utilities		(434)	(387)
Safety and security		(960)	(644)
Finance costs	8	(9,422)	(9,967)
Other expenses	9	(2,277)	(2,594)
Profit before income tax		13,834	4,002
Income tax expense	10	(3,932)	(1,221)
Profit for the period		**9,902**	**2,781**
Other comprehensive income		-	-
Total comprehensive income		**9,902**	**2,781**

The notes on pages 37 to 62 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	2010 $'000	2009 $'000
ASSETS			
Cash and cash equivalents	12	16,671	15,730
Trade and other receivables	13	20,112	9,622
Total current assets		36,783	25,352
Deferred tax assets	10	1,060	1,597
Property, plant and equipment	14	161,317	170,767
Total non-current assets		162,377	172,364
TOTAL ASSETS		199,160	197,716
LIABILITIES			
Trade and other payables	15	5,390	8,226
Interest bearing borrowings	16	6,226	5,873
Current tax payable	10	2,364	704
Provisions	17	1,556	1,629
Other	18	239	243
Total current liabilities		15,775	16,675
Interest bearing borrowings	16	143,674	149,900
Provisions	17	1,826	1,723
Other	18	22	67
Total non-current liabilities		145,522	151,690
TOTAL LIABILITIES		161,297	168,365
Net assets		**37,863**	**29,351**
EQUITY			
Contributed equity	19	2,641	2,641
Retained earnings	19	35,222	26,710
TOTAL EQUITY		**37,863**	**29,351**

The notes on pages 37 to 62 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

		Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2008		2,641	-	25,575	28,216
Profit for the period		-	-	2,781	2,781
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	2,781	2,781
Transactions with owners in their capacity as owners:					
Dividends paid	11	-	-	(1,646)	(1,646)
Balance at 30 June 2009		**2,641**	**-**	**26,710**	**29,351**
Balance at 1 July 2009		2,641	-	26,710	29,351
Profit for the period		-	-	9,902	9,902
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	9,902	9,902
Transactions with owners in their capacity as owners:					
Dividends Paid	11	**-**	-	(1,390)	(1,390)
Balance at 30 June 2010		**2,641**	**-**	**35,222**	**37,863**

The notes on pages 37 to 62 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS for the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		56,698	49,360
Cash paid to suppliers and employees		(36,453)	(29,035)
Cash generated from operations		20,245	29,325
Interest paid		(9,422)	(9,967)
Interest received		1,123	789
Income taxes paid		(1,735)	(933)
Net cash from operating activities	20	10,211	10,214
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	(41)
Acquisition of property, plant and equipment	14	(2,007)	(3,796)
Net cash used in investing activities		(2,007)	(3,837)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Borrowings		-	3,000
Repayment of borrowings		(5,873)	(6,409)
Dividends paid	11	(1,390)	(1,646)
Net cash used in financing activities		(7,263)	(5,055)
Net increase (decrease) in cash and cash equivalents		941	1,322
Cash and cash equivalents at 1 July		15,730	14,408
Cash and cash equivalents at 30 June	12	**16,671**	**15,730**

The notes on pages 37 to 62 are an integral part of these financial statements.

NOTES TO THE 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 2nd September 2010 by the Board of Directors of Geraldton Port Authority ("the Authority").

(b) Presentation of the income statement

During the year ended 30 June 2010 the Authority modified the statement of comprehensive income 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.

According to AASB 101 Presentation of Financial Statements, expenses classified by nature are not reallocated among various functions within the entity. However, the Authority has allocated employee benefits expenses to various line items on the statement of comprehensive income including marine expenses, port operations expenses, general administration, and asset maintenance. This allocation reflects the internal reporting structure of the Authority which allocates labour expenses to significant expense items in the income statement based on the nature of the expenses incurred. The Authority believes that the allocation is more relevant to the understanding of the financial performance of the Authority and does not result in a function of expense presentation.

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, except that it has departed from AASB 101, para 99, to achieve a fair presentation.

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.

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.

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 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.

(e) Property, plant and equipment (continued)

(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.

(f) Impairment

Property, plant and equipment 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.

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.

(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.

(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 2010.

(l) Employee superannuation (continued)

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.

(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.

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:

	2010 $'000	2009 $'000
Rendering of services		
Charges on cargo	28,315	19,941
Charges on ships	7,975	7,142
Shipping services	3,338	2,711
Port enhancement charge	15,293	13,054
Interest revenue	1,123	789
Rentals and leases	5,730	4,440
Total revenue	**61,774**	**48,077**

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:

	2010 $'000	2009 $'000
Net gain on sale of electricity and water	(431)	86
Miscellaneous revenue	623	-
Insurance claims revenue	322	573
	514	**659**

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

	2010 $'000	2009 $'000
DEPRECIATION		
Channels and breakwaters	2,339	2,305
Buildings and improvements	31	30
Plant and equipment	6,114	5,831
Berths, jetties and infrastructure	1,245	1,159
Total depreciation	9,729	9,325

7. EMPLOYEE BENEFITS EXPENSE

	2010 $'000	2009 $'000
Wages and salaries[a]	5,546	5,587
Superannuation – defined benefit plans (see note 17)	51	382
Long service leave[b]	71	100
Annual leave[b]	479	436
	6,147	6,505

(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

	2010 $'000	2009 $'000
Interest paid	9,422	9,967
Finance costs expensed	9,422	9,967

9. OTHER EXPENSES

	2010 $'000	2009 $'000
Doubtful debts expense	1	50
Employee on-costs(a)	548	537
Community Service Obligation(b)	-	1,500
Asset impairment expense	1,710	-
Net loss on sale of property plant and equipment	18	207
Preliminary project expense	-	300
	2,277	2,594

(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 17 '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

	2010 $'000	2009 $'000
CURRENT TAX EXPENSE		
Current income tax charge	3,596	1,437
Adjustment for prior periods	249	19
	3,845	1,456
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	537	(235)
Adjustment for prior periods	(450)	-
	87	(235)
Total income tax expense	3,932	1,221
NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE TAX NET PROFIT		
Profit for the period	9,902	2,781
Total income tax expense	3,932	1,221
Profit excluding income tax	13,834	4,002
Income tax using the statutory tax rate of 30% (2008: 30%)	4,150	1,201
Non-deductible expenses	-	-
Sundry items	(17)	1
	4,133	1,202
Under (over) provision in prior years	(201)	19
Income tax expense	3,932	1,221

10. INCOME TAX EXPENSE (CONTINUED)

Deferred income tax

	2010 Balance sheet $'000	2009 Balance sheet $'000	2010 Income statement $'000	2009 Income statement $'000
DEFERRED TAX LIABILITIES				
Accelerated depreciation for tax purposes	2	2	-	-
Others	80	10	70	114
Gross deferred tax liabilities	82	12	70	114
DEFERRED TAX ASSETS				
Employee benefits	1,015	1,005	(10)	(156)
Prepaid rental	78	93	15	23
Others	49	511	462	(216)
Gross deferred tax assets	1,142	1,609	467	(349)
Set-off of deferred tax liabilities pursuant to set-off provisions	(82)	(12)		
Net deferred tax assets	1,060	1,597		
Deferred tax charge			537	(235)

Current tax liabilities

The current tax liability of $2.364 million (2009: $0.704 million) represents the amount of income taxes payable in respect of current and prior financial periods.

11. DIVIDENDS

	2010 $'000	2009 $'000
Dividends paid in the financial year	1,390	1,646

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% of after tax profits (2009:50%). However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2010 have not been provided as they are expected to be declared by Government after balance date.

A dividend of $1.390 million (2009: $1.646 million) in respect of the financial results for the year ended 30 June 2009 was paid by 30 June 2010.

12. CASH AND CASH EQUIVALENTS

	2010 $'000	2009 $'000
Bank balances	8,511	7,942
Term deposits	8,160	7,788
Cash and cash equivalents in the statements of cash flows	16,671	15,730

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

	2010 $'000	2009 $'000
CURRENT		
Receivables	20,177	8,360
Less: allowance for impairment of receivables	(51)	1,222
	20,126	-
Prepayments	(14)	47
	20,112	9,629
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	87	37
Bad debts written off against provision	(37)	-
Doubtful debts expense recognised in the income statement	1	50
Balance at end of year	51	87

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:

	2010 $'000	2009 $'000
Not more than 3 months	10,535	8,360
More than 3 months but less than 6 months	2,691	1,222
More than 6 months but less than 1 year	3,011	-
More than 1 year	3,940	47
	20,177	9,629

14. PROPERTY, PLANT AND EQUIPMENT

	2010 $'000	2009 $'000
CHANNELS AND BREAKWATERS		
At cost	98,210	98,210
Accumulated depreciation	(17,595)	(15,256)
	80,615	82,954
LAND		
At cost	1,109	1,109
	1,109	1,109
BUILDINGS AND IMPROVEMENTS		
At cost	1,174	1,174
Accumulated depreciation	(463)	(432)
	711	742
PLANT AND EQUIPMENT		
At cost	34,507	32,884
Accumulated depreciation	(15,013)	(13,919)
Accumulated impairment losses	(661)	(17)
	18,833	18,948
BERTHS, JETTIES AND INFRASTRUCTURE		
At cost	98,228	98,049
Accumulated depreciation	(32,498)	(26,384)
Accumulated impairment losses	(6,322)	(5,256)
	59,408	66,409
	160,677	170,162
Add: Work in progress (at cost)	641	605
Total property, plant and equipment	161,317	170,767

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.

	2010 $'000	2009 $'000
CHANNELS AND BREAKWATERS		
Carrying amount at 1 July	82,954	85,259
Depreciation for the year	(2,339)	(2,305)
Carrying amount at 30 June	80,615	82,954
LAND		
Carrying amount at 1 July	1,109	1,109
Carrying amount at 30 June	1,109	1,109
BUILDINGS AND IMPROVEMENTS		
Carrying amount at 1 July	742	770
Transfer from work in progress	-	2
Depreciation for the year	(31)	(30)
Carrying amount at 30 June	711	742
PLANT AND EQUIPMENT		
Carrying amount at 1 July	18,948	18,349
Additions	1,792	479
Transfer from work in progress	-	1,241
Depreciation for the year	(1,245)	(1,159)
Disposals	(18)	38
Impairment loss	(644)	-
Carrying amount at 30 June	18,833	18,948

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2010 $'000	2009 $'000
BERTHS, JETTIES AND INFRASTRUCTURE		
Carrying amount at 1 July	66,409	68,673
Additions	179	1,088
Transfer from work in progress	-	2,683
Depreciation for the year	(6,114)	(5,831)
Disposals	-	(204)
	(1,066)	-
Carrying amount at 30 June	59,408	66,409
	160,676	170,162
WORK IN PROGRESS:		
Carrying amount at 1 July	605	2,303
Additions	36	2,228
Transfers to property, plant and equipment	-	(3,926)
Carrying amount at 30 June	641	605
Total property, plant and equipment	**161,317**	**170,767**

The impairment losses recorded for 2010 are due to the write down of a ship-loader and a train unloader that will provide no future economic benefit to the Port.

15. TRADE AND OTHER PAYABLES

	2010 $'000	2009 $'000
CURRENT		
Trade payables	702	2,700
Other payables	101	1,894
GST payable	462	475
Accrued expenses	2,416	1,815
Other accrued interest	1,709	1,342
	5,390	8,226

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.

	2010 $'000	2009 $'000
CURRENT LIABILITIES		
Direct borrowings	6,226	5,873
	6,226	5,873
NON-CURRENT LIABILITIES		
Direct borrowings	143,674	149,900
	143,674	149,900
FINANCING ARRANGEMENTS		
The Authority has access to the following lines of credit:		
Total facilities available:		
Liquidity facility	-	-
Direct and special borrowings	151,200	155,800
	151,200	155,800
Facilities utilised at reporting date:		
Liquidity facility	-	-
Direct and special borrowings	149,900	155,773
	149,900	155,773

	2010 $'000	2009 $'000
Facilities not utilised at reporting date:		
Direct and special borrowings	1,300	27
	1,300	27

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 2010 was $155,645,251. (2009: $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.

2010		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	65,828	5,405	6,575	5,754	6,081	7,057	53,200	149,900
	65,828	5,405	6,575	5,754	6,081	7,057	53,200	149,900
Weighted average interest rate:								
Direct borrowings		5.9	5.9	5.9	5.9	5.9	5.9	

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	

17. PROVISIONS

	2010 $'000	2009 $'000
CURRENT		
Employee benefits provision	92	24
Sick leave	450	524
Annual leave[a]	569	542
Long service leave[b]	374	470
Superannuation[c]	71	69
	1,556	1,629
NON-CURRENT		
Long service leave[b]	203	80
Superannuation[c]	1,623	1,643
	1,826	1,723

(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:

	2010 $'000	2009 $'000
Within 12 months of balance date	302	288
More than 12 months after balance sheet date	267	254
	569	542

(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:

	2010 $'000	2009 $'000
Within 12 months of balance date	87	470
More than 12 months after balance sheet date	490	80
	577	550

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.

	2010 $'000	2009 $'000
Amounts recognised in the balance sheet:		
Present value of unfunded obligations	1,694	1,712
	1,694	1,712
Reconciliation of movement in the present value of the unfunded obligations recognised in the balance sheet:		
Opening balance	1,712	1,395
Current service cost	25	19
Interest cost	90	90
Actuarial gain on liabilities	(64)	273
Benefits paid (including expenses and taxes)	(69)	(65)
	1,694	1,712
Amounts recognised in the income statement:		
Current service cost	25	19
Interest cost	90	90
Actual gain recognised	(64)	273
	51	382
Historic summary:		
Defined benefit plan obligation	1,694	1,712
Plan assets	-	-
	1,694	1,712
Experience adjustments arising on plan liabilities	(37)	317
Principal actuarial assumptions:		
Discount rate	5.48%	5.34%
Expected future salary increases	4.50%	4.50%
Expected future pension increases	2.50%	2.50%
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:

	2010 $'000	2009 $'000
RETIREMENT BENEFIT OBLIGATIONS		
Carrying amount at 1 July	1,712	1,395
Provisions made during the year	51	382
Amounts utilised in the year	(69)	(65)
Carrying amount at 30 June	1,694	1,712

18. OTHER LIABILITIES

	2010 $'000	2009 $'000
CURRENT		
Prepaid rental income	239	243
NON-CURRENT		
Prepaid rental income	22	67

19. EQUITY

	Notes	2010 $'000	2009 $'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		26,710	25,575
Profit for the period		9,902	2,781
Dividends paid	11	(1,390)	(1,646)
Balance at end of year		35,222	26,710

20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Notes	2010 $'000	2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		9,902	2,781
Adjustments for:			
Depreciation	6	9,729	9,325
Impairment	9	1,710	-
Interest expense	8	9,422	9,961
Interest revenue	4	(1,123)	(789)
Loss on sale of property, plant and equipment	9	18	207
Income tax expense	10	3,932	1,221
Operating profit before changes in working capital and provisions		33,590	22,712
Change in trade and other receivables	13	(10,490)	(3,520)
Change in trade and other payables	15	(2,885)	613
Change in provisions and employee benefits	17	30	520
		(13,345)	(2,387)
Interest paid	8	(9,422)	(9,967)
Interest received	4	1,123	789
Income taxes paid		(1,735)	(933)
Net cash from operating activities		10,211	10,214

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
2010			
Financial Assets			
Cash and cash equivalents	16,671	83	(42)
Financial Liabilities			
Interest bearing borrowings			
Fixed rate	84,072	-	-
Variable rate	65,828	(329)	165
Total Increase/(Decrease)		(246)	123

	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

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 2010 there is a significant concentration of credit (79%) extended to one Port customer.

Credit risk relating to cash and cash equivalents is mitigated by holding funds only with Australian financial institutions with appropriate credit ratings.

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.

21. FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities	Carrying amount $'000	Including interest 6 mths or less $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
2010						
Trade and other payables	5,390	5,390	-	-	-	-
Interest bearing borrowings	149,900	7,629	7,707	14,666	47,485	150,581
	155,290	13,019	7,707	14,666	47,485	150,581
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

(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.

	2010 $'000	2009 $'000
FINANCIAL ASSETS		
Cash and cash equivalents	16,671	15,730
Trade and other receivables	20,112	9,622
FINANCIAL LIABILITIES		
Trade and other payables	5,390	8,226
Interest-bearing borrowings:	149,900	155,773

The fair value of interest bearing liabilities is $155,645,251 (2009: $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

	2010 $'000	2009 $'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

	2010 $'000	2009 $'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	229	231
Later than 1 year and not later than 5 years	387	165
Later than 5 years	-	-
	616	396
Representing:		
Cancellable operating leases	616	396
	616	396

Operating leases payable are in respect of motor vehicles and the finance office building.

(iii) Operating leases receivable

	2010 $'000	2009 $'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	1,069
Later than 5 years	-	125
	1,374	1,499

Operating leases receivable are in respect of property rentals.

23. REMUNERATION OF AUDITOR

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

	2010 $'000	2009 $'000
Auditing the accounts and financial statements	57	54

24. RELATED PARTIES

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

I King

W Perry

B Boelen

K Godfrey

S Chamarette

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

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.

A commitment has been undertaken by the Port with the DEC, to mitigate airborne dust and contain wastewater spillage into the surrounding environment. A wastewater treatment plant is expected to be installed during 2010/2011 and trials are being undertaken to determine the most appropriate method of preventing leakage of airborne dust from our conveying systems.

26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to year-end, the Port has reached an in-principle agreement with its largest customer arising from a long-standing dispute over, among other matters, port charges. The amounts recorded in the profit and loss and trade receivables are consistent with the terms of the in-principle agreement.

Other than the above matter, 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

21st September 2010

William Perry

Deputy Chairman

21st September 2010

Auditor General

INDEPENDENT AUDIT REPORT ON GERALDTON PORT AUTHORITY

To the Parliament of Western Australia

I have audited the financial statements of the Geraldton Port Authority. The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 Statements
The Board of Directors of the Geraldton Port Authority are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Port Authorities Act 1999. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are 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 statements 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. This document is available on the OAG website under "How We Audit".

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

Audit Opinion
In my opinion, the financial statements of the Geraldton Port Authority are in accordance with schedule 5 of the Port Authorities Act 1999, including:

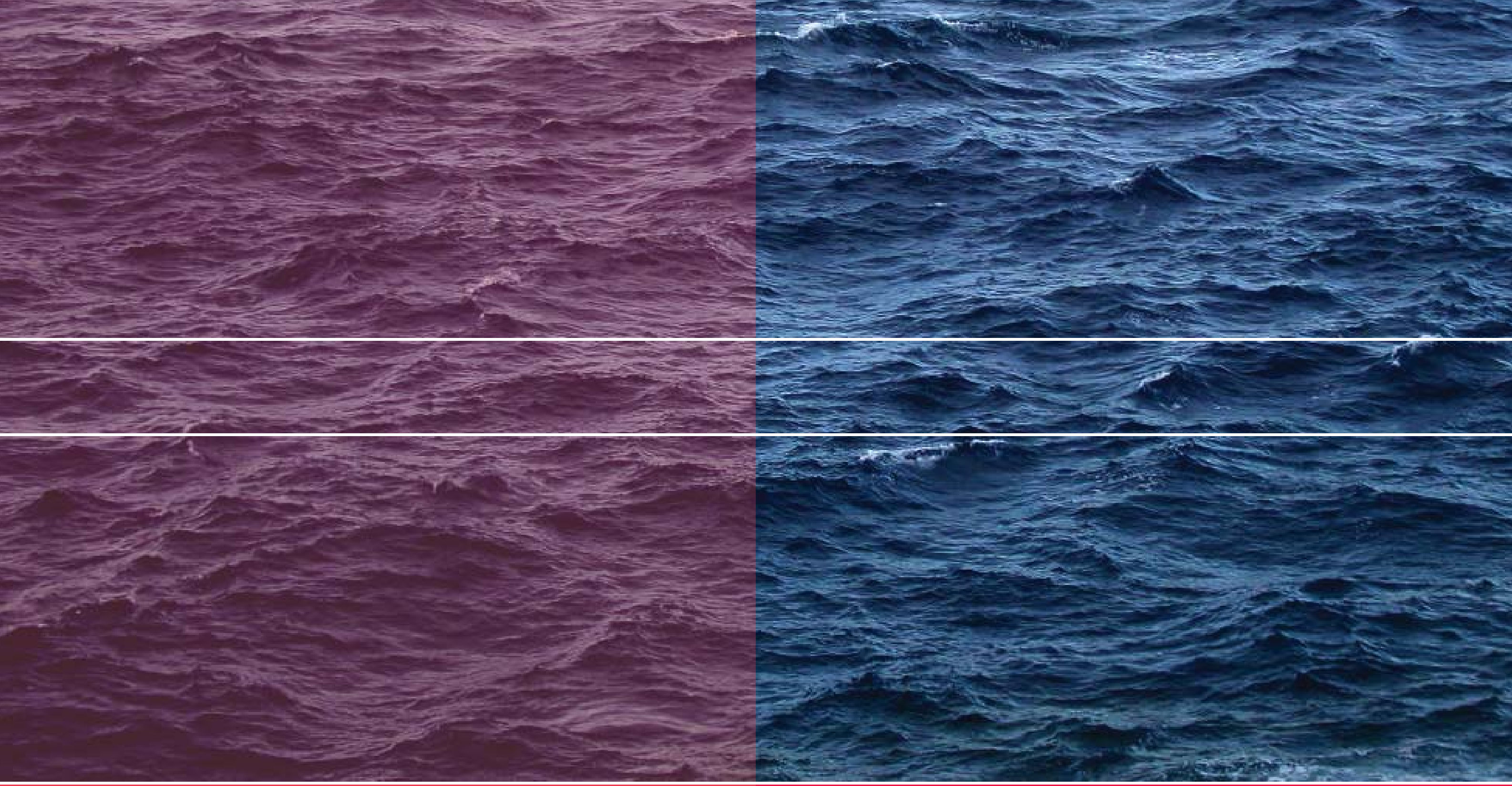
(a) giving a true and fair view of the Authority's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

COLIN MURPHY
AUDITOR GENERAL
22 September 2010

Geraldton Port Authority

GERALDTON PORT AUTHORITY

ANNUAL REPORT 2009/2010



GERALDTON PORT AUTHORITY