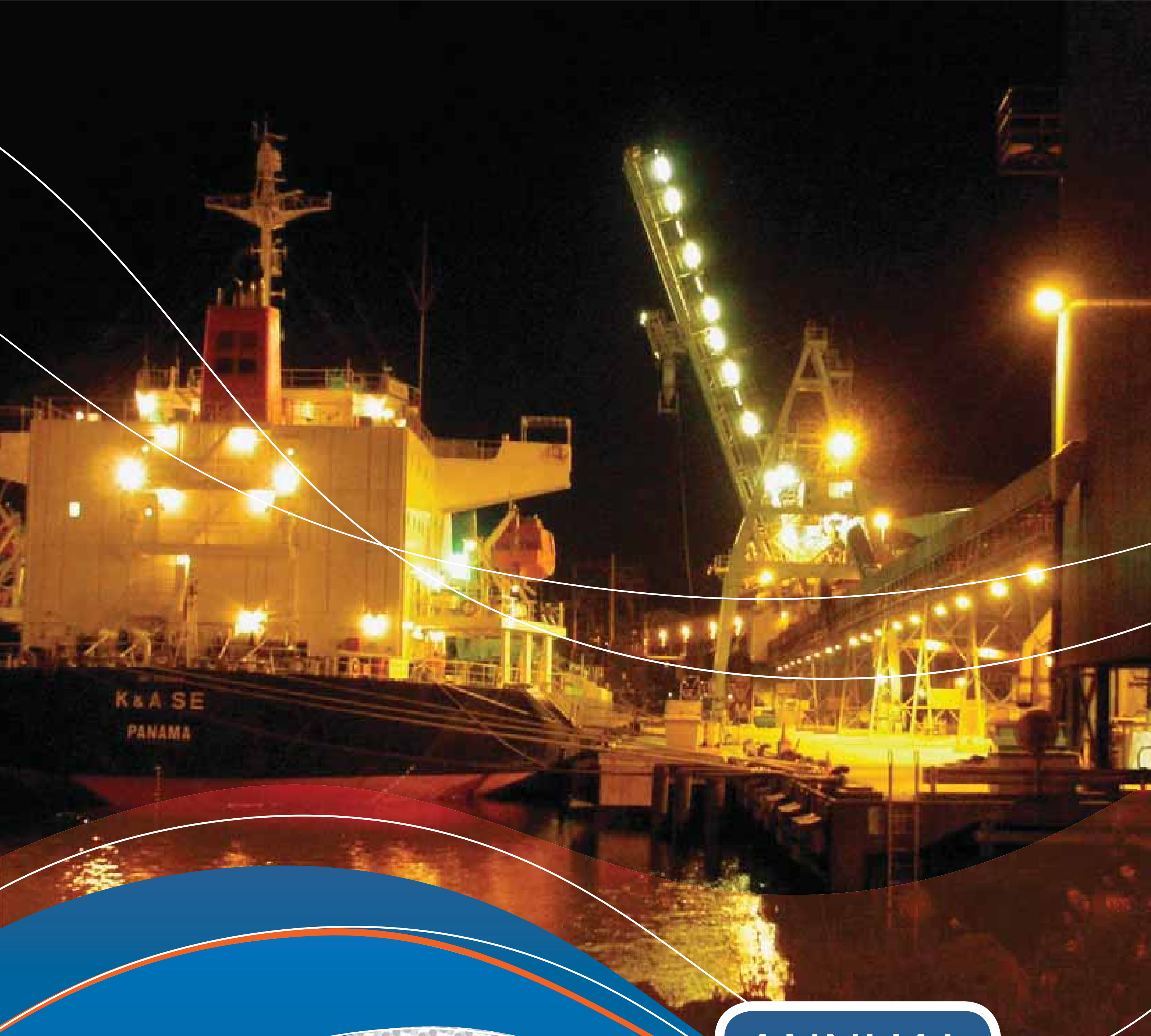

ANNUAL REPORT 2010 2011

GERALDTON PORT AUTHORITY

Geraldton Port Authority

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Board Members

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Chairman

BILL PERRY
Deputy Chairman

KAREN GODFREY

BART BOELEN

STEVE CHARMARETTE

Executive Officers

PETER KLEIN
Chief Executive Officer

RUSSELL GRANT
General Manager - Corporate Services

LINDSAY MORRISON
General Manager - Landside Operations

PETER DUPLEX
Engineering Manager - Oakajee

MARTIN NORTH
Harbour Master/Marine Manager

RICK POCHROJ
Finance Manager

LESTER ROZARIO
Human Resources Manager

SUE MISCHKE
HSE Manager

DAVE BOUGOURD
Operations Manager

PETER GAZE
Commercial Manager

PAUL BLUNDELL
Engineering Manager - Geraldton

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From The Chairman

IAN KING
Chairman

The Geraldton Port Authority's principle objective is to link the Mid West with international markets and to create economic benefit for the region. The Geraldton Port has successfully satisfied this role by recording its fifth successive annual trade record during 2010/11. The 11% trade increase achieved during 2010/11 has driven strong performance at all levels across the organisation.

Geraldton Port has recorded an operating profit after tax of $13.3M, higher than budget principally due to deferred maintenance dredging. Geraldton Port's tax and dividend payment to the state for the year totals $14.7M.

The Port is committed to the multiple objectives of trade facilitation and protection of the environment, community and of all port workers. The delivery of these objectives is guided by the Port's integrated management system which has achieved certification to the requirements of AS/NZS ISO 14001:2004 (Environmental Management), AS/NZS 4801:2001 (Occupational Health and Safety Management) and for the first time AS/NZS ISO 9001:2008 (Quality Management).

This is a satisfying result and delivers a strong message to all stakeholders that Geraldton Port is proactively managing its environment, community and other stakeholder interfaces and is on the path to continuous improvement.

Geraldton Port is committed to the development of Oakajee Port. The development of Oakajee will compliment Geraldton by providing higher capacity services that will trigger a surge in economic activity that could not be supported by Geraldton Port alone.

The Port has successfully delivered its obligations to the State in respect to the Oakajee project including the release of the Oakajee Port Master Plan, the due diligence stage 1 report and various other port studies. Negotiation of port service and lease agreements with Oakajee Port and Rail are also progressing.

Our work with the City of Greater Geraldton to provide a community space on the Eastern Breakwater has had a successful outcome. Geraldton Port's relationship with the City is guided by a memorandum of understanding and committee

and their work has resulted in the Mid West Development Commission supporting a successful application to Royalties for Regions for $2,247,000 to match the contributions by Geraldton Port ($1.9M) and the City of Greater Geraldton.

This project is the concluding initiative of Geraldton's foreshore development which has played such a significant role in rejuvenating Geraldton, improving public amenity and creating tourism potential.

The Port congratulates Karara Mining Limited for the commencement of its significant construction program at Geraldton. Once completed the Karara operations will drive further trade growth prior to their transition to Oakajee Port once this is operational. Their investment has broad implication for the transport network within the Mid West, particularly rail and its legacy will provide benefits to the region for years to come.

During 2010/11 the Port's Board composition was stable. It has also been a policy of the board to focus on its performance and improvement opportunities. All directors have now completed director training with the Australian Institute of Company Directors and a formal, ongoing board performance review processes has been implemented.

Geraldton Port thanks its customers for their continued support. Our planning is focused on addressing risks to external stakeholders particularly port customers and where improvement opportunities exist Geraldton Port will pursue those opportunities.

In conclusion, I would like to thank the consistent efforts that have been made by the Port's Directors, CEO and staff during 2010/11. The achievements have been significant and reflect that Geraldton Port is well prepared for the challenges that its forecast trade growth and growing operational complexity presents.

We look forward to 2012, to being responsive to customer and community requirements and to another productive year for all stakeholders.

Ian King
Chairman

Chief Executive Officer Report

PETER KLEIN
Chief Executive Officer

Although trade growth over the last five years has been strong the organisation's focus continues to be on preparation for growth as we look ahead to surging iron ore exports at Geraldton over the next few years and to the start-up of Oakajee Port.

Total trade for 2010/11 reached 10.009 million tonnes and represents almost a doubling of throughput over the last five years. As trade has grown the organisation has become busier and our commitment to both internal and external stakeholders has been to identify and address pressure points to ensure the sustainability and quality of our service delivery. This will continue to result in the careful expansion of resources and support infrastructure.

Geraldton Port has made a strong commitment to support the State Government's efforts to finalise arrangements necessary for Oakajee Port construction to commence. Staff and the establishment of an office in West Perth are dedicated to delivering Geraldton Port's Oakajee responsibilities and a number of key milestones were achieved during 2010/11. Geraldton Port has been nominated to manage the 'port authority' responsibilities at Oakajee once the port is operational and for this reason will remain strongly engaged as this project proceeds through its various stages of development.

The safety focus on all Geraldton Port operation has continued its improvement. A risk based approach to activities across the organisation is becoming standard not only for our operating and maintenance activities but also in our approach to asset management, business development and contract strategies. The incident management system is maturing and through training and practical application is embedding as a standard operating system.

The benefits of this work culminated in the accreditation of our integrated management system (quality, health & safety and environmental) to their respective best practice Australian and international standard in April 2011.

During the year a strong focus was also placed on our environmental performance. This has resulted in improved performance awareness and, looking ahead, ongoing training and asset management planning will support future improvement. Infrastructure enhancements, particularly within the Berth 4 facility and its out-loading system, have generated much of these improvements. This includes extensive concreting and curbing to enable the improved capture and treatment of waste water. Operating procedures are also contributing to an improved performance.

Unfortunately, during 2011 Geraldton Port exceeded an environmental licence limit set for the allowable concentration of ambient lead. This limit - 0.5µg/m^3 over a 24 hour period – was established under an amended environmental licence and new dust monitoring equipment was commissioned in August 2010 to enable performance to be measured against this limit.

The first shipment of lead concentrate exported under the new licence conditions and monitoring equipment occurred in October 2010 and an exceedence of the limit was recorded in respect to this first shipment. This exceedence resulted in the Transport Minister Troy Buswell suspending future lead exports in December 2010 and this trade remains suspended.

Testing of community sites adjacent to the port by the Department of Health has confirmed in 2007 and again in January 2011 that the port activities present no risk to the Geraldton community.

Ongoing management of copper & zinc exports on behalf of the Minerals and Metals Group and Independence Group (formally

Jabiru Metals) continues under the guidance of new operating procedures and strict monitoring.

Harbour surge management has been a continuing focus of management effort during 2010/11. The introduction of wave height thresholds for each berth has resulted in a significant reduction in broken mooring lines and consequently has improved the safety of port workers and port assets. The number of mooring lines broken as a result of harbour surge reduced by 35% to 69 lines for the 12 months to 30 June 2011.

Unfortunately, while the introduction of wave thresholds improves port safety, the system impacts on berth availability and overall port efficiency. Customers' support for safety improvements in this area and tolerance of interruptions caused to their operations is acknowledged and appreciated. Geraldton Port continues to explore longer term but capital intensive engineering solutions to this problem.

Geraldton Port owns the Berth 4 and 5 shiploading facilities and these are currently operated under contract by Patrick Ports. Negotiation of a contract renewal with Patrick Ports has been terminated and a new tender will be issued in 2011/12. It is intended that the new tender will incorporate revised contracts to encourage local suppliers.

During the year Geraldton Port invested considerable effort to understand the capacity of its iron ore shiploading facility at Berth 5. This work was undertaken to confirm whether forecast demand for Berth 5 shiploading services was greater than its capacity to reasonably accommodate this forecast trade. A port simulation study subsequently established a throughput capacity of approximately 9 million tonnes per annum based on existing port operations.

The findings of this report were provided to Berth 5 users and subsequently the Berth 5 Optimisation Committee was formed, chaired by Geraldton Port and involving all Berth 5 iron ore exporters. The objective of this committee was to develop a common understanding of the port's capacity and to establish a forum for cooperation in the pursuit of improving operating efficiency and expanding potential throughput.

The objective of achieving a common understanding of port capacity has been achieved and opportunities for improving throughput capacity continue to be worked on by both Geraldton Port and iron ore exporters.

Planning for construction activities led by Karara Mining and Geraldton Bulk Handling has also occurred. The Karara works alone are valued at approximately $200M and will involve construction of rail & storage facilities, a new Berth 7 and shiploading infrastructure. The Geraldton Bulk Handling works will result in Geraldton Port's existing train dumper upgraded to a 3,000 tonnes/hour capacity and connected to new storage facilities behind Berth 5.

These works will be designed and constructed with Geraldton Port's approval and in a manner that maintains existing port functionality and which minimises the potential conflict with existing port operations. To deliver these outcomes Geraldton Port has established a Projects Office for detailed works supervision.

In recent years Geraldton has emerged as a desirable stop-over destination for cruise operators. In 2009/10 Geraldton hosted 20 cruise vessel visits however, this year just four visits were recorded. This industry has created considerable small business opportunities and has given regional tourism providers and local retailers a new market.

The disappointing 2010/11 season is being addressed by Geraldton Port joining with the City of Greater Geraldton in funding the appointment of a Geraldton Cruise Coordinator. Located within the Geraldton Visitors' Centre this position will be responsible for marketing Geraldton to cruise companies and for coordinating activities during visits.

GPA's commitment to the local indigenous community was demonstrated by the signing of a partnership agreement with MMG Golden Grove's Bayalgu Indigenous Pre-employment Program which focuses on the training of young Indigenous Australians. Geraldton Port is pleased to support this program and to create opportunity to participate in the training of indigenous youth in port operations

Geraldton Port delivered a financial performance that outperformed budget principally due to higher than budget trade and the deferment of major expenses including maintenance dredging which will be delivered during 2012. As at 30 June 2011 Geraldton Port's total assets were $205.1M against total liabilities of $160.4M, resulting in equity of $44.7M, an 18.2% improvement on 2009/10.

The cash held by Geraldton Port is consistent with the required position in advance of future balloon debt repayments.

Finally, the success of 2010/11 was only made possible by the dedication and hard work of staff at all levels throughout the organisation. I take this opportunity to thank you all for your efforts. I would also like to acknowledge and thank the Directors and Chairman Ian King for the support and direction they have provided during the year. Geraldton Port is well positioned to meet the many challenges that lie ahead.

Peter Klein
Chief Executive Officer

Overview

Performance Summary

- Record trade was handled through Geraldton Port during 2010/11 driven principally by iron ore (5.89mt), grain (1.83mt) and mineral sands (1.49mt).
- Imports increased by 668,741 tonnes due mainly to the increasing importation of mineral concentrate by Iluka Resources from its South Australian deposits.
- GPA achieved recertification of its environmental management and occupational health & safety management systems to AS/NZS ISO 14001 and AS/NZS 4801 standards respectively.
- GPA's quality management system certified as compliant with the AS/NZS ISO 9001 standard.
- Documentation underpinning the significant activities of Karara Mining at Geraldton Port was finalised and executed and Karara Mining's extensive construction activities are underway.
- Documentation with Geraldton Bulk Handling was finalised and works to upgrade GPA's existing train unloader commenced.
- Reinforcement of GPA's role as "Relevant Authority" for the future Oakajee Port was achieved and delivery of key GPA initiatives including the Oakajee Port Master Plan and due diligence studies were completed.
- Final DEC/EPA assessment of GPA's application for maintenance dredging approval was received and plans for delivery of a maintenance dredging program are being finalised.
- Major Berth 4 concrete works to stabilise the berth and maintain its function were delivered with minimal interference with shipping operations.
- Documentation for repairs of sinkholes behind Berth 2 was completed and works were delivered.
- GPA successfully hosted WA's largest state oil spill response exercise involving more than 165 participants which substantially enhanced the region's response capability.
- Organisational restructuring was implemented to prepare the port for growth and a busier, more complex future.
- Agreement with the City of Greater Geraldton and the Mid-West Development Commission on the design and funding of works to improve the amenity of GPA's Eastern Breakwater was also achieved.

Overview

The Geraldton Port Authority is the current gateway to Western Australia's diverse Mid West region.

The port has been the subject of strategic state investment resulting in significant infrastructure enhancements since 2000. This includes the Port Enhancement and Southern Transport Corridor projects in 2002/03 which resulted in a deeper, more versatile and efficient port operation and the more recent Berth 5 Iron Ore Expansion Project. This project was completed in 2008 and delivered a dedicated iron ore shiploading facility which handled approximately 5.8 million tonnes of iron ore in 2010/11.

The Berth 4 and 5 shiploaders are owned by the Geraldton Port and operated under contract. The Berth 4 shiploader has a design capacity of approximately 1,800 tonnes per hour and the Berth 5 shiploader a loading capacity of 5,000 tonnes/hour of iron ore.

The Geraldton Port also owns and manages the existing iron ore train unloading infrastructure and this similarly has a discharge rate of 1,800 tonnes/hour.

In addition to the trade in grain, mineral sands, iron ore, concentrate, talc, livestock, fertiliser and fuels, the port regularly welcomes cruise ships, oil rig tenders, the navy and many different exhibition craft. The Geraldton Port also supports Geraldton's marine industries, providing berthing and land facilities, maintenance, waste disposal and security to the local fishing, fish processing and boat building industries operating from the fishing boat harbour.

There are currently five commercial berths with the following features and use:

	Length	Depth Alongside	Cargo Type
Berth 2	225m	9.8m	General purpose
Berth 3	225m	12.5m	Grain & mineral sands importation
Berth 4	225m	12.6m	Mineral sand, concentrates and talc
Berth 5	225m	13.3m	Iron ore
Berth 6	190m	12.0m	Break-bulk and general purpose

Overview

Legislation

Geraldton Port performs its functions in accordance with the Port Authorities Act (1999). The Act provides Geraldton Port with the powers necessary to perform its functions which include a responsibility to facilitate trade by implementing safe and efficient operations and to otherwise control the port business and other activities for the State's economic benefit while protecting and minimising the port's impact on the environment. In delivering its function the port authority is required to act in accordance with prudent commercial principles.

The Act confers exclusive control of the port to the port authority, subject to any direction by the Minister.

Board of Directors

Geraldton Port is governed by a board of five directors appointed by the Minister.

Their role is to determine the policies and to control the affairs of the port. The directors develop Geraldton Port's rolling five year strategic development plan and annual statement of corporate intent and submit the annual and half yearly reports to the Minister for Transport.

Organisational Structure

BOARD OF DIRECTORS

- **Personal Assistant** – Kay Ryan
- **CHIEF EXECUTIVE OFFICER** – Peter Klein
- **HSEQ MANAGER** – Sue Mischke
  - **OSH OFFICER** – Ric Randall
  - **ENVIRONMENTAL OFFICER** – Mark Logue
- **Administration Assistant** – Lindsay Pepper
- **GENERAL MANAGER- LANDSIDE OPERATIONS** – Lindsay Morrison
  - **OPERATIONS MANAGER** – Dave Bougourd
  - **ENGINEERING MANAGER** – Paul Blundell
- **GENERAL MANAGER– CORPORATE SERVICES** – Grant Russell
  - **FINANCE MANAGER** – Rick Pochroj
  - **COMMERICAL MANAGER** – Peter Gaze
  - **HR MANAGER** – Lester Rozario
- **HARBOUR MASTER / MARINE MANAGER** – Martin North
  - **Marine Pilots** – Bruce White, Ross Halsall, Ray Pead, Jeremy Parkin
  - **SENIOR WHARF SUPERVISOR** – Geoff Mackin
- **OAKAJEE ENGINEERING MANAGER** – Peter Duplex
  - **OAKAJEE SENIOR COMMERCIAL OFFICER** – Johanna Frankenberger

Importing HMC with a self-discharging vessels

Report on Activities

1. Trade

For the first time total annual trade exceeded 10 million tonnes, reaching a record 10.007 million tonnes for the year ended 30 June 2011, an 11% increase on the previous year's performance.

This trade growth was principally as a result of improved performance by existing port customers although some iron ore from Karara Mining's mine site east of Morawa was handled through the port for the first time via the Sinosteel Midwest facilities. Iron ore exports increased a modest 10% to 5.89 million tonnes (2009/10: 5.32 million tonnes) and mineral sands grew 126% to 1.375 million tonnes. Grain exports fell 14% to 1.828 million tonnes (2009/10: 2.132 million tonnes).

Imports totalled 1.141 million tonnes, a 141.75% increase over the previous year (2009/10: 471,756 tonnes). The biggest share of this increase is attributed to Iluka Resource's importation of part-processed mineral sands (heavy mineral concentrate) from their zircon rich deposits in South Australia. This product is being delivered to Geraldton with self-discharging ships which use Berth 2 when conditions allow, and alternatively either Berth 3 or 6.

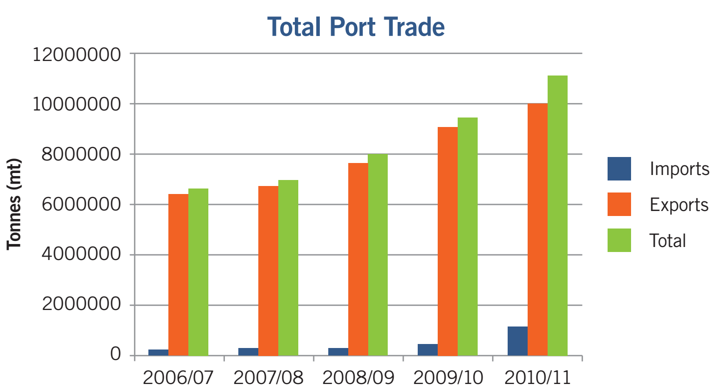
This cargo is processed at Iluka's processing plant at Narngulu and re-exported through Geraldton Port.

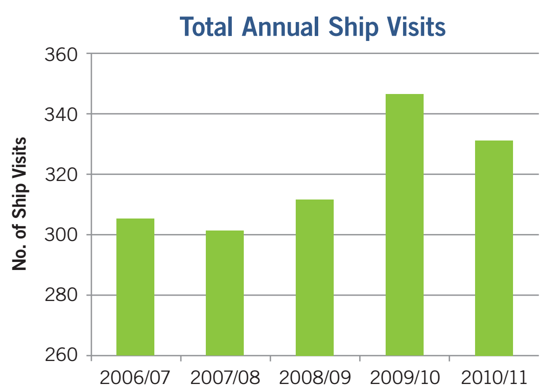
There was also an 18.3% increase in the importation of fuel products to 254,159 tonnes.

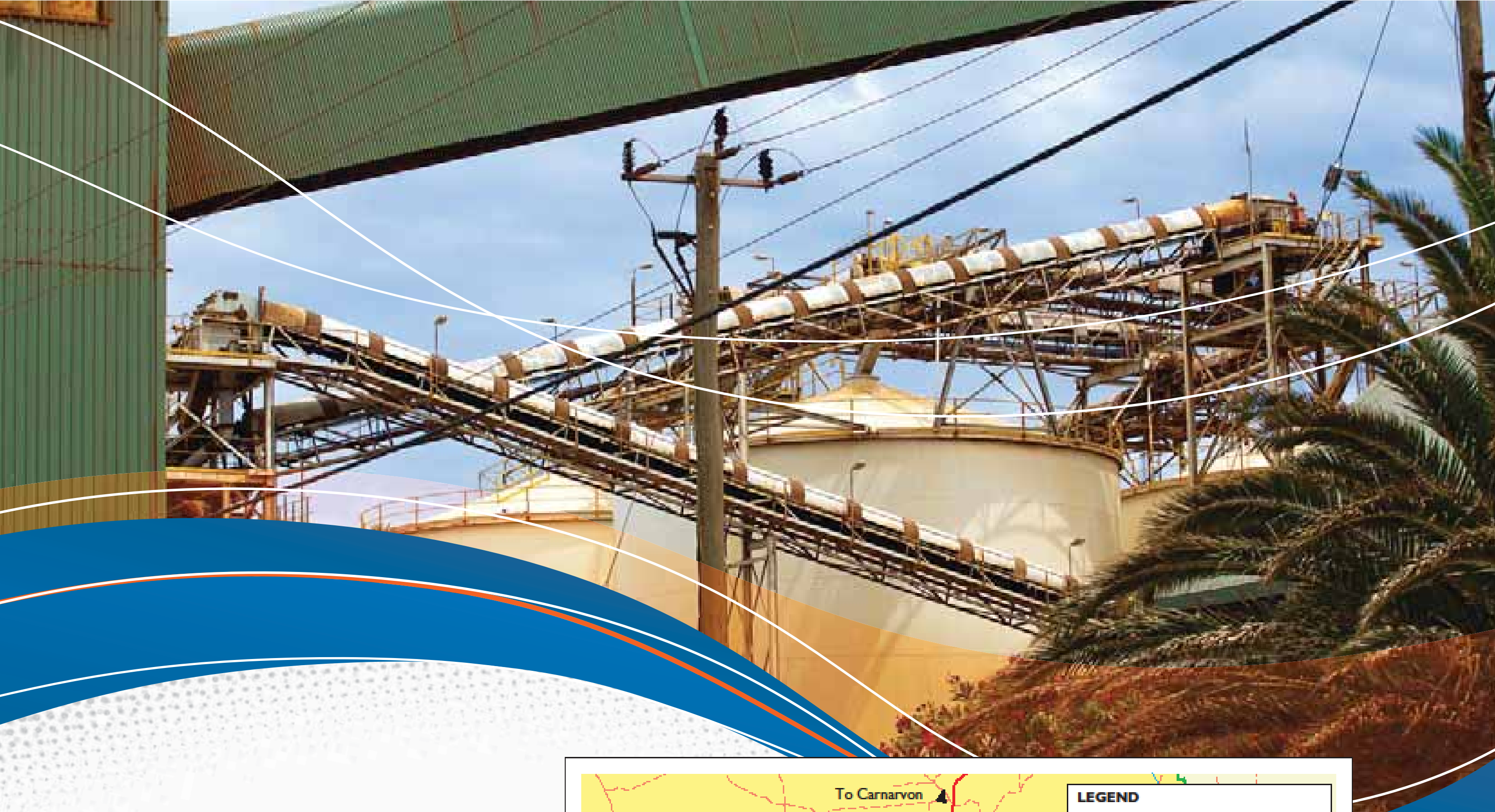
Exports comprised 88.6% and imports just 11.4% of total trade.

The port hosted 332 vessel visits for the year, a 4% decrease compared with the previous year despite the higher trade. Average consignment per vessel increased 16% to 30,233 tonnes.

Iron ore exports generated the most ship visits with 99 vessels (92 in 2010) with an average consignment size of 59,500 tonnes. There were 59 grain vessels (84 in 2010) which averaged 31,000 tonnes per consignment.



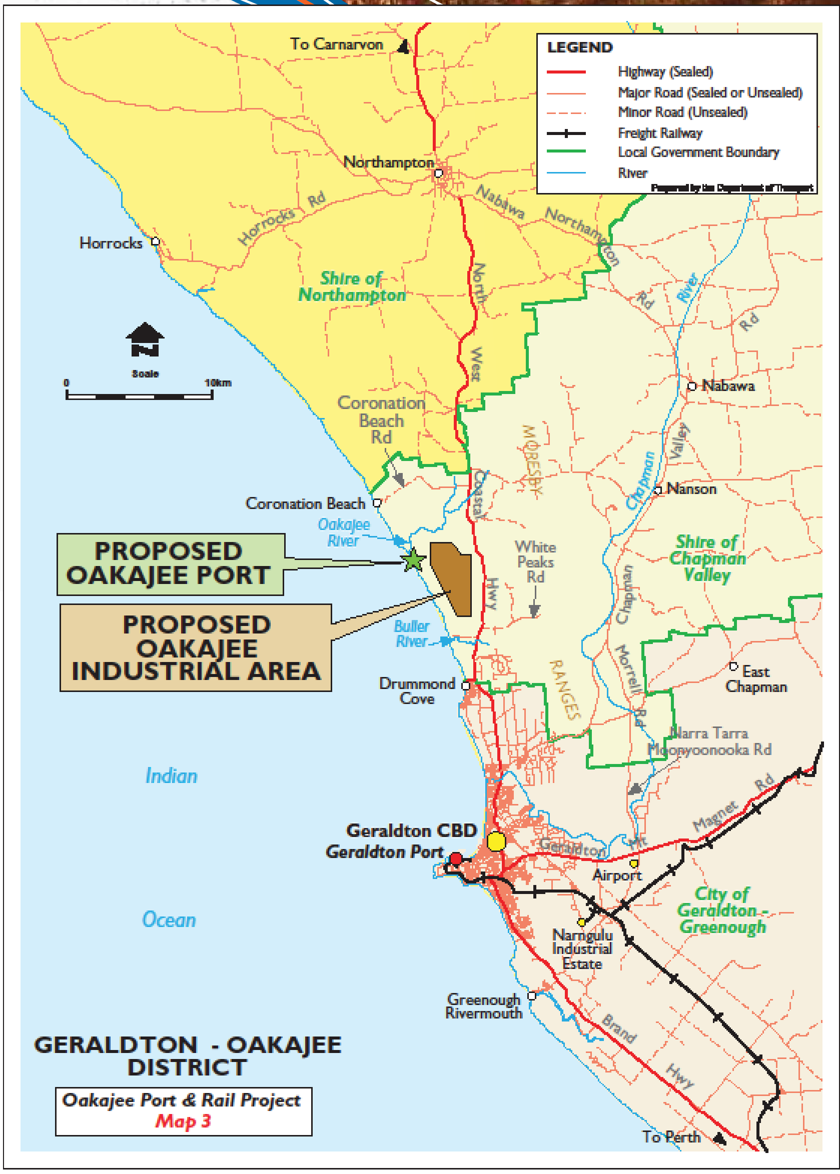




Report on Activities

2. Oakajee Port Planning

A vital State initiative, the Oakajee project will create jobs, opportunities and economic prosperity in the State for generations.



Government of Western Australia
Department of State Development

Plan No: 9928904A Date July 2009

GPA's vision for this project is;

To create a long term economic growth opportunity for Western Australia by planning and delivering sustainable infrastructure at Oakajee that seamlessly integrates the port and the industrial estate with the Mid West's hinterland and beyond.

The Oakajee port site was first identified in 1972 and in 2008 Oakajee Port and Rail was selected as the preferred provider for the port and subsequently the rail infrastructure.

The Geraldton Port Authority has been recognised as the "relevant authority" for Oakajee Port and this has introduced planning and due diligence responsibilities. Staff dedicated to fulfilling these responsibilities have been appointed and a Perth office has been established.

Report on Activities

2. Oakajee Port Planning cont'

Oakajee Port Master Plan

The Oakajee Port Master Plan released in May 2011 was created by Geraldton Port in conjunction with the Department of Transport as a working document to guide the development of the Oakajee Port over the next 30 years. It provides context and vision for how the port will be built in stages and describes how Oakajee Port will be connected to the overall development of the Mid West.

The Master Plan provides a high level port development overview and was produced as a reference point for assessing Oakajee Port and Rail's proposed port lay-out for its iron ore facilities with the State's vision for the future expansion of Oakajee Port.

Importantly the Master Plan shows how the port and industrial estate will be linked both by road and rail and also in respect to power, water and communications service corridors.

The Master Plan was developed after consultation with key stakeholders including the Shire of Chapman Valley, City of Geraldton-Greenough, Geraldton Iron Ore Alliance, Mid West Development Commission, Oakajee Port and Rail Pty Ltd and government agencies.

When future developments in line with the Master Plan are progressed they will be subject to the normal environmental approvals process and it is intended that the Master Plan will be reviewed as the port evolves and as such the published version will be updated on a periodic basis.

Due Diligence

GPA has been engaged by the State Government to review certain design aspects associated with the proposed port development by Oakajee Port and Rail. This has been a comprehensive body of work involving principally technical issues associated with the future port operation from both a marine and land-side perspective.

These works are on-going and to date have been performed by GPA within its allocated budget.

Future Operations

GPA is tasked with facilitating trade through the port and planning for the future development of the port including managing Geraldton and Oakajee Ports. A single Harbour Master will be responsible for maritime safety and services across the two port sites. These arrangements will enable both port sites to be developed in a complementary and efficient manner.

Considerable work has been completed on future marine operations at Oakajee, including developing preliminary operational procedures and participation by Geraldton Port pilots in the ship simulator trials of the proposed Oakajee port layout.

Looking ahead, the Geraldton Port will continue its efforts in progressing key documents and agreements with State agencies including Department of State Development (lead agency), Department of Transport, Public Transport Authority, Main Roads Western Australia, LandCorp and other key stakeholders in order to meet the State Government's ultimate objective of a world class, multi-user, open access deep water port which will service and support the future development of WA's resource abundant Mid West region.

The costs that Geraldton Port is presently incurring in delivering its responsibilities is funded by a treasury loan that is interest free to Geraldton Port and which will be recouped via port charges once Oakajee is operational.

3. Port Operations

Harbour Surge Management

Long period waves enter Geraldton Harbour usually associated with the passage of severe frontal systems or significant swell events. The events can occur at any time but are more frequent during the months of winter. The long period waves energise moored vessels and frequently result in the mooring restraints (lines) breaking putting at risk ships, personnel and infrastructure.

To manage the consequential injury and property damage risks, GPA has introduced long period wave height thresholds to replace the abandoned shore mooring system. The effect of waves is different for each berth and is influenced by their alignment to the entrance and the angle at which the waves approach the berth. As a consequence each berth is allocated a threshold which reflects its unique tolerance to wave height.

GPA owned standard mooring lines are being made available to reinforce ships ropes and are deployed in certain marginal circumstances, extending the operating windows in such conditions.

The introduction of the wave height thresholds has been thoroughly communicated to port customers and an early warning system keeps port customers informed when surge events are predicted. The system has been an effective management tool for reducing but not eliminating the safety risks associated with harbour surge and for this reason GPA continues to explore options that deliver solutions closer to the root cause of the problem.

Overall, the system is proving to be a successful management tool although unfortunately is periodically disruptive to port operations.

Maintenance Dredging

In 2002 the Port Authority embarked upon a Port Enhancement Project (PEP) involving a major capital dredging program.

Since completion of the PEP a number of new exporters have commenced operations through Geraldton Port, most involving iron ore projects driven by strong overseas demand for WA minerals. Mount Gibson Iron was the first mining project to take advantage of the PEP outcomes and has since exported over 15mt from Geraldton Port. In addition, Crosslands Resources and Sinosteel Midwest have now also commenced operation through Berth 5. Vessels supporting the iron ore trade and grain vessels generally load to the maximum available draught and are therefore directly affected and by any loss of draught caused by siltation of Geraldton Port's channel, harbour and berth pockets.

Progressive hydrographic surveys since the completion of the Port Enhancement Project have monitored the build-up of sand and sediment in the harbour and channel. The build-up of sand and sediment has now reduced the draught available to a level that warrants dredging.

Consequently, GPA has made application for approval with DEC/OEPA and through this process is progressively addressing all of their approval conditions. This approvals process will be completed shortly and subject to dredge availability GPA expects to deliver this program during 2012.

Report on Activities

3. Port Operations

Navigation units

State of the art portable pilot navigation units have been introduced and are now used for all commercial vessel movements within port waters. This system provides pilots with accurate data on current and forecast positioning and velocities in a visual format and this greatly enhances decision making in the control of ships.

Preparing for Growth

To meet the demands of the growing port traffic four full time pilots are now employed with three new officers having been successfully trained to an unrestricted licence level during the year. We now have all pilots at an unrestricted level and the Harbourmaster available as a backup.

Svitzer has trained additional crews to expand the operating availability of tugs given the continued expected growth in shipping.

A shipping scheduler has been employed by Geraldton Port to handle bookings and program traffic more efficiently, freeing up pilots for the growth in ship handling duties.

State Oil Spill Response Exercise

The Geraldton Port hosted exercise “Menacing Wind” on the 9th, 10th and 11th November 2010 to assess the capability and improve the level of regional readiness to a significant oil spill event.

The exercise was the biggest oil spill exercise of this type to be conducted in WA with more than 165 participants.

In particular the exercise’s objective was to assess the preparedness of the Geraldton Port and the State’s marine oil spill response organisations including the State Oil Spill Response Team, the Departments of Environment and Conservation, Transport and Mines and Petroleum, and the City of Geraldton Greenough.

A variety of other organisations were involved including Albany Port Authority, Bunbury Port Authority, Fremantle Port Authority, Dampier Port Authority, Port Hedland Port Authority and the Australian Maritime Safety Authority.

The exercise was convened by Geraldton Port with assistance from Chris Priestly, Director of Response Resource Management and the report was written by

Dawn MacInnes, Senior Consultant with Abbott Risk Consulting as an independent party.

The Australasian Inter-agency Incident Management System (AIIMS) was used as the Incident Management System. The Incident Control Centre was established on the top floor of the GPA Administration Building. Prestige Helicopters provided aerial surveillance and participants were divided into nine operational teams working in the field.

Two semi-trailers of oil spill equipment were dispatched from the stockpile held in Fremantle to allow participants to gain experience with almost every type of oil spill response equipment available in WA.

A number of observations and recommendations for different aspects of the exercise have been recorded and have been incorporated into Geraldton Port's emergency response plans.

Ship Simulation

The Fremantle ship simulator has been used to simulate emergency drills to improve pilotage skills and preparedness. Tug masters from Svitzer, joined pilots during 2010/11 in practicing ship system failures at various points in the channel and harbour. Further work during 2012 will focus on the new berth 7 techniques.

Report on Activities

4. Health, Safety, Environment and Quality

Geraldton Port Authority maintains its commitment to continual improvement in providing a healthy and safe workplace and in minimising the impact of our operations on the environment.

In December 2010, Geraldton Port Authority achieved certification of its quality management system with AS/NZS ISO 9001 and confirmation of continued compliance with existing certification to AS/NZS 4801 Occupational health and safety management systems and AS/NZS ISO 14001 Environmental management systems.

CERTIFIED QUALITY MANAGEMENT SYSTEM ISO 9001

CERTIFIED SAFETY MANAGEMENT SYSTEM AS/NZS 4801

CERTIFIED ENVIRONMENTAL MANAGEMENT SYSTEM ISO 14001

Consultation and Communication

Geraldton Port is committed to open and regular communication with its employees on safety performance and opportunities for improvement. Comprehensive internal processes that involve formal and informal communications channels include the monthly Health Safety & Environment Committee meetings as well as toolbox and staff meetings that ensure a consistent flow of information throughout the organisation.

These processes ensure that the following is achieved;

- All incidents are reported, investigated and formally closed out;
- Corrective actions/improvements are identified and implemented;
- Activities are assessed for safety and environmental compliance;
- Training needs are identified and delivered.

During 2010/11 Geraldton Port's health, safety, environment and security induction was made available online.

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 experienced two lost time injuries this financial year; each three days. Proactive management of these injuries ensured workers were able to quickly return to work.

Environmental Licence

An Environmental Licence issued by the Department of Environment and Conservation (DEC) defines the required environmental performance of product handling operations at Geraldton. This licence is issued to the Geraldton Port and holds the Authority Port accountable for the environmental performance of all port operations.

The Environmental Licence places a substantial responsibility on Geraldton Port, its directors and senior staff and it is a responsibility that has driven the organisation to develop an industry best practice environmental management system compliant with the ISO 14001 standard.

Four new dust monitoring stations were purchased and installed during 2010/11 to comply with new environmental licensing obligations. Each site has a continuous monitor and two high volume monitors to measure total suspended particulates and PM^{10} dust and enable breakdown of dust constituents via laboratory analysis.

Report on Activities

4. Health, Safety, Environment and Quality cont'

Compliance

In 2007, immediately after the Esperance lead carbonate issue emerged, a comprehensive program which tested community sites adjacent to the Geraldton Port for the presence of heavy metals (lead, copper & zinc) was undertaken by the Department of Health (DOH), the DEC Pollution Response Unit and Department of Transport (DOT) officers. The City of Geraldton assisted by seeking permission from home owners and schools for samples to be taken from their premises.

Geraldton Port was targeted for this testing because it had been facilitating the export of heavy precious metal (HPM) produced from the Golden Grove mine at Yalgoo. This product comprises approximately 30% of lead sulphide.

This DOH monitoring program concluded that heavy metals within the community were well below the respective health guidelines and did not pose any threat to the community.

In 2009 the DEC amended GPA's environmental licence by including for the first time ever a limit on ambient lead dust of 0.5µg/m³ over a 24 hour period. New dust monitoring equipment was installed to enable this to be measured with equipment commissioned in August 2010.

The first shipment of HPM exported under the new licence conditions and monitoring equipment occurred in October 2010. During this shipment one of the high volume monitors (representing the northern port boundary), recorded an exceedence with ambient lead at 4.2 µg/m³ in a 24 hour period. Monitors on the land side of the port did not detect elevated levels. MMG in consultation with GPA immediately implemented a voluntary suspension of further HPM shipments.

In December 2010 the Transport Minister Troy Buswell announced a formal suspension of future HPM exports from Geraldton Port and triggered a second DOH survey of those community sites adjacent to the Port which had been tested in 2007. This second survey was conducted in January 2011 and the results again confirmed that the presence of heavy metals is well below the respective health guidelines and that the port operations are not presenting any threat to the community.

Toxicology reports were subsequently requested by stakeholders to assess the appropriateness of the ambient lead limit (0.5µg/m³ over a 24 hour period) with reference to the health effects of lead and existing national and international standards.

While this work was underway, in April 2011 a second, but lesser elevated reading for lead at 0.83 µg/m³ was detected at the monitor representing the western boundary of the port. This occurred during the loading of 5,500 tonnes of copper concentrate sourced from Jabiru Metal's Jaguar mine site. This product contains just 2% lead by weight. This exceedence highlighted the very low nature of the limit that had been set for Geraldton.

Toxicology studies subsequently established a case for the normalisation of GPA's licence conditions with national and international standards. Supported by studies GPA has made an application to the DEC for amendment to the environmental licence conditions for ambient lead.

Loading Procedures

A number of control measures have been introduced for future concentrate operations as part of GPA's continual improvement commitment and these will continue to be updated and expanded as better methods and technology becomes available.

Some of the recent initiatives include the following;

1. Wind limits are introduced and monitored by a wind speed/wind direction sensor during the entire shiploading event.
2. Product moisture is monitored throughout the shiploading event.
3. A foaming agent is applied to the product at several key locations on the conveyor system to further mitigate potential dust.
4. The berth and ship are cleaned continually during loading to avoid any potential fugitive dust.
5. Loading events are supervised by a representative from the product owner and Geraldton Port.
6. Dust is monitored by Geraldton Port at four air quality monitoring stations prior to, during and after shiploading events. Results are analysed at a NATA approved laboratory.
7. All Geraldton Port air quality monitoring results are reported to the Department of Environment and Conservation after every shiploading event in accordance with licence conditions.
8. Geraldton Port's quality management system is certified to the AS/NZS ISO 9001 standard and its environmental management system is independently certified to the AS/NZS ISO14001 standard.

Loading is suspended by Geraldton Port if compliance with these conditions cannot be achieved.

Report on Activities

5. Community Initiatives

Eastern Breakwater

Geraldton Port's relationship with the City of Greater Geraldton is supported by a Memorandum of Understanding (MOU) and committee meetings that are held quarterly.

The MOU and committee meetings underpin the strong relationship that exists between the City of Greater Geraldton and GPA. The committee has overseen a beneficial outcome in relation to the development of the Eastern Breakwater during 2011 having facilitated agreement for the creation of a well-planned and appointed community space within the Eastern Breakwater vicinity.

This land mark agreement will see the GPA, the City of Greater Geraldton and Royalties for Regions via the Mid West Development Commission commit up to $4.5M in total towards this landmark development. In addition to the $1.5M previously committed, GPA will be committing a further $400,000 towards delivery of this project. Royalties for Regions will be contributing $2.247M and the City of Greater Geraldton $400,000.

The project will deliver an enhanced recreational space to complement the foreshore and provide opportunities for improved social and economic outcomes.

The project is expected to be completed by December 2012.

Cruise Coordination

The inner cruise ship anchorage that requires passengers to be taken ashore in tenders has been consolidated as the preferred practice for cruise vessels calling to Geraldton. Passengers are generally reporting favourably on the Batavia Coast Marina landing.

The 2010/11 season was disappointing with just four calls down from 20 the previous year and a forecast of 24 visits for 2011/12. The key to future success is to build meaningful relationships with cruise operators, to have a single point of contact and the coordination of engaging activities for shore visitors.

To achieve this Geraldton Port has teamed up with the City of Greater Geraldton to employ a Cruise Ship Support Officer. This officer will coordinate Geraldton's public relations, marketing and activities offered to cruise ship visitors. This officer will ensure that Geraldton becomes a permanent fixture and a must visit destination for cruise vessels along the Western Australian coast.

RECORD INFORMATION

2010/2011	2009/2010	HISTORY	
LARGEST VESSEL	**LARGEST SINGLE CARGO**	**LARGEST VESSEL**	**LARGEST TOTAL CARGO**
MV Apollo 77326 DWT Ore	MV Alabanda 64095 Tonnes Iron Ore	MV Sea Of Harvest 81383 DWT	MV Hanjin Tacoma 66,000 Tonnes Iron
January 2011	February 2011	October 2009	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

GERALDTON PORT AUTHORITY COMPARATIVE TRADE STATISTICS

ENDING 30 JUNE 2011

	2006/07	2007/08	2008/09	2009/10	2010/11
IMPORTS					
Fert DAP	8,372	7,218	15,075	18,088	**18,610**
Fert MAP	7,481	1,537	8,128	5,140	**6,497**
New Phosphate (TSP+S)	6,968	4,610	6,034	6,605	**4,645**
Urea	5,541	23,126	27,595	47,262	**35,249**
Potassium Carbo	-	-	-	3,985	**-**
Petroleum Products	172,510	177,449	205,159	214,880	**254,159**
Mineral Sands	-	13,502	5,179	175,073	**771,221**
Coal	-	-	-	-	**10,007**
General	10,633	39,596	27,364	722	**40,109**
	211,504	267,038	294,533	471,756	**1,140,497**
EXPORTS					
Wheat	1,064,608	560,457	1,629,183	1,746,683	**1,522,554**
Barley	92,832	9,602	93,880	52,514	**49,669**
Lupins	142,013	43,043	101,573	243,830	**180,034**
Canola	15,225	-	108,001	89,322	**76,520**
Copper Cons/Ore	90,508	92,988	166,558	186,457	**164,872**
Zinc Cons/Ore/HPM	329,934	312,675	349,624	234,892	**185,817**
Mineral Sands	725,092	674,705	472,774	437,959	**604,486**
Bulk/Bagged Mineral Sands	182,172	197,070	193,620	150,063	**112,601**
Talc	97,496	102,006	68,924	56,528	**73,863**
Iron Ore	3,470,666	4,433,031	4,167,085	5,315,521	**5,890,591**
Stockfeed	1,750	1,726	2,843	2,816	**775**
Livestock	10,291	9,190	15,302	16,951	**2,009**
General	908	-	30	143	**95**
	6,223,495	6,436,492	7,369,397	8,533,679	**8,863,887**
Bunkers - Oil	2,996	5,338	2,304	3,803	**2,676**
Total Trade	6,437,995	6,708,869	7,666,234	9,009,238	**10,007,089**
SHIPPING					
Gross Reg Tonnage	6,902,762	5,688,280	6,257,821	9,024,639	**8,893,174**
Deadweight Tonnage	11,388,712	9,595,827	11,336,589	13,591,821	**13,964,058**
No of Vessels	305	301	312	347	**331**
Average DWT	37,340	31,880	36,335	39,170	**42,187**

Origin and Destination of CARGO

2010/2011

Ports	Grain	Sands	Fuel	Ferts	General	Iron Ore	Talc	Concentrate	Livestock	Bunkers	Tonnes
Australia (Other)		525,267						33,000		2,676	560,943
Australia (WA)	30,802	242,108	185,076	57,927	19,056		10,502				545,474
Belgium		11,008					10,608	5,520			27,136
China	30,500	231,269			21,147	5,224,332		235,673			5,742,921
France		9,974									9,974
Germany	45,718										45,718
Indonesia	413,040	5,420	4,440						1,273		424,172
Iraq	159,765										159,765
Israel									1,512		1,512
Italy		21,250									21,250
Japan	99,874	9,605				186,453	21,517	21,898			339,346
Kuwait	27,756										27,756
Malaysia	90,999	8,080									99,079
Mexico		56,321									56,321
Mozambique	43,100										43,100
Netherlands		39,407					31,236				70,643
Other Middle East	33,000										33,000
Philippines			22,031								22,031
Saudi Arabia		16,075		4,691							20,786
Singapore			64,643								64,643
South Korea	550,535	5,250				479,806					1,035,591
Spain	22,000	33,781									55,781
Taiwan	16,030										16,030
Thailand	25,500	25,457						32,586			83,545
United Arab Emirates	91,876	7,355									99,231
United Kingdom		29,704									29,704
USA		204,964		2,383							207,346
Vietnam	164,310										164,310
Total	**1,828,777**	**1,498,323**	**254,159**	**65,001**	**40,205**	**5,890,591**	**73,863**	**350,710**		**2,676**	**10,007,089**

Organisational Performance - 2010/11

PERFORMANCE INDICATOR	TARGET	2010/11 PERFORMANCE
Best Practice Business Systems		
Integrated management systems	Compliance certification by an independent third party auditor	System was certified as compliant with AS/NZS ISO 9001 & 14001 standards for quality and environmental management systems and the AS/NZS 4801 safety standard. Audits were performed during October 2010 and April 2011.
Occupational Safety	Zero Lost Time Injuries (LTI's)	Two LTI's were recorded during 2010/11 - one strain and the second a hand injury. Three work days were lost in both cases before the injured workers both returned to work on a suitable/restricted work program.
	Reduced medically treated injuries (MTI)	Three medically treated injuries were recorded compared with just one during 2009/10.
	Reduced mooring line breakages	A total of 69 line breakages were recorded which is 35% fewer than during the corresponding period.
Environmental	Zero Licence Breaches	Breaches were reported by GPA; two related to ambient lead limit exceedences and two separate incidents relating to the escape of washdown water. These were all reported to DEC and mitigation strategies were implemented.

PERFORMANCE INDICATOR	TARGET	2010/11 PERFORMANCE
Economic & Financial		
After tax profit	$9.1M	Higher after tax profit due to trade being 7% higher than customers' trade forecasts for the year, delays to maintenance dredging and Geraldton Port cost controls. After tax profit less dividend payment (65%) is allocated to cash reserve which is being managed to maintain appropriate working capital and to ensure that sufficient cash is available for future PEP debt balloon repayments.
Trade	9.353 million tonnes	10.007 million tonnes: - comprising 8.864 million tonnes of exports & 1.141 million tonne of imports.
Service Efficiency		
Ship turn-around time	50hrs	48.16 hours: - Measured from the time that a vessel is safely alongside and mooring commences (first line) to completion of loading and vessel's readiness for departure (last line).
Berth utilisation	60% or less	
• **Berth 2**		12%
• **Berth 3**		43%
• **Berth 4**		41%
• **Berth 5**		41%
• **Berth 6**		32%
		Note: For berth 4 the utilisation measure does not take into account any reduction in berth availability as a result of (i) plant wash-downs & inspections and (ii) harbour surge

ANNUAL FINANCIAL REPORT

30 June 2011

Geraldton Port Authority

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Contents of Directors' Report

The directors present their report together with the financial report of Geraldton Port Authority ("the Authority") for the year ended 30 June 2011 and the auditor's report thereon.

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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 2011.

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
- Graduate Member Australian Institute of Company Directors
- 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 (May 2009 to May 2011)
- Member of The Freight and Logistics Council of WA
- Member of the COAG Road Reform Plan Industry Advisory Group

Deputy Chairman
Bill Perry

Occupation

Retired CEO Local Government

Appointments

Appointed Non-Executive Director October 2009

Background/ Qualifications

- 39 Years service to senior management in local government (27 Years as CEO)
- Member, Australian Institute of Company Directors
- 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 cont'

Director
Karen Godfrey

Occupation

Company Director

Manager, Economic Development & Marketing - City of Greater Geraldton

Appointments

Appointed Non-Executive Director October 2009

Background/ Qualifications

- Former 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)
- Member, Australian Institute of Company Directors
- 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 – B^2 Consulting

Appointments

Appointed Non-Executive Director October 2009

Background/ Qualifications

- Certified Practicing Project Director
- WA Manager Clifton Coney Group
- Graduate, Australian Institute of Company Directors
- Trained as a Group Worker / Counsellor
- Postgraduate qualification in Strategic Procurement
- Justice of the Peace in Western Australia
- Chairman – Viatores cum Christo

Director
Steve Chamarette

Occupation

Farmer and Company Director

Appointments

Appointed Non-Executive Director February 2010

Background/ Qualifications

- 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

Directors' Report

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:

	Board Meetings	Finance Committee	Compliance Committee
Number of meetings held	12	2	6

Number 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	12	11	2	2	6	6
W Perry	12	12	2	1	6	5
B Boelen	12	11	2	2	6	5
K Godfrey	12	11	2	1	6	5
S Chamarette	12	12	2	2	6	6

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 2011 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 $8,653,426 is recommended in respect of the 2010/2011financial year.

A dividend of $6,436,516 for the 2009/10 year was paid during the year.

5. Operating and financial review

Review of operations

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

	2011	2010
Total trade (tonnes)	10,007,081	9,009,310
	'$000"	'$000"
Revenue from cargo	30,748	28,315
Revenue from ships	9,002	7,975
Revenue from ship services	4,061	3,338
Revenue from port enhancement charges	17,689	15,293
Other revenue	7,880	6,853
Total revenue	69,380	61,774
Less expenditure	49,891	47,940
Operating profit before tax	19,489	13,834
Income tax on operating profit	(6,176)	(3,932)
Operating profit after tax	13,313	9,902

Commentary on operating results

Operating profit before tax was higher than the previous period mainly due to increased revenues associated with a substantial trade increase in iron ore and mineral sands through the Port. The Port maintained effective control over the cost of operations which increased by 4% in 2011. This compares favourably against revenue increases of 12% 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.

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.

Directors' Report

8. Likely developments

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

9. Directors' emoluments

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

(a) The Minister for Transport determines the level of remuneration for Board members.

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

Name	Short Term Benefits (1) $	Post Employment Benefits (2) $	Long Term Benefits (3) $	Total $
I King	45,000	4,050	Nil	49,050
B Perry	24,996	2,250	Nil	27,246
K Godfrey	16,500	1,485	Nil	17,985
B Boelen	16,500	1,485	Nil	17,985
S Chamarette	16,500	1,485	Nil	17,985

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

2 **Post Employment 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 Benefits (2) $	Long Term Benefits (3) $	Total $
P Klein	204,687	18,285	4,674	227,646
P Duplex	171,126	15,401	3,921	190,448
M North	212,455	19,120	7,533	239,108

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
15th September 2011

WILLIAM PERRY
Deputy Chairman
15th September 2011

Geraldton Port Authority
Statement of Comprehensive Income

For the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Revenue	**4**	69,380	61,774
Other income	**5**	1,191	514
Depreciation and amortisation expense	**6**	(9,831)	(9,729)
Marine expenses		(4,272)	(3,802)
Port operations expenses		(15,520)	(11,871)
General administration		(5,052)	(8,043)
Asset maintenance		(2,649)	(1,801)
Environmental expenses		(1,440)	(115)
Port utilities		(525)	(434)
Safety and security		(998)	(960)
Finance costs	**8**	(9,090)	(9,422)
Other expenses	**9**	(1,705)	(2,277)
Profit before income tax		**19,489**	**13,834**
Income tax expense	**10**	(6,176)	(3,932)
Profit for the period		**13,313**	**9,902**
Other comprehensive income		-	-
Total comprehensive income		**13,313**	**9,902**

The notes on pages 16 to 50 are an integral part of these financial statements.

Geraldton Port Authority
Statement of Financial Position

For the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
ASSETS			
Cash and cash equivalents	12	41,408	16,671
Trade and other receivables	13	8,056	20,112
Assets classified as held for sale	20	1,226	-
Total current assets		**50,690**	**36,783**
Deferred tax assets	10	1,549	1,060
Property, plant and equipment	14	151,255	161,317
Trade and other receivables	13	1,609	-
Total non-current assets		**154,413**	**162,377**
TOTAL ASSETS		**205,103**	**199,160**
LIABILITIES			
Trade and other payables	15	5,190	5,390
Interest bearing borrowings	16	5,384	6,226
Current tax payable	10	4,228	2,364
Provisions	17	1,624	1,556
Other	18	198	239
Total current liabilities		**16,624**	**15,775**
Interest bearing borrowings	16	140,368	143,674
Provisions	17	3,363	1,826
Other	18	8	22
Total non-current liabilities		**143,739**	**145,522**
TOTAL LIABILITIES		**160,363**	**161,297**
Net assets		**44,740**	**37,863**
EQUITY			
Contributed equity	19	2,641	2,641
Retained earnings	19	42,099	35,222
TOTAL EQUITY		**44,740**	**37,863**

The notes on pages 16 to 50 are an integral part of these financial statements.

Geraldton Port Authority
Statement of changes in equity

For the year ended 30 June 2011

	Note	Contributed equity	Reserves	Retained earnings	Total equity
		$'000	$'000	$'000	$'000
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**
Balance at 1 July 2010		2,641	-	35,222	37,863
Profit for the period		-	-	13,313	13,313
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	13,313	13,313
Transactions with owners in their capacity as owners:					
Dividends Paid	**11**	-	-	(6,436)	(6,436)
Balance at 30 June 2011		**2,641**	**-**	**42,099**	**44,740**

The notes on pages 16 to 50 are an integral part of these financial statements.

Geraldton Port Authority
Statement of cash flows

For the year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Cash receipts from customers		87,411	56,698
Cash paid to suppliers and employees		(37,093)	(36,453)
Cash generated from operations		50,318	20,245
Interest paid		(9,090)	(9,422)
Interest received		1,868	1,123
Income taxes paid		(4,800)	(1,735)
Net cash from operating activities	**21**	38,296	10,211
Cash flows used in investing activities			
Proceeds from sale of property, plant and equipment		58	-
Acquisition of property, plant and equipment	**14**	(3,033)	(2,007)
Net cash used in investing activities		(2,975)	(2,007)
Cash flows used in financing activities			
Borrowings		2,078	-
Repayment of borrowings		(6,226)	(5,873)
Dividends paid	**11**	(6,436)	(1,390)
Net cash used in financing activities		(10,584)	(7,263)
Net increase in cash and cash equivalents		24,737	941
Cash and cash equivalents at 1 July		16,671	15,730
Cash and cash equivalents at 30 June	**12**	41,408	16,671

The notes on pages 16 to 50 are an integral part of these financial statements.

1. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared as general purpose financial statements 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, exceptions disclosed in note 1(b).

The financial statements were authorised for issue on 15th September 2011 by the Board of Directors of Geraldton Port Authority ("the Authority").

(b) Presentation of the Statement of Comprehensive Income

The Statement of Comprehensive Income classifies expenses by nature as it 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 Statement of Comprehensive Income 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 (c).

Estimating useful life and residual value of key assets
Various assumptions are required when determining the assets 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.

(f) New accounting standards and interpretations

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

(i) AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1,3,4,5,7, 101,102,108,112,121,127,128,131,132,136,139,1023&1038 and Interpretations 10 & 11]. The revised standard introduces a number of changes to the accounting for financial assets.

(ii) AASB 2009-12 Amendments to Australian Accounting Standards[AASBs 5,8,108,110,112,133,139,1023 & 1031 and Interpretations 2,4,16,1039 & 1052]. This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.

(iii) AASB 124 (Revised) Related Party Disclosures (December 2009). The revised Standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition.

(iv) AASB 9 Financial Instruments. This Standard includes the requirement for the classification and measurement of financial assets resulting from the first part of phase 1 of the IAS 39 [Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).

(v) AASB 1053 Application of Tiers of Australian Accounting Standards. This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements.

(vi) AASB 1054 Australian Accounting Disclosures. This Standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. It relocates all Australian specific disclosures from other standards to one place and revises disclosure.

(vii) AASB 2010-2 Amendments to Australian Accounting Standards arising from reduced disclosure requirements. This Standard makes amendments to many Australian Accounting Standards, reducing the disclosure requirements for Tier 2 entities, identified in accordance with AASB 1053.

(viii) AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 1,7,101,134 and Interpretations 13]. This Standard emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of the risks associated with financial instruments.

(ix) AASB 2010-5 Amendments to Australian Accounting Standards [AASBs 1,3,4,101,112,118,119,121,132 ,133,134,137,139,140,1023 and 1038 and Interpretations 112,115,127,132 and 1042]. This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.

(x) AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on transfers of Financial Assets [AASB 1 and 7]. This Standard amends the disclosure requirements for transactions involving the transfers of financial assets.

(xi) AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASBs 1,3,4,5,7,101,102,108,112,118,120,121,127,128,131,132,136,139,1023 and 1038 and Interpretations 2,5,10,12,19,127]. This Standard includes the requirement for reclassifying and measuring financial liabilities added to AASB 9.

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.

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 value of the provision for impairment loss is expressed using an analysis of historical data to determine the level of risk and subsequent recovery of debts based on the age of accounts outstanding. Bad debts are written off formally when recognised as being unrecoverable. Trade and other receivables are stated at their cost less impairment losses.

(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.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

2. Summary of significant accounting policies cont'

(f) Impairment

The carrying value of the assets are reviewed for impairment when the events or changes in circumstances indicate the carrying value may not be recoverable. If a trigger exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of assets is the greater of fair value less the cost to sell and value in use. As the Authority is a not for profit entity, the value in use is the assets depreciated, optimised replacement cost.

(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 Statement of Financial Position.

Payments made under operating leases are recognised in the Statement of Comprehensive Income 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
- Held to maturity investments; and
- Financial liabilities measured at amortised cost.

Refer to Note 22 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 Statement of Comprehensive Income 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 Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position date.

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

2. Summary of significant accounting policies cont'

(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 2011.

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 Statement of Financial Position 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 Statement of Comprehensive Income. 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 Statement of Financial Position comprise cash on hand, cash at bank, at call deposits and term deposits due between 30 and 90 days.

For the purpose of the Statement of Cash Flows, 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 Statement of Comprehensive Income 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:

	2011 $'000	2010 $'000
Rendering of services		
Charges on cargo	**30,748**	28,315
Charges on ships	**9,002**	7,975
Shipping services	**4,061**	3,338
Port enhancement charge	**17,689**	15,293
Interest revenue	**1,868**	1,123
Rentals and leases	**6,012**	5,730
Total revenue	**69,380**	61,774

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:

	2011 $'000	2010 $'000
Net gain/(loss) on sale of electricity and water	**88**	(431)
Miscellaneous revenue	**995**	623
Insurance claims revenue	**108**	322
	1,191	514

There were no Government contributions in Miscellaneous revenue in 2011 (2010 $0.47 million) for the purposes of preliminary Oakajee Project expenditure.

6. Depreciation and amortisation expense

	2011 $'000	2010 $'000
Depreciation		
Channels and breakwaters	**2,340**	2,339
Buildings and improvements	**30**	31
Berths, jetties and infrastructure	**6,119**	6,114
Plant and equipment	**1,342**	1,245
Total depreciation	**9,831**	9,729

7. Employee benefits expense

	2011 $'000	2010 $'000
Wages and salaries(a)	**6,821**	5,546
Superannuation – defined benefit plans (see note 17)	**268**	51
Long service leave(b)	**97**	71
Annual leave(b)	**585**	479
	7,771	6,147

(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

	2011 $'000	2010 $'000
Interest paid	**9,090**	9,422
Finance costs expensed	**9,090**	9,422

9. Other expenses

	2011 $'000	2010 $'000
Doubtful debts expense	**-**	1
Employee on-costs(a)	**1,007**	548
Community Service Obligation(b)	**175**	-
Impairment loss in measurement to asset held for sale	**363**	-
Asset Impairment expense	**-**	1,710
Net loss on sale of property plant and equipment	**8**	18
Project settlement expense	**152**	-
	1,705	2,277

(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

	2011 $'000	2010 $'000
Current tax expense		
Current income tax charge	**6,286**	3,596
Adjustment for prior periods	**379**	249
	6,665	3,845
Deferred tax expense		
Origination and reversal of temporary differences	**(489)**	537
Adjustment for prior periods	**-**	(450)
	(489)	87
Total income tax expense	**6,176**	3,932

Numerical reconciliation between tax expense and pre tax net profit

	2011 $'000	2010 $'000
Profit for the period	**13,313**	9,902
Total income tax expense	**6,176**	3,932
Profit excluding income tax	**19,489**	13,834
Income tax using the statutory tax rate of 30% (2010: 30%)	**5,847**	4,150
Non-deductible expenses	**-**	-
Sundry items	**(50)**	(17)
	5,797	4,133
Under (over) provision in prior years	**379**	(201)
Income tax expense	**6,176**	3,932

Deferred income tax

	2011 Balance sheet $'000	2010 Balance sheet $'000	2011 Income statement $'000	2010 Income statement $'000
Deferred tax liabilities				
Accelerated depreciation for tax purposes	**368**	2	**366**	-
Others	**26**	80	**(54)**	70
Gross deferred tax liabilities	**394**	82	**312**	70
Deferred tax assets				
Employee benefits	**1,114**	1,015	**(99)**	(10)

	2011 Balance sheet $'000	2010 Balance sheet $'000	2011 Income statement $'000	2010 Income statement $'000
Prepaid rental	**62**	78	**16**	15
Others	**767**	49	**(718)**	462
Gross deferred tax assets	**1,943**	1,142	**(801)**	467
Set-off of deferred tax liabilities pursuant to set-off provisions	**(394)**	(82)		
Net deferred tax assets	**1,549**	1,060		
Deferred tax charge			**(489)**	537

Current tax liabilities

The current tax liability of $4.228 million (2010: $2.364 million) represents the amount of income taxes payable in respect of current and prior financial periods.

11. Dividends

	2011 $'000	2010 $'000
Dividends paid in the financial year	**6,436**	1,390

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% of after tax profits. However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2011 have not been provided as they are expected to be declared by the Board and approved by Government after balance date.

A dividend of $6.436 million (2010: $1.390 million) in respect of the financial results for the year ended 30 June 2010 was paid by 30 June 2011.

12. Cash and cash equivalents

	2011 $'000	2010 $'000
Bank balances	**12,241**	8,511
Term deposits	**29,167**	8,160
Cash and cash equivalents in the statements of cash flows	**41,408**	16,671

The Authority's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 22.

13. Trade and other receivables

	2011 $'000	2010 $'000
Current		
Receivables	**8,047**	20,177
Less: allowance for impairment of receivables	**(36)**	(51)
	8,011	20,126
Prepayments	**45**	(14)
	8,056	20,112
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	**51**	87
Bad debts written off against provision	**(15)**	(37)
Doubtful debts expense recognised in the income statement	**-**	1
Balance at end of year	**36**	51

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:

	2011 $'000	2010 $'000
Not more than 3 months	**7,952**	10,535
More than 3 months but less than 6 months	**57**	2,691
More than 6 months but less than 1 year	**2**	3,011
More than 1 year	**-**	3,940
	8,011	20,177

Non Current

	2011 $'000	2010 $'000
Other receivables	**1,609**	-
	1,609	-

Non current other receivables relate to prepaid expenditure incurred in relation to the common user infrastructure assets expected to be constructed at Oakajee Port.

14. Property, plant and equipment

	2011 $'000	2010 $'000
Channels and breakwaters		
At cost	**98,210**	98,210
Accumulated depreciation	**(19,935)**	(17,595)
	78,275	80,615
Land		
At cost	**1,109**	1,109
	1,109	1,109
Buildings and improvements		
At cost	**1,291**	1,174
Accumulated depreciation	**(494)**	(463)
	797	711
Plant and equipment		
At cost	**35,256**	34,507
Accumulated depreciation	**(16,363)**	(15,013)
Accumulated impairment losses	**(661)**	(661)
	18,232	18,833
Berths, jetties and infrastructure		
At cost	**97,037**	98,228
Accumulated depreciation	**(38,380)**	(32,498)
Accumulated impairment losses	**(6,322)**	(6,322)
	52,335	59,408
	150,748	160,677
Add: Work in progress (at cost)	**507**	641
Total property, plant and equipment	**151,255**	161,317

14. Property, plant and equipment cont'

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

	2011 $'000	2010 $'000
Channels and breakwaters		
Carrying amount at 1 July	**80,615**	82,954
Depreciation for the year	**(2,340)**	(2,339)
Carrying amount at 30 June	**78,275**	80,615
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	**711**	742
Transfer from work in progress	**-**	-
Additions	**117**	-
Depreciation for the year	**(31)**	(31)
Carrying amount at 30 June	**797**	711
Plant and equipment		
Carrying amount at 1 July	**18,833**	18,948
Additions	**177**	1,792
Transfer from work in progress	**621**	-
Depreciation for the year	**(1,342)**	(1,245)
Disposals	**(57)**	(18)
Impairment loss	**-**	(644)
Carrying amount at 30 June	**18,232**	18,833
Berths, jetties and infrastructure		
Carrying amount at 1 July	**59,408**	66,409
Additions	**635**	179
Transfer from work in progress	**-**	-
Depreciation for the year	**(6,119)**	(6,114)
Disposals	**-**	-
Reclassification to assets held for sale	**(1,589)**	-
Impairment loss	**-**	(1,066)
Carrying amount at 30 June	**52,335**	59,408
	150,748	160,676
Work in progress:		
Carrying amount at 1 July	**641**	605
Additions	**487**	36
Transfers to property, plant and equipment	**(621)**	-
Carrying amount at 30 June	**507**	641
Total property, plant and equipment	**151,255**	161,317

15. Trade and other payables

	2011 $'000	2010 $'000
Current		
Trade payables	**1,710**	702
Other payables	**61**	101
GST payable	**581**	462
Accrued expenses	**1,140**	2,416
Other accrued interest	**1,698**	1,709
	5,190	5,390

The Authority's exposure to liquidity risk related to trade and other payables is disclosed in note 22(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 22.

	2011 $'000	2010 $'000
Current liabilities		
Direct borrowings	**5,384**	6,226
	5,384	6,226
Non-current liabilities		
Direct borrowings	**140,368**	143,674
	140,368	143,674
Financing arrangements		
The Authority has access to the following lines of credit:		
Total facilities available:		
Liquidity facility	**-**	-
Direct and special borrowings	**149,800**	151,200
	149,800	151,200
Facilities utilised at reporting date:		
Liquidity facility	**-**	-
Direct and special borrowings	**145,752**	149,900
	145,752	149,900
Facilities not utilised at reporting date:		
Direct and special borrowings	**4,048**	1,300
	4,048	1,300

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 balloon 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 2011 was $151,189,820. (2010: $155,645,251).

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.

16. Interest bearing borrowings cont'

2011	Variable interest rate $'000	Fixed interest rate: 1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	More than 5 years $'000	Total $'000
Interest bearing borrowings:								
Direct borrowings	67,085	4,562	6,068	7,841	6,995	7,461	45,740	145,752
	67,085	4,562	6,068	7,841	6,995	7,461	45740	145,752
Weighted average interest rate:								
Direct borrowings		5.9	5.9	5.9	5.9	5.9	5.9	

2010	Variable interest rate $'000	Fixed interest rate: 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	

17. Provisions

	2011 $'000	2010 $'000
Current		
Employee benefits provision	**28**	92
Provision for dividend	**(2)**	(2)
Sick leave	**563**	450
Annual leave (a)	**708**	569
Long service leave (b)	**254**	374
Superannuation (c)	**73**	71
	1,624	1,554

	2011 $'000	2010 $'000
Non-current		
Long service leave (b)	**298**	203
Superannuation (c)	**1,818**	1,623
Provision for site remediation costs	**1,247**	-
	3,363	1,826

(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 date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2011 $'000	2010 $'000
Within 12 months of balance date	**376**	302
More than 12 months after balance sheet date	**332**	267
	708	569

(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 Statement of Financial Position date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2011 $'000	2010 $'000
Within 12 months of balance date	**83**	87
More than 12 months after balance sheet date	**469**	490
	552	577

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'.

(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.

	2011 $'000	2010 $'000
Amounts recognised in the balance sheet:		
Present value of unfunded obligations	**1,891**	1,694
	1,891	1,694
Reconciliation of movement in the present value of the unfunded obligations recognised in the balance sheet:		
Opening balance	**1,694**	1,712
Current service cost	**25**	25
Interest cost	**90**	90
Actuarial gain on liabilities	**153**	(64)
Benefits paid (including expenses and taxes)	**(71)**	(69)
	1,891	1,694
Amounts recognised in the income statement:		
Current service cost	**25**	25
Interest cost	**90**	90
Actual gain recognised	**153**	(64)
	268	51
Historic summary:		
Defined benefit plan obligation	**1,891**	1,694
Plan assets	**-**	-
	1,891	1,694
Experience adjustments arising on plan liabilities (gain)/loss	**106**	(37)
Principal actuarial assumptions:		
Discount rate	**5.28%**	5.48%
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).

Movements in provisions

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

	2011 $'000	2010 $'000
Retirement benefit obligations		
Carrying amount at 1 July	**1,694**	1,712
Provisions made during the year	**268**	51
Amounts utilised in the year	**(71)**	(69)
Carrying amount at 30 June	**1,891**	1,694

18. Other liabilities

	2011 $'000	2010 $'000
Current		
Prepaid rental income	**198**	239
Non-current		
Prepaid rental income	**8**	22

19. Equity

	Notes	2011 $'000	2010 $'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		**35,222**	26,710
Profit for the period		**13,313**	9,902
Dividends paid	**11**	**(6,436)**	(1,390)
Balance at end of year		**42,099**	35,222

20. Non current assets held for sale

A shiploader has been identified as held for sale after a commitment by the Board, on 17th September, 2009, to a plan to dispose of the shiploader. Efforts to sell the shiploader have commenced, with a sale expected within the next 12 months.

An impairment loss of $363 thousand on the measurement of the shiploader to the lower of its carrying amount and its fair value less cost to sell has been recognised in other expenses (see note 9).

	Note	2011 $'000	2010 $'000
Berths, jetties and infrastructure (shiploader)		**1,226**	-
		1,226	-

21. Reconciliation of cash flows from operating activities

	Notes	2011 $'000	2010 $'000
Cash flows from operating activities			
Profit for the period		**13,313**	9,902
Adjustments for:			
Depreciation	6	**9,830**	9,729
Impairment	9	**363**	1,710
Interest expense	8	**9,090**	9,422
Interest revenue	4	**(1,868)**	(1,123)
Loss on sale of property, plant and equipment	9	**7**	18
Income tax expense	10	**6,176**	3,932
Operating profit before changes in working capital and provisions		**36,911**	33,590
Change in trade and other receivables	13	**12,056**	(10,490)
Change in trade and other payables	15	**(255)**	(2,885)
Change in provisions and employee benefits	17	**1,606**	30
		13,407	(13,345)
Interest paid	8	**(9,090)**	(9,422)
Interest received	4	**1,868**	1,123
Income taxes paid		**(4,800)**	(1,735)
Net cash from operating activities		**38,296**	10,211

22. 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 and 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.

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 Statement of Financial Position date, if interest rates had moved as illustrated in the following table, with all other variables held constant, the effect would be as follows:

Interest rate risk	Carrying Amount $'000	+0.50% change Profit $'000	-0.25% change Profit $'000
2011			
Financial Assets			
Cash and cash equivalents	**41,408**	**206**	(103)
Financial Liabilities			
Interest bearing borrowings			
Fixed rate	**78,667**	**-**	-
Variable rate	**67,085**	**(335)**	167
Total Increase/(Decrease)		**(129)**	64

Interest rate risk	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

22. Financial instruments

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 Statement of Financial Position 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.

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

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as and when they fall due.

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 Statement of Financial Position date. The table includes both interest and principal cash flows. An adjustment has been made where material.

Geraldton Port Authority
Notes to the financial statements

22. Financial instruments cont'

		Including interest				
Financial liabilities	Carrying amount $'000	6 mths or less $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
2011						
Trade and other payables	5,190	5,190	-	-	-	-
Interest bearing borrowings	145,752	7,426	6,367	15,699	48,589	141,662
	150,942	12,616	6,367	15,699	48,589	141,662
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

(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.

	Notes	2011 $'000	2010 $'000
Financial assets			
Cash and cash equivalents		**41,408**	16,671
Trade and other receivables		**8,011**	20,112
Financial liabilities			
Trade and other payables		**5,190**	5,390
Interest-bearing borrowings:		**145,752**	149,900

The fair value of interest bearing liabilities is $151,189,820 (2010: $155,645,251)

(iii) Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, 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.

23. Commitments

(i) Capital expenditure commitments

	Notes	2011 $'000	2010 $'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:			
Within 1 year		-	-
Later than 1 year and not later than 5 years		-	-
Later than 5 years		-	-
		-	-

(ii) Lease commitments

	Notes	2011 $'000	2010 $'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		**221**	229
Later than 1 year and not later than 5 years		**819**	387
Later than 5 years		-	-
		1,040	616
Representing:			
Cancellable operating leases		**1,040**	616
		1,040	616

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

(iii) Operating leases receivable

	Notes	2011 $'000	2010 $'000
Future minimum rentals receivable for operating leases at reporting date:			
Within 1 year		**3,075**	305
Later than 1 year and not later than 5 years		**8,149**	1,069
Later than 5 years		**15,526**	-
		26,750	1,374

Operating leases receivable are in respect of property rentals.

24. Remuneration of auditor

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

	Notes	2011 $'000	2010 $'000
Auditing the accounts and financial statements		**54**	57

25. 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.

26. 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 previous year the Authority was advised by DEC of the identification of three suspected contaminated sites. These sites have been assessed by registered environmental consultants and the Board has made an undertaking in the form of establishing a provision for the cost of future site remediation during the 2010/11 financial year. GPA has not been advised by DEC of the nature and classification of these suspected contaminated sites.

A commitment has been undertaken by the Port with the DEC, to mitigate airborne dust and contain wastewater spillage into the surrounding environment. Design of a wastewater treatment plant was completed during 2010/2011 and further consideration is being given to determine the most appropriate method of preventing leakage of airborne dust from our conveying systems.

27. Events occurring after the balance sheet date

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

Directors' declaration

In the opinion of the directors of Geraldton Port Authority:

(a) the financial statements and notes, set out on pages 12 to 50, are in accordance with the financial reporting provisions of the Port Authorities Act 1999, including:

(i) giving a true and fair view of the financial position of the Geraldton Port Authority as at 30 June 2011 and of its performance as represented by the results of its operations and cash flows, for the year ended on that date;

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

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

Signed in accordance with a resolution of the Directors on 15th September 2011:

IAN KING
Chairman
15th September 2011

WILLIAM PERRY
Deputy Chairman
15th September 2011

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GERALDTON PORT AUTHORITY

I have audited the financial report of the Geraldton Port Authority. The financial report comprises the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, Notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the Geraldton Port Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Port Authorities Act 1999, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.

Geraldton Port Authority

Opinion

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

(a) giving a true and fair view of the Authority's financial position as at 30 June 2011 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 2011

Geraldton Port Authority

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