



ANNUAL REPORT 2011 2012





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General Manager - Landside Operations

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HSEQ Manager

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PETER GAZE

Commercial Manager

PAUL BLUNDELL

Engineering Manager - Geraldton



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From The Chairman



IAN KING
Chairman

The Geraldton Port is an inter-modal facility that serves the region's demand for connectivity to national and international markets. It also has an expanding role with the future development of Oakajee Port and the Oakajee Industrial Estate.

In serving this demand, the Geraldton Port plays an essential role for the Mid West, State and Australian economies.

Its operations are guided by the dual objectives of facilitating trade to benefit the WA community and to provide leadership in supporting the development of sustainable infrastructure at Oakajee.

I am very pleased to provide my 10th annual report. It is worth a brief reflection on change in the past 10 years in terms of trade alone. Total port trade was 3mtpa in 2002, where today trade stands at over 10mtpa with infrastructure available to push trade above 20mtpa over the next 12 months. Most importantly, we have laid the foundation to sustain trade at this higher level by preserving community amenity to position the region to capitalise on the many employment and economic benefits that increased Geraldton port activity brings to the Mid West.

The Geraldton Port Authority has taken great strides during 2011/12 towards its maturation as a larger and complex port infrastructure and marine service provider.

The Mid West is one of Australia's fastest growing economies and rapidly increasing demand for

port services, particularly from the mining sector has generated a diversity of challenges. The port has successfully negotiated these challenges and improved its service levels to existing customers while overseeing unprecedented construction activity and new trade enquiries.

The organisational and operational challenges that doubling of port trade over a short period of time creates are many faceted. Strategies for meeting this significant challenge have been developed and are being implemented.

I am pleased to report that financially, the port had another successful year recording an after tax profit of \$10.3M. Tax and dividend payments to the state government totalled \$13.02M. This performance has followed on a similar outcome in 2010/11 and is allowing the port



to focus on enhancing its asset management strategy and on building resilience in both its human resources and infrastructure, the cornerstones of improving customer services at a lower cost.

I wish to congratulate both Karara Mining and Geraldton Bulk Handling for the successful delivery of their significant construction projects. Both parties willingly cooperated with port management and collectively our efforts have resulted in the construction program being delivered around ongoing port operations.

From a governance perspective the re-certification of the port's integrated management system with the relevant international and Australian standards has provided increasing confidence, that:-

- 1) Environmentally, the port is operating in accordance with its community licence and it continues to build its knowledge and improve its procedures to deliver an improved standard of environmental performance, and
- 2) The port is operating at high levels of safe working practices.

The GPA was able to deliver its services in a busier, more complex and higher risk environment without any loss time injuries being recorded by any Geraldton Port Authority worker. The safety of our people is a key priority and I congratulate everyone for this outcome and encourage all port users to remain vigilant.

The Geraldton Port Board has worked effectively during 2011/12 and I extend my thanks to my

colleagues for their efforts and commitment in supporting both myself and GPA's very capable management team.

In conclusion, while 2011/12 was a year of preparation and consolidation, 2013 will be the year when trade and organisational growth provide the means for the Port Authority to create resilience and further improve its customer service levels.

Ian King
Chairman



PETER KLEIN
Chief Executive Officer

Chief Executive Officer Report

The last 12 months has been transformational for the Geraldton Port Authority as a result of major construction activity and its preparations for a busier, more complex operating future.

Construction Activities

The most significant development during 2012 has been Karara Mining's construction of its new port facilities. Their program has involved the expenditure of more than \$250M on the development of a fully integrated, single user facility incorporating rail infrastructure, a new 255,000 tonne storage facility, new berth, shiploader and associated materials handling equipment.

These works have been delivered in close cooperation with the Port Authority's project management team and this cooperative approach has delivered the works with a minimum of disruption to existing port users and few surprises. We congratulate Karara Mining on their achievements and look forward to the commencement of their magnetite operations in the near future.

The other major construction activity has been the upgrade works performed by Geraldton Bulk Handling to the Port Authority's existing bottom dump train unloading facilities. This facility has been providing services to support Mount Gibson Iron and Sinosteel Mid West's hematite operations.

The upgraded facility is designed to receive iron ore into Geraldton Bulk Handling's storage facility behind Berth 5 at a rate of 3,000 tonnes per hour and a more reliable 1,800 tonne per hour service to storage facilities at Berth 4.

Trade

From a trade perspective 2012 is best described as a year of consolidation with total trade of 10.4 million tonnes, 0.43 million tonnes greater than the previous year. Features include total grain exports of 2.66 million tonnes following a record 3.55 million tonne harvest in the Geraldton Port catchment.

In excess of one million tonnes of last season's grain will be carried into 2012/13, and this should contribute to above average grain shipments next year.

Total iron ore exports were 5.3 million tonnes, about 10% lower than the previous year. This was principally driven by the cessation of mining and export operations by Crosslands Resources. This however, was off-set by stronger mineral sands and garnet trade (13% higher) and exports of copper and zinc concentrate (6% higher).

Geraldton Port also hosted a record number of vessels which included 368 cargo vessels and 16 cruise vessels.

Services

During 2012 Geraldton Port Authority restructured the delivery of services at its Berth 4 and 5 bulk handling facilities which handle mineral sands, concentrates, talc and iron ore. These facilities will now be operated and maintained under contract to local companies Maicon Engineering and Mercantile Marine with electrical support being provided by GCo Electrical.

In association with these contracts the Geraldton Port Authority has made its own changes and in particular has introduced a 24 hour operating presence with the employment of additional staff including supervisors, safety and procurement officers and maintenance planning staff to ensure that the port's train unloading and Berth 4 and 5 shiploading services continue to be delivered in an effective and timely manner.

Our clear objective is to improve plant availability, production and response times and we feel the strongest way of achieving these objectives is to partner with these selected local companies while also enhancing our



own internal capabilities.

The provision of timely and efficient shipping services will become increasingly important as the port becomes busier over the next few years. In preparation the Geraldton Port Authority has contracted the supply of a third tug boat which will arrive at the port prior to the commencement of Karara Mining's Berth 7 operations. In addition the procurement of a new pilot boat has been approved, a mooring lines boat will be deployed and we will increasingly use the northern channel as the preferred approach route to the port.

During April/May this year the port also successfully delivered a significant maintenance dredging program, its first since capital dredging of the channel and harbour in 2002/03.

The dredging was performed by Jan De Nul who was selected following a competitive tender process. The program, delivered by MV Sebastano Caboto, a trailer suction dredge, ran for three weeks and successfully cleared

130,000 tonnes of sediment from the harbour and channel. The dredge spoil was used to further reclaim land behind Berth 7 and the program was executed without major incident.

Dredging will constitute a normal part of the Port's continuing operations.

Compliance

The Geraldton Port Authority continues to consolidate its integrated management system and successfully maintained certification of compliance with AS 4801 (safety management), ISO 14001 (environmental management) and ISO 9001 (quality management). Maintaining system compliance with these standards has taken considerable effort and the on-going commitment to operating in accordance with system procedures and processes by GPA staff, contractors and other service providers has been appreciated.

Ultimately these efforts result in improved performance and a safer more sustainable operation.

Staff

An organisational restructure during 2011 resulted in the introduction of two new positions and other changes in the way roles report through the organisation. The two new positions were General Manager Corporate Services (finance, commercial and human resources) and General Manager Landside Operations (engineering and operations). The universal support for these changes was greatly appreciated and their implementation was seamless and without incident.

The positive results that have been achieved by the Port Authority over the last 12 months are thanks to the efforts of all GPA staff. We have cause to be proud of our performance over the last 12 months and we are justified in looking ahead with a great deal of optimism.

Peter Klein
Chief Executive Officer



2011/12 Performance Highlights

- Geraldton Port recorded its sixth consecutive record trade performance, driven by iron ore (5.26 million tonnes), grain (2.65 million tonnes) and mineral sands (0.59 million tonnes). Iron ore accounted for 50% and grain for 25% of total port trade.
- Farmers in the Geraldton Port Zone deliver a record 3.55 million tonne crop during the 11/12 harvest period, more than 30% higher than the previous record.
- The port continued its strong export orientation with exports comprising 88% of total trade, imports just 12% driven by heavy mineral concentrate (0.59 million tonnes) and fuel (0.29 million tonnes).
- Higher trade drove up total ship visits to a record 384 vessels. These vessels resulted in 883 pilot assisted shipping movements. Almost 15% of all vessels entering the port are moved either to a second berth or are returned to anchor before completing their loading operations.
- Financially a sound result was achieved with a net profit of \$10.3M and a reduction of non-current liabilities from \$145.7 to \$140.3M.
- A total of 16 cruise vessels called to Geraldton and provided a welcome boost to the local Geraldton and Mid West economies and to tourist operations.
- The delivery of Berth 4 and 5 shiploading and facility maintenance services were successfully restructured and local engineering, stevedoring and electrical businesses are now more actively involved in the operation.
- A true 24/7 presence was established by the Geraldton Port Authority with the direct employment of operations supervisors to monitor all port operations, coordinate maintenance and breakdown responses and to generally provide an improved level of customer service.
- The Geraldton Port Authority's senior management was successfully restructured reducing direct reports to the CEO from eight to five with the integration of two general managers (corporate services and landside operations).
- Despite major structural change and significant economic activity within the region, staff retention was 97%.
- The Geraldton Port Authority's integrated management system continued to mature with the re-certification of the system as being compliant with AS 4801 (safety) and ISO standards 9001 and 14001 (quality and environmental).
- Zero lost time injuries (LTI's) by GPA staff.
- Full compliance with all dust limits prescribed in the Port's Environmental Licence that is issued by the Department of Environment and Conservations.
- Awarded a bronze medal from Water Corporation for our performance against Geraldton Port's Water Efficiency Management Plan target.
- Separate construction activities by Karara Mining and Geraldton Bulk Handling, with an estimated value of \$280M, were overseen by the Port Authority and delivered successfully (to date) and with minimal disruption to existing port users.
- Welcomed the first trial shipments of copper concentrate by Sandfire Resources which utilised an innovative shiploading operation managed by Qube and which involves bulk products being loaded into ships' holds in a rotating half height containers.



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 a record 5.8 million tonnes of iron ore in 2010/11 (5.2 million tonnes in 2011/12).

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. This infrastructure is being upgraded by Geraldton Bulk Handling to create a connection to their new Berth 5 storage facility. When delivering products to this new facility the upgraded train unloader will have a design receivable rate of 3,000 tonnes per hour. However, when delivering to the existing storage facilities at Berth 4 the discharge rate is limited to 1,800 tonnes per hour.

During 2011/12 Karara Mining has continued to construct their new port infrastructure which involves a new rail (fourth track) into the

port, a dual wagon rotary unloader, 255,000 tonne storage facility, new berth (Berth 7) and shiploader and associated materials handling infrastructure.

The construction work is expected to be completed and operational during 2012/13.

In addition to the traditional trade in grain, mineral sand, 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	9.7m	General purpose
Berth 3	229m	12.9m	Grain and mineral sands importation
Berth 4	229m	12.8m	Mineral sand, concentrates and talc
Berth 5	229m	13.3m	Iron ore
Berth 6	190m	12.4m	Break-bulk and general purpose



Corporate Governance

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 for Transport.

Role of the Board

The board of the Port Authority is its governing body and has all the powers it needs to perform its functions.

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

Board Composition

Geraldton Port is governed by a board consisting of a Chairman, Deputy Chairman and three directors, all appointed by the Minister.

In appointing these directors the Minister must have regard to all relevant guidelines published, approved, endorsed or administered by the Minister for Public Sector Management. A member of staff is not eligible to be appointed as, or be, a director.

Each director holds office for a period not exceeding three years and is eligible for reappointment. Periods of appointment are generally fixed in a way that results in approximately one third of directors retiring each year.

Directors are paid out of the funds of the Port Authority such remuneration as are determined by the Minister and the same rates of remuneration and allowances apply to all directors.



Conflicts of Interests

A director who has a notifiable interest in a matter involving the Port Authority, must as soon as possible after the relevant facts have come to the director's knowledge, disclose the nature of the interest.

At the beginning of each board meeting directors are given the opportunity to update their previous disclosures and any changes are recorded in the minutes of the relevant board meeting.

A director who has a material personal interest in a matter that is being considered by the board must not vote or be present while the matter is being considered.

Reporting

The Port Authority is required to keep the Minister reasonably informed of the operations and its financial performance. It achieves this through formal and informal channels such as its obligation to submit a consolidated half yearly report to the Minister within two months from the end of the reporting period or such other time as agreed by the Minister. Copies of this report must also be provided to the Treasurer.

The Port Authority is also required to prepare an annual report on its operations and this must contain such information as is required to be included in the report to enable an informed assessment to be made of the Port Authority's performance. It must also include in this report commentary on any significant issue relating to its performance.

Financial Administration

The Port Authority must comply with sections 81 and 82 of the Financial Management Act 2006 as if it were a statutory authority with the board being the accountable authority.

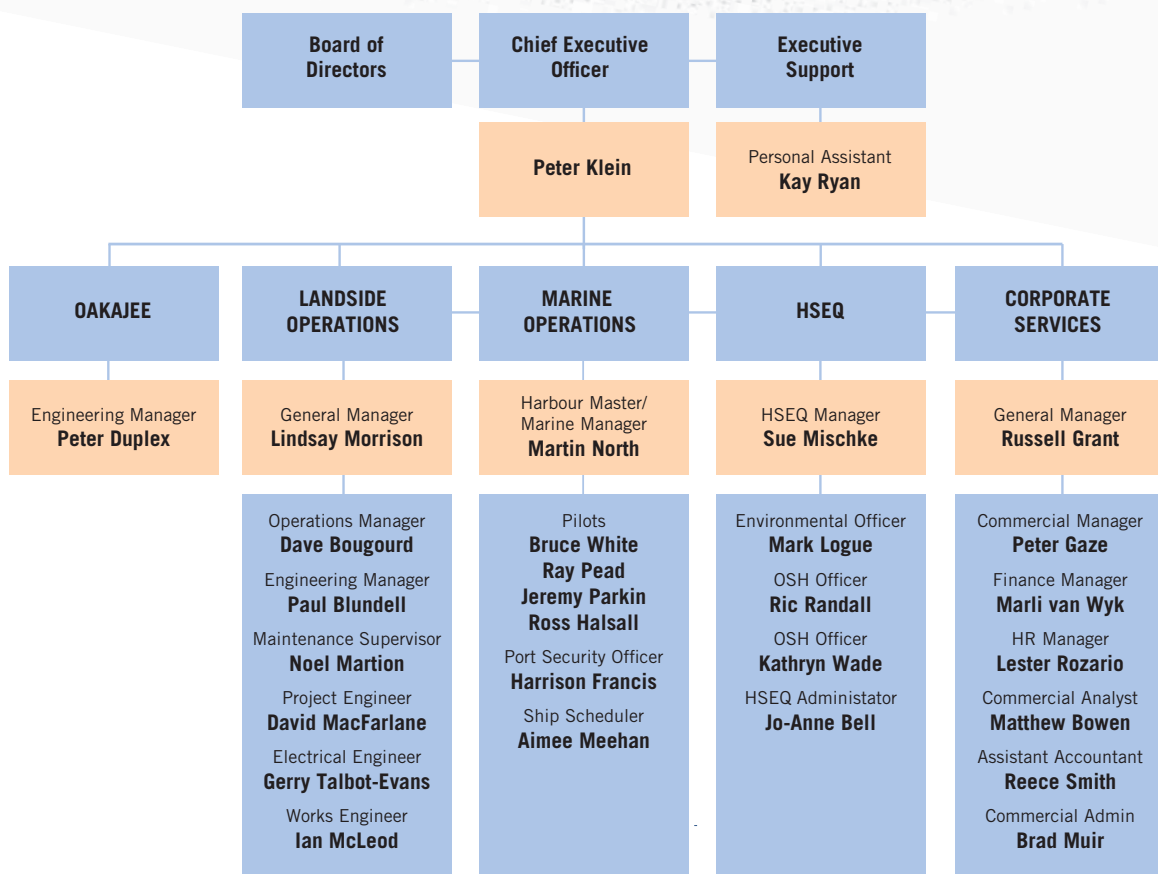
The annual financial report must be audited by the Auditor General who must form an opinion about the report's compliance with accounting standards and about whether it represents a true and fair view of the financial position of the organisation.

Codes of Conduct

The board values its stakeholder relationships and to protect these internal and external relationships has prepared a code of conduct setting out minimum standards of conduct and integrity to be observed by members of staff. This is developed with reference to the Commissioner for Public Sector's published standards and has given regard to the principles set out in section 9 of the Public Sector Management Act 1994.



Corporate Structure





Our Purpose & Strategy

Purpose

The Geraldton Port is an inter-modal facility that serves the region's demand for connectivity to national and international markets. It also has an expanding role with the future development of Oakajee Port and the Oakajee Industrial Estate.

In serving this demand, the Geraldton Port plays an essential service for the Mid West and state economies. Its operations are guided by the following purpose;

The establishment of an iron ore supply chain at Geraldton has supported the development of Oakajee Port by giving its foundation customers start up opportunity and cash flow to expand and develop their larger stage two mining and processing operations.

Our Purpose;

1. To facilitate trade through Geraldton Port to benefit the WA community by being a profitable, cost effective and efficient service provider through the use of existing and new infrastructure, and
2. To facilitate the development of sustainable infrastructure at Oakajee.

Vision

GPA's vision is derived from its key future challenges, which are;

1. To manage trade growth in a constrained port environment at Geraldton to deliver continuous improvements within a seamless 24 hour operation; and
2. To exceed expectations during the current feasibility phase for the Oakajee Port development, during the construction phase and then transition without incident to provision of operating services at Oakajee Port.

Our Vision;

To meet and exceed expectations when addressing the dual challenges of rapid, short term trade growth at Geraldton and the evolution of Oakajee Port from concept, through construction and to full port operations.

Our Oakajee Vision;

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.

Strategic Focus and Goals

The strategic focus for the Geraldton Port Authority has been to:

- Proactively supporting the Oakajee Port initiative
- Managing infrastructure to deliver safe and efficient operations
- Effectively managing people and stakeholder relationships
- Managing operating and business risk

The strategic goals for the period were:

1. Facilitate the development of sustainable infrastructure at Oakajee Port
2. To increase trade throughput in compliance with the State Government's objectives
3. To meet and maintain the State Government's target for return on assets
4. To continuously improve the port's business processes and systems; and
5. To create employer of choice status.



Importing HMC with a self-discharging vessels

Report on Activities

Trade

For the second year in a row total annual trade exceeded 10 million tonnes, reaching a record 10.438 million tonnes for the year ended 30 June 2012, a 4.3% increase on the previous year's performance. It is the sixth consecutive record trade performance and represents trade growth of more than 300% since delivery of the Port Enhancement Project back in 2002/03.

This trade growth was principally as a result of improved grain export performance. Grain exports totalled a record 2.66 million tonnes which equates to a 45% increase on the 2010/11 performance. Iron ore exports decreased 10% to 5.3 million tonnes (2010/11: 5.89 million tonnes) and mineral sands increased by 3% to 1.538 million tonnes.

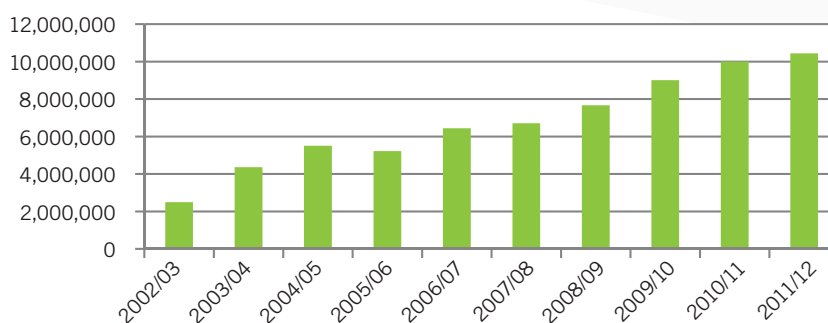
Imports totalled 1.219 million tonnes, a 7% increase over the previous year (2010/11: 1.141 million tonnes).

There was also a 15% increase in the importation of fuel products to 292,619 tonnes.

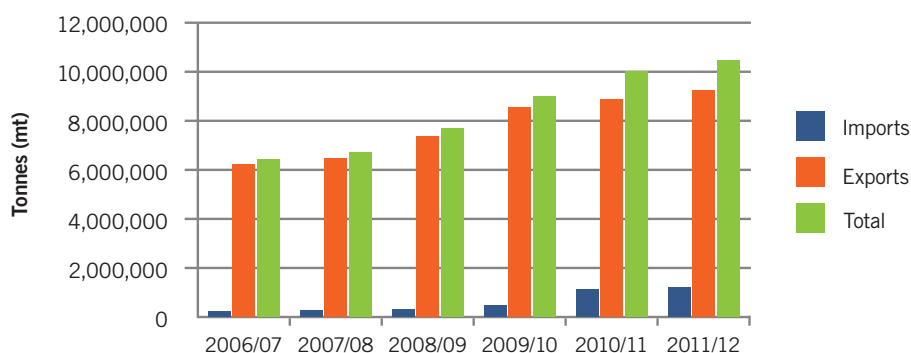
Exports comprised 88% and imports just 12% of total trade.

The port hosted 384 vessel visits for the year, a 16% increase compared with the previous year of 332.

GPA Total Trade (historical)



Total Port Trade





Iron ore exports generated the most ship visits with 88 vessels (99 in 2010/11) with an average consignment size of 59,800 tonnes. There were 79 grain vessels (59 in 2010/11) which averaged 33,600 tonnes per consignment.

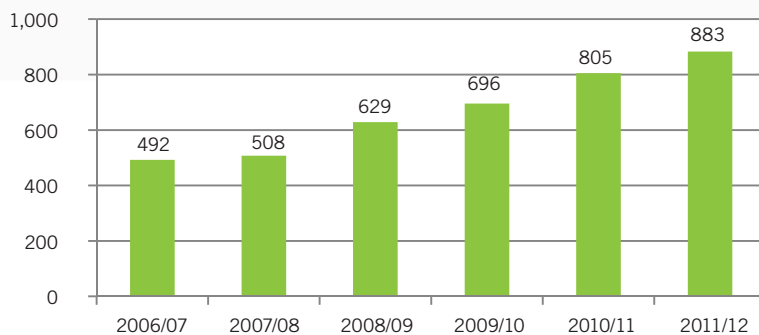
Ship visits have been increasing over time in line with increasing trade volumes.

Pilot assisted shipping movements have also been increasing. About 15% of all vessels now incur more than the standard two movements (inward and outward bound) as a result of the increasing occurrence of multiple cargoes on a single vessel (requiring loading at different berths) and the introduction of surge thresholds which trigger port closures. Total pilotage assisted shipping movements totalled 883 in 2011/12.

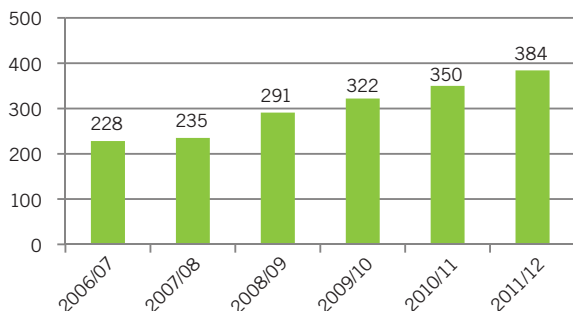
Berth utilisation is an important measure of customer service. Geraldton Port supports multi commodity and multi user facilities and ship arrivals occur with notice but at random and in this environment we target a maximum berth utilisation of 65%.

At utilisations rates above 65% total turnaround times and therefore demurrage payments begin to impact on satisfaction levels. During 2011/12 all berths operated at less than 65%. Opportunities to improve berth efficiency and coordination of customers' operations continue to be explored.

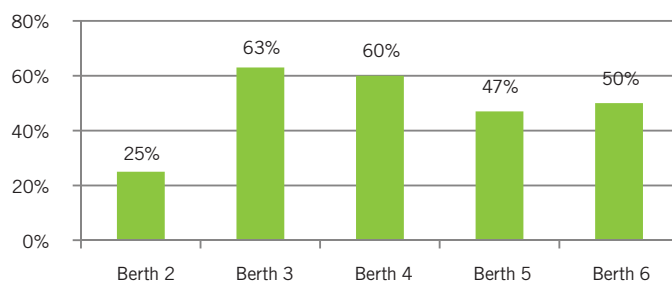
Pilot Assisted Ship Movements



Total Ship Movements



2011/12 Berth Utilisation





Report on Activities

Oakajee Port Planning

The Oakajee Mid West Development Project proposes to establish an integrated port, rail and industrial estate to support the development of the resources sector in the Mid West and ensure the long term prosperity of the region.

The underpinnings of the development will include the following major infrastructure:

- A multi-user, deep water port, capable of:
 - a) initially accommodating one or two berths suitable for handling cape class vessels for the transport of iron ore, and
 - b) ultimately, an enclosed port with berthing capacity to service a range of different vessels, including berths dedicated to the export/import of bulk materials and products;
- A rail network to the mineral deposits of the Mid West that will integrate effectively with existing and future rail infrastructure and be operated in accordance with the State's Rail Access Regime;

GPA's vision for the 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.

- An internationally competitive strategic industrial estate which will accommodate sustainable value adding industry; and
- Effective service corridors linking users to the port and industrial estate via road and rail networks.

Oakajee is about 20 kilometres north of Geraldton, while the iron ore deposits that will be exported from Oakajee are located several hundred kilometres to the north-east and south-east of Geraldton.

The Western Australian State and the Australian Federal Governments have committed funds to support the provision of common user port infrastructure at Oakajee.

Geraldton Port Authority has made a strong commitment to support the State Government's efforts to finalise arrangements necessary for Oakajee Port construction to commence. A small but dedicated team are focused on delivering Geraldton Port Authority's Oakajee responsibilities.

Both the Geraldton Port and the Oakajee Port will be managed by the Geraldton Port Authority. As is the case at Geraldton Port, the Port Authority will plan for the future growth and development of Oakajee Port and manage common use infrastructure such as the breakwaters and channels. A single Harbour Master will be responsible for maritime safety across both port sites, controlling the movement of vessels, and managing both pilots and other port marine services. These arrangements will enable both port sites to be developed in a complementary manner, and promote accountability, safety, and the efficient provision of port marine services.

Geraldton Port Authority has been tasked with the following specific responsibilities for the Oakajee Port:

- a) Performing due diligence on the design of the port facilities;
- b) Development of optimised management and financing structures;



- c) Supporting the State Government in planning and coordinating future port construction;
- d) Sea and land management of all port areas; and
- e) Providing maritime safety and port services across the Geraldton and Oakajee Ports.

In March 2009, the State Government signed a State Development Agreement with Oakajee Port and Rail Pty Ltd (OPR) for the development of port and rail infrastructure. During 2012, the State Government continued to work with OPR in the development of the project, but the State Government's decision to withdraw OPR's exclusive right to develop the port and rail

infrastructure allows it to also engage with other parties interested in developments at Oakajee.

The Department of State Development (DSD) is responsible for overall coordination of the project under the Western Australian Government's Lead Agency Framework. GPA's Oakajee Port Master Plan will guide the development of the port.

During the last year the WA Department of Planning has lead considerable work aimed at finalising arrangements for the Oakajee-Narngulu Infrastructure Corridor. The corridor will become an important future strategic road, rail and services link between the Narngulu

Industrial Estate and the proposed Oakajee Industrial Estate and port. It will enable essential infrastructure to be coordinated along one alignment and provide a freight route to allow heavy freight traffic to avoid built up areas of Geraldton. Significantly, it will also enhance the long-term trading opportunities for a range of industries in Geraldton and the Mid West region.

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





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

Geraldton Port Authority 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 landside perspective.

These works are on-going and to date have been performed by Geraldton Port Authority 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.



Report on Activities

Geraldton Port Authority Landside Operations Report

Over the last 12 month period the port landside areas have been undergoing significant change in both operations and construction activities. These changes and works are precursors to the significant increase in port throughput and are designed to position the port to handle the planned growth.

The Operations and Maintenance contract arrangements that had been in place for the Bulk Handling Facility were changed during the reporting period. The advent of a new contractor and the port providing a 24/7 supervisory and maintenance planning support has significantly altered the focus in this area. As part of the changed arrangements around the clock maintenance teams are now employed that complement the normal maintenance activities but also provide for 'on the spot' breakdown rectification.

Considerable engineering effort has gone into the facilitation of large project construction activities being undertaken in the port over the reporting period. This effort has primarily been in the areas of design review and project integration management and monitoring.

Whilst these construction activities are in the main carried out by others the port must work closely with the constructors to ensure the different projects deliver both a viable and sustainable outcome for the port. These works include but are not limited to the Karara Mining Ltd train unloader, storage shed and Berth 7 works, the Geraldton Bulk Handling shed and train unloader upgrades, the port maintenance dredging program, storm damage repairs to harbour rock walls, facilities upgrades / expansion plus numerous other minor works activities.

The primary focus is on the safety of the construction works followed very closely by the need to ensure that all constructions are built so that they will function in a manner that compliments the port's overall requirement to 'facilitate trade'.

Work has commenced to establish a detailed asset management strategy, plan and process. This work when coupled to a detailed engineering review of all port infrastructure will provide for a 'whole of port' asset management process. This infrastructure review will also cover the Geraldton Port Authority owned and managed Fishing Boat Harbour.

When completed, this detailed work will ensure the port is positioned to make informed decisions on plant maintenance and replacement in line with best practice and customer requirements.

Recent changes to the WA Rail Safety Act and the advent of changes to the port's rail sidings coupled with the emergence of a second above rail operator have resulted in the WA Rail Regulator declaring the port a 'Rail Terminal'. This declaration has resulted in the need for the port to obtain 'Rail Accreditation' and become the infrastructure manager of a rail terminal. This is a significant change for the port and now requires the port to manage an area that was previously managed and operated by the siding users.



Report on Activities

Marine

Shipping Growth

This has been the busiest year on record with 384 ships visiting the port. The previous highest number of ships was in 2009/10 when 347 ships called. The upward trend in shipping is expected to continue with the new Berth 7 Iron Ore facility nearing completion. This new berth is expected to generate an additional 100 ships per annum. The tug contractor Svitzer will deploy an additional tug to Geraldton to coincide with Berth 7 operations and this will assist in handling the increased traffic efficiently and provide additional tug power for certain manoeuvres in the more constrained harbour.

In addition, there is a trend towards larger "panamax's" with cargo ships of 229 m LOA becoming quite frequent. In 2011/12 6 such ships

called using berths 3, 4 and 5 and on one occasion berth 3 and 4 were occupied simultaneously by ships of 229 m LOA. The only other cargo ship of 229 m LOA called in 2006.

Cruise Shipping

Cruise shipping has continued a trend towards larger ships with two visits by "Radiance of the Seas" the longest ship ever (293 m LOA) to transit the channel and anchor. In addition, "Celebrity Century" at 243 m LOA became the largest ship ever to berth when conditions in the anchorage became marginal for passengers returning from ashore and the ship was brought into the shelter of the main harbour at berth 2. Cruise ships numbers were up with 16 calls in the year but are expected to be less next year due to the sale by Carnival Cruises of "Pacific Sun" which had previously cruised out of Fremantle.

Harbour Surge

Harbour surge continues to be managed with the berth threshold system whereby warnings are issued when conditions are expected to become troublesome and dangerous to ships alongside. Refinements to this system are ongoing and it is also now considered that the new Berth 7 structures provide some shelter at Berth 6, where the threshold has been lifted by 20% for a trial period. Studies by an experienced specialist in this field indicate that surge at Berth 7 might behave in a similar way to Berth 5. Alternative options to resolve the surge generated issues continue to be explored.

To ensure the safety of vessels while alongside and of port workers a berth threshold system is employed and details of this system are outlined in the following table.

Berth 7

	Berth 2	Berth 3	Berth 4	Berth 5	Berth 6
Threshold (cm)	5	15	12	12	10
Days exceeded	148	21	31	30	43
Berth availability	59%	94%	92%	92%	88%

The Geraldton Port is continuing to investigate engineering solutions to mitigate or eliminate the effects of surge on port efficiency.



This new berth is nearing completion with export operations likely to commence later this year. However, two specialist heavy lift ships have already called as part of the construction - MV Svenja in February delivering the wharf deck components and MV Fairpartner in May delivering the Karara ship loader. This berth is being fitted with a hydraulic vacuum mooring system produced by Cavotec that is intended to be effective in securing ships safely in surge conditions above the conventional threshold. Conventional moorings will still be deployed (but kept slack) as a backup and to provide ships with a degree of comfort in using this modern solution with which they are probably unfamiliar.

Fremantle Simulator

Ship simulation exercises have been undertaken in the Fremantle ship simulation training centre during the year developing techniques for handling ships on and off Berth 7. The turn into the main channel is much tighter with Berth 7 at right angles and adjacent to the channel entrance and so there is little opportunity to line the ship up in the approach. Pilots and Geraldton tug masters have practiced a different methodology for this manoeuvre. The other aspect that has been considered in simulation is the impact of the new berth and the reduction in space available within the harbour basin, both for swinging ships and for Berth 6 approaches.

Report on Activities

Health, Safety, Environment & Quality Report

Our Commitment

GPA is committed to continual improvement in providing a healthy and safe workplace and in minimising the impact of our operations on the environment.

Health, safety, environment and quality (HSEQ) are firmly on the executive management's weekly meeting agenda. Management participate in the monthly HSE Committee meeting and formal management reviews occur quarterly to monitor performance and review significant risks. Health, safety and environment are key discussion items on all staff meetings and toolbox agendas.

Goals and Targets

Biennially GPA establishes higher level HSEQ Goals and Objectives and monitors progress against these at the quarterly management review meeting. Some of the strategies adopted for the 2011 to 2013 period include:

- Assess leaseholder interface risks and ensure risks are being managed.
- Improving the overall health of our workforce through development of a health and wellbeing program.
- Develop a management plan to reduce Geraldton Port Authority's electricity consumption, including efficiency measures.

- Develop an introduced marine pest management plan for Geraldton Port.

- Implement a community dust monitoring program for metal concentrates.

A monthly report is provided to executive management on Geraldton Port Authority's HSEQ performance. This includes key performance indicators such as number of injuries, status of hazard inspections, currency of procedures, receipt of any regulatory notices and compliance with training plan.

Statistics

Measure	GPA Result 2009/10	GPA Result 2010/11	GPA Result 2011/12	WA State Government Target	Comment 2011/12 Year
Number of fatalities	0	0	0	0	Achieved
Lost time injury or disease incidence rate No. of LTI/D / full time equivalent employees x 100	3.4	3.3	0	0 or 10% reduction	Achieved
Lost time injury severity rate No. of severe injuries (60 days or more lost) / No. of LTI/D x 100	50%	0	0	0 or 10% reduction	Achieved
Percentage of injured workers returned to work within 13 weeks	50%	100%	N/A	Actual result to be stated	No LTI
Percentage of injured workers returned to work within 28 weeks	100%	100%	N/A	Actual Greater than or equal to 80%	No LTI
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	100%	60%	97%	Greater than or equal to 80%	Achieved





Consultation and Communication

Occupational health and safety representatives are in place for each work area and participate in the monthly Health, Safety & Environment Committee as well as their own areas toolbox talks and staff meetings. Committee meetings are well attended by both employee representatives and management. Items commonly discussed include a review of all incidents, key hazards in the workplace, regulatory notices, changes to legislation, new or amended procedures, training and other general matters relating to health, safety or the environment. Minutes of committee meetings are displayed on noticeboards and uploaded to the intranet.

A Geraldton Port Operations, Safety and Environment Working Group was established in 2010 and continued to meet on a monthly basis during the past year. This group consists of port users and Geraldton Port Authority management representatives and provides an information sharing forum.

Commitment to Injury Management

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

Occupational Health and Safety Management Systems

Geraldton Port Authority continues to maintain certification to AS/NZS ISO 9001 Quality management systems, AS/NZS 4801 Occupational health and safety management systems and AS/NZS ISO 14001 Environmental management systems.

Two systems audits were conducted in this financial year - one in November 2011 and a second in June 2012.

Six minor non-conformances were identified in the November audit and only two minor non-conformances in the June 2012 audit.

In March 2012 contractual arrangements for managing the Berth 4 and Berth 5 bulk handling facility changed and Geraldton Port Authority took over 24/7 supervision of the maintenance and operations of this facility with the services of a new contractor. A significant amount of effort was invested in managing the risks associated with this transition and the June 2012 audit results attest to the success of those efforts.

The port's rail facilities are currently undergoing expansion and a rail safety management system has been developed under the provisions of the Rail Safety Act 2010 and submitted to the Office of Rail Safety for accreditation. Geraldton Port Authority is currently working through the accreditation process with the regulator.





Training

All employees and contractors are required to undertake a HSEQ and security induction. In addition it is mandatory for employees to complete more detailed training about Geraldton Port Authority's HSEQ management systems which includes information about port policies and procedures, hazards and risk management processes, obligations and responsibilities for health safety and environmental management, incident reporting and injury management arrangements, communication and consultation processes, first aid and emergency arrangements.

A wide range of training was delivered to Geraldton Port Authority personnel during the year including general HSEQ and security induction, site specific inductions, management systems awareness, advanced resuscitation, asbestos control and management, incident management, traffic management, chemical awareness, confined space entry, construction industry safety, environmental license requirements, fatigue management, fire extinguisher, fire warden, manual handling, fit testing of respiratory protective equipment, isolation and tagging, mine safety overview, four

wheel drive, emergency response plan, occupational health and safety representatives course, personal protective equipment, rail safety awareness, risk management, senior first aid, water rescue, incident reporting system, sun safety and working safely at heights.





Environmental Management

Geraldton Port Authority has in place a range of environmental monitoring programs including a comprehensive air quality monitoring program, stormwater quality monitoring, harbour sediment monitoring and marine water quality monitoring as required.

Geraldton Port Authority's metal concentrates loading operations are carefully managed and monitored to ensure compliance with air quality emission limits and targets. To confirm there are no community health related risks associated with loading metal concentrates through Geraldton Port, a 12 month community air quality monitoring program commenced in March 2012. The program is a partnership arrangement between MMG and Geraldton Port Authority. Four monitoring stations are installed within the Geraldton community; three to represent potential community exposure and one control site. Results are published to Geraldton Port Authority's website once validated.

Maintenance Dredging Environmental Outcomes

A short term maintenance dredging program was undertaken in April and May 2012 to remove built up sediment from the harbour and shipping channel. A significant amount of effort was invested in assessing the potential for any environmental impacts. Environmental monitoring programs were implemented before, during and post dredging. These included seagrass monitoring, turbidity and water quality monitoring, introduced marine pests management, marine mammal observations and management and sediment monitoring.

There is no evidence of significant environmental impact. Water quality monitoring continues as part of 12 month post dredge observations and post dredge sediment monitoring results are pending.

Bronze Medal Water Efficiency

Geraldton Port Authority has been awarded a bronze medal from Water Corporation for 2010/11 performance against its Water Efficiency Management Plan target which is to maintain water consumption to 0.014 KL/tonne of product loaded through Port. The award is for achieving an improvement in water efficiency between 10% and 25%. The actual result achieved was 0.0089KL/tonne despite major construction activities on site. The target of 0.014 KL/tonne was set in 2008/09 based on 2007/08 water consumption.



Report on Activities

Community Support

A key to sustaining port operations is to understand and proactively address the community's expectations in respect to the port's operation. The Port Authority obtains its understanding of these expectations through a variety of formal and informal linkages with the community and other port stakeholders. Health and safety of the workforce, environment and community is a key priority.

In addition to our core efforts to protect the community through continually improving its operations, the Geraldton Port Authority seeks out opportunities to apply its skills, knowledge and financial support to back initiatives that enhance the amenity and culture of the Geraldton and Mid West regions. Some of the initiatives that have been supported by the Geraldton Port Authority are as follows;

- The Geraldton Port Authority and City of Greater Geraldton have jointly funded a cruise coordinator to actively promote Geraldton as a cruise liner destination and to coordinate business and community activities to ensure visitors have an exceptional experience while in Geraldton.
- Oakajee Port & Rail's Good Heart Mid West Aboriginal Art Exhibition 2012 was supported with a donation of \$5,000. The Port Authority is pleased to support this event and to play a role in fostering and encouraging a vibrant Mid West aboriginal art scene;
- The Geraldton Economic Alliance was actively supported and in doing so the Port Authority partnered with the City of Greater Geraldton, Mid West Chamber of Commerce & Industry, Mid West Development Commission and the National Agriculture Catchments Council to identify and deliver initiatives with broader regional influence;
- A robust relationship with the City of Greater Geraldton was fostered through our mutual commitment to the Memorandum of Understanding undertakings and otherwise supported many City initiatives but in particular in relation to its efforts to form a Chinese sister city relationship;
- Continued support for the CGG's Eastern Breakwater development;
- Supplied sand for the replenishment of Geraldton's northern beaches and has actively participated and part funded efforts to identify a longer term solution to coastal erosion and the improvement of public amenity along Chapman Road;
- Supported the Geraldton Rotary Clubs' hosting of the Rotary District 9455 Conference; and
- Provided ongoing coordination and planning support for the Mission to Seafarers Building Expansion Project.

In addition the Geraldton Port Authority provides detailed shipping information and background to port operations on its webpage.



RECORD INFORMATION

2011/2012

LARGEST VESSEL

MV Torm Saltholm
83,685 DWT
June 2012

LARGEST SINGLE CARGO

MV Bellemar
65,025 Tonnes Iron Ore
February 2012

HISTORY

LARGEST VESSEL

MV Torm Saltholm
83,685 DWT
June 2012

LARGEST TOTAL CARGO

MV Hanjin Tacoma
66,000 Tonnes Iron
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 Belle Masuka	Lupins	57,500 Tonnes	April 2012
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 2012

	2007/08	2008/09	2009/10	2010/11	2011/12
IMPORTS					
Fert DAP	7,218	15,075	18,088	18,610	19,782
Fert MAP	1,537	8,128	5,140	6,497	11,659
Coal	-	-	-	10,007	10,505
Phosphate	-	-	-	-	-
New Phosphate (TSP+S)	4,610	6,034	6,605	4,645	-
Sulphur	-	-	-	-	-
Urea	23,126	27,595	47,262	35,249	34,521
Potassium Carbo	-	-	3,985	-	-
Petroleum Products	177,449	205,159	214,880	254,159	281,876
Mineral Sands	13,502	5,179	175,073	771,221	727,583
Soda Ash	-	-	-	-	14,133
General	39,596	27,364	722	40,109	107,938
	267,038	294,533	471,756	1,140,497	1,207,998

EXPORTS					
Wheat	560,457	1,629,183	1,746,683	1,522,554	2,185,340
OATS					
Barley	9,602	93,880	52,514	49,669	77,582
Lupins	43,043	101,573	243,830	180,034	244,662
Canola	-	108,001	89,322	76,520	147,854
Copper Cons/Ore	92,988	166,558	186,457	164,872	193,933
Zinc Cons/Ore/HPM	312,675	349,624	234,892	185,817	176,311
Mineral Sands	674,705	472,774	437,959	604,486	595,339
Bulk/Bagged Mineral Sands	197,070	193,620	150,063	112,601	214,796
Talc	102,006	68,924	56,528	73,863	119,364
Iron Ore	4,433,031	4,167,085	5,315,521	5,890,591	5,261,289
Stockfeed	1,726	2,843	2,816	775	255
Livestock	9,190	15,302	16,951	2,009	1,361
General	-	30	143	95	1,397
	6,436,492	7,369,397	8,533,679	8,863,887	9,219,483

Bunkers - Oil	5,338	2,304	3,803	2,676	10,743
Total Trade	6,708,869	7,666,234	9,009,238	10,007,089	10,438,224

SHIPPING					
Gross Reg Tonnage	5,688,280	6,257,821	9,024,639	8,893,174	10,412,792
Deadweight Tonnage	9,595,827	11,336,589	13,591,821	13,964,058	16,557,997
No of Vessels	301	312	347	331	384
Average DWT	31,880	36,335	39,170	42,187	43,120

Origin and Destination of CARGO

2011/2012

Ports	Grain	Sands	Fuel	Ferts	General	Iron Ore	Talc	Concentrate	Livestock	Bunkers	Tonnes
Australia (Other)		56,440								10,743	67,183
Australia (WA)	120,764	686,670	281,876	73,566	108,271						1,271,147
Belgium		29,232					42,687	11,121			83,040
China	499,964	224,464				4,773,308	10,500	275,194			5,783,430
France	50,874	10,015									60,889
Indonesia	482,874	19,450						5,503	1,389		509,216
Iran	49,088										49,088
Italy		2,800									2,800
Japan	302,149	25,013				124,509	55,660	32,825			495,995
Kuwait	57,963										57,963
Malaysia	136,968	27,500		2,524	1,064						168,055
Mexico		5,003									5,003
Netherlands	118,091	30,650					10,517				109,539
Pakistan	18,139										18,139
Philippines									228		228
Saudi Arabia	35,157	44,833		4,007							83,996
Singapore		180									180
South Africa	29,800	6,009									35,809
South Korea	483,440	6,615				363,472		16,525			870,052
Spain		29,438									29,438
Sri Lanka		6,752									6,752
Sweden	11,000										11,000
Taiwan		22,517									22,517
Thailand								22,014			22,014
UAE		6,504									6,504
United Kingdom		6,171									6,171
USA		309,031									309,031
Vietnam	166,660										166,660
Yemen	92,507										92,507
Total	2,655,438	1,555,285	281,876	80,096	109,335	5,261,289	119,364	363,182	1,616	10,743	10,438,225



Organisational Performance - 2011/12

PERFORMANCE INDICATOR TARGET

Best Practice Business Systems

Integrated management systems

Compliance certification by an independent third party auditor

2011/12 PERFORMANCE

System was certified as compliant with AS/NZS ISO 9001 and 14001 standards for quality and environmental management systems and the AS/NZS 4801 safety standard. Audits were performed during November 2011 and June 2012.

Occupational Safety

Zero Lost Time Injuries (LTI's)

Zero lost time injuries were recorded by Geraldton Port Authority staff during 2011/12.

Reduced medically treated injuries.

Five medically treated injuries were recorded compared with three during 2010/11.

Reduced mooring line breakages

A total of 99 line breakages were recorded which is 43% higher than during the corresponding period. The port's management approach replicated that for the previous period but harbour conditions were overall less favourable.

Environmental

Zero Licence Breaches

Geraldton Port Authority has reported full compliance with its Environmental Licence conditions.



PERFORMANCE INDICATOR Economic & Financial

TARGET

After tax profit

\$10.311M

2011/12 PERFORMANCE

After tax profit of \$10.311M was achieved in 2011/12 which was on budget and achieved despite the lower than forecast trade due to the mix of cargos and greater than forecast ship numbers. 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

10.762 million tonnes

10.438 million tonnes which was 4.3% higher than the previous year but 0.324 million tonnes or 3% below budget. Total trade comprised 9.219 million tonnes of exports and 1.229 million tonne of imports. The principle driver for lower than forecast trade was a 10% reduction in iron ore exports.

Service Efficiency

Berth utilisation

65% or less

- Berth 2
- Berth 3
- Berth 4
- Berth 5
- Berth 6

25%

63%

60%

47%

50%

Note: For berth 4 the utilisation measure does not take into account any reduction in berth availability as a result of plant wash-downs and inspections.

Time lost due to harbour surge is additional.





ANNUAL FINANCIAL REPORT

30 June 2012



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 2012 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 2012.

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 25 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
- Chairman Ports WA (May 2009 – May 2011)
- Chair – Working Group Freight and Logistics Council of WA on National freight legislation and Policy
- Member of the COAG Road Reform Plan Industry Advisory Group



Deputy Chairman William 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 & Innovation -
City of Greater Geraldton

Appointments

Appointed Non-Executive
Director October 2009

Background/ Qualifications

- Company Director Family Business – 14 years
- Former Director, Geraldton Branch, Bendigo Bank
- Former CEO Mid West Chamber of Commerce & Industry (2007 - 2009)
- Former Vice President & Executive Member, Mid West Chamber of Commerce & Industry (2002 - 2009)
- Former Vice President, Regional Chamber of Commerce (2007 - 2009)
- WA Department of Premier & Cabinet – 5 years
- Australian Defence Department – 9 years
- AIM – Directors Certificate in Corporate Governance
- Dept of Defence Administrators Financial Management Certificate
- Certificate in Financial Management & Administration
- Member, Australian Institute of Company Directors



Director Bart Boelen

Occupation

Company Director –
Project Director

Appointments

Appointed Non-Executive
Director October 2009

Background/ Qualifications

- Managing Director B² Consulting
- Former Chief Operating Officer of MacroPlan Australia
- Former State Manager Clifton Coney Group
- Former Manager Major Projects Dept. of Housing & Works
- Certified Practicing Project Director
- Graduate, Australian Institute of Company Directors
- Trained as a Group Worker / Counsellor
- Postgraduate qualification in Strategic Procurement
- Justice of the Peace in Western Australia





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	10

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	12	2	2	10	10
W Perry	12	12	2	2	10	9
B Boelen	12	12	2	2	10	9
K Godfrey	12	12	2	2	10	10
S Chamarette	12	12	2	2	10	10

3. Principal activities

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

- Trade Facilitation
- Managing and administering the Commercial Shipping Harbour
- Administering the Fishing Boat Harbour
- Managing the Assets of the Port
- 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:

- Grow our trade
- Meet and maintain the State Government's target for return on assets
- Continuously improve the Port's business processes and systems
- Create employer of choice status
- Assist the development and efficient operation of Oakajee Port

In order to meet these objectives the following targets have been set for the 2012 financial year and beyond:

- Facilitate trade within and through the port and plan for future growth and development of the port.
- 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.
- Control business and other activities in the Port or in connection with the operation of the Port.
- Be responsible for and promote the safe and efficient operation of the Port.
- Be responsible for the maintenance and preservation of vested property and other property held by it.
- Protect the environment of the port and minimise the impact of port activities on that environment.

4. Dividends

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

A dividend of \$6,703,500 is recommended in respect of the 2011/2012 financial year.

A dividend of \$8,653,426 was paid during 2011/2012 for the 2010/2011 financial year.

5. Operating and financial review

Review of operations

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

	2012	2011
Total trade (tonnes)	10,438,225	10,007,081
	“\$000”	“\$000”
Revenue from cargo	31,439	30,748
Revenue from ships	14,631	9,002
Revenue from ship services	4	4,061
Revenue from port enhancement charges	20,913	17,689
Other revenue and income	9,469	7,880
Total revenue and income	76,456	69,380
Less expenditure	61,780	49,891
Operating profit before tax	14,676	19,489
Income tax on operating profit	(4,363)	(6,176)
Operating profit after tax	10,313	13,313

Commentary on operating results

Operating profit before tax decreased this period by 25% due to increased expenditure associated with maintenance dredging of the harbour and entrance channels. Despite this, a steady increase in the trade of mineral sands, grains and general cargo through the port has played a significant role in raising revenue by 8%.

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
W 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 Short Term Benefits

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

2 Post Employment Benefits

Superannuation

3 Long Term Benefits

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 \$
Martin North	239,589	19,548	8,150	267,287
Peter Klein	224,427	18,511	4,674	247,612
Ross Halsall	215,456	17,376	7,149	239,981

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, Geraldton Port Authority 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
19th September 2012



KAREN GODFREY
Director
19th September 2012

Geraldton Port Authority Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Revenue	4	75,206	69,380
Other income	5	1,251	1,191
Depreciation and amortisation expense	6	(9,737)	(9,831)
Marine expenses		(13,031)	(4,272)
Port operations expenses		(17,423)	(15,520)
General administration		(6,899)	(5,052)
Asset maintenance		(3,072)	(2,649)
Environmental expenses		(341)	(1,440)
Port utilities		(791)	(525)
Safety and security		(1,468)	(998)
Finance costs	8	(8,671)	(9,090)
Other expenses	9	(348)	(1,705)
Profit before income tax		14,676	19,489
Income tax expense	10	(4,363)	(6,176)
Profit for the period		10,313	13,313
Other comprehensive income		-	-
Total comprehensive income		10,313	13,313

The notes on pages 46 to 72 are an integral part of these financial statements.

Geraldton Port Authority Statement of Financial Position

For the year ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
ASSETS			
Cash and cash equivalents	12	42,437	41,408
Trade and other receivables	13	10,357	8,056
Assets classified as held for sale	20	-	1,226
Current tax receivable	10	118	-
Total current assets		52,912	50,690
Deferred tax assets	10	1,989	1,549
Property, plant and equipment	14	146,244	151,255
Trade and other receivables	13	2,683	1,609
Total non-current assets		150,916	154,413
TOTAL ASSETS		203,828	205,103
LIABILITIES			
Trade and other payables	15	10,571	5,190
Interest bearing borrowings	16	6,985	5,384
Current tax payable	10	-	4,228
Provisions	17	2,047	1,624
Other	18	36	198
Total current liabilities		19,639	16,624
Interest bearing borrowings	16	133,628	140,368
Provisions	17	4,154	3,363
Other	18	7	8
Total non-current liabilities		137,789	143,739
TOTAL LIABILITIES		157,428	160,363
Net assets		46,400	44,740
EQUITY			
Contributed equity	19	2,641	2,641
Retained earnings	19	43,759	42,099
TOTAL EQUITY		46,400	44,740

The notes on pages 46 to 72 are an integral part of these financial statements.

Geraldton Port Authority Statement of changes in equity

For the year ended 30 June 2012

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
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		-	13,313	13,313
Transactions with owners in their capacity as owners:				
Dividends paid	11	-	(6,436)	(6,436)
Balance as at 30 June 2011		2,641	42,099	44,740
Balance at 1 July 2011		2,641	42,099	44,740
Profit for the period		-	10,313	10,313
Other comprehensive income		-	-	-
Total comprehensive income		-	10,313	10,313
Transactions with owners in their capacity as owners:				
Dividends paid	11	-	(8,653)	(8,653)
Balance as at 30 June 2012		2,641	43,759	46,400

The notes on pages 46 to 72 are an integral part of these financial statements.

Geraldton Port Authority Statement of cash flows

For the year ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Cash receipts from customers		85,881	87,411
Cash paid to suppliers and employees		(51,628)	(37,093)
Cash generated from operations		34,253	50,318
Interest paid		(8,752)	(9,090)
Interest received		2,127	1,868
Income taxes paid		(9,323)	(4,800)
Net cash from operating activities	21	18,305	38,296
Cash flows used in investing activities			
Proceeds from sale of property, plant & equipment		2	58
Acquisition of property, plant & equipment	14	(3,237)	(3,033)
Net cash used in investing activities		(3,235)	(2,975)
Cash flows used in financing activities			
Proceeds from borrowings		1,866	2,078
Repayment of borrowings		(7,254)	(6,226)
Dividends paid	11	(8,653)	(6,436)
Net cash used in financing activities		(14,041)	(10,584)
Net increase in cash and cash equivalents		1,029	24,737
Cash and cash equivalents at 1 July		41,408	16,671
Cash and cash equivalents at 30 June	12	42,437	41,408

The notes on pages 46 to 72 are an integral part of these financial statements.

Geraldton Port Authority

Notes to the financial statements

1. Basis of preparation

(a) Statement of compliance

Geraldton Port Authority ("the Authority") is a not for profit entity that prepares general purpose financial statements in accordance with Australian Accounting Standards (AASB) (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 19 September 2012 by the Board of Directors of Geraldton Port 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. Additionally judgement has been applied in considering the likelihood of recovery of prepaid expenditure (note 15).

(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 2009-45 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.

Geraldton Port Authority Notes to the financial statements

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.

(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.

Geraldton Port Authority Notes to the financial statements

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 related 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.

Geraldton Port Authority Notes to the financial statements

2. Summary of significant accounting policies *cont'*

(l) Employee superannuation

The Gold State Superannuation Scheme (DSS), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefit pension scheme, are 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 accrued for superannuation benefits to the pension scheme for those members who elected not to transfer from that scheme.

The superannuation liability for the 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 the reporting date.

The Authority's total superannuation liability has been actuarially assessed as at 30 June 2012.

Employees who are not members of either the Pension of 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 of 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's 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.

From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The Authority makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Authority's liability for superannuation charges in respect of employees who are not members of the Pension Scheme of GSS.

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 contributions 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.

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.

Geraldton Port Authority Notes to the financial statements

4. Revenue

Revenue consists of the following items:

	2012 \$'000	2011 \$'000
Rendering of services		
Charges on cargo	31,439	30,748
Charges on ships	14,631	9,002
Shipping services	4	4,061
Port enhancement charge	20,913	17,689
Interest revenue	2,287	1,868
Rentals and leases	5,932	6,012
Total revenue	75,206	69,380

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

5. Other income

Other income consists of the following items:

	2012 \$'000	2011 \$'000
Net gain/(loss) on sale of electricity and water	539	88
Miscellaneous revenue	712	995
Insurance claims revenue	-	108
	1,251	1,191

6. Depreciation and amortisation expense

	2012 \$'000	2011 \$'000
Depreciation		
Channels and breakwaters	2,339	2,340
Buildings and improvements	32	30
Berths, jetties and infrastructure	6,145	6,119
Plant and equipment	1,221	1,342
Total depreciation	9,737	9,831

7. Employee benefits expense

	2012 \$'000	2011 \$'000
Wages and salaries (a)	8,582	6,821
Superannuation - defined benefit plans (see note 17)	823	268
Long service leave (b)	175	97
Annual leave (b)	676	585
	10,256	7,771

(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

	2012 \$'000	2011 \$'000
Interest paid	8,671	9,090
Finance costs expensed	8,671	9,090

9. Other expenses

	2012 \$'000	2011 \$'000
Doubtful debts expense	10	-
Employee on-costs (a)	479	1,007
Community Service Obligation (b)	225	175
Impairment (reversal)/loss in measurement to asset held for sale	(363)	363
Net loss on sale of property plant and equipment	(3)	8
Project settlement expense	-	152
	348	1,705

(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 Greater Geraldton for the development of parking, landscaping, boardwalks etc. to the benefit of the regional economy and the community of Greater Geraldton.

Geraldton Port Authority Notes to the financial statements

10. Income tax expense

Recognised in the income statement

	2012 \$'000	2011 \$'000
Current tax expense		
Current income tax charge	4,845	6,286
Adjustment for prior periods	(42)	379
	4,803	6,665
Deferred tax income		
Origination and reversal of temporary differences	(440)	(489)
Adjustment for prior periods	-	-
	(440)	(489)
Total income tax expense	4,363	6,176

Numerical reconciliation between tax expense and pre tax net profit

	2012 \$'000	2011 \$'000
Profit for the period	10,313	13,313
Total income tax expense	4,363	6,176
Profit excluding income tax	14,676	19,489
Income tax using the statutory tax rate of 30% (2011: 30%)	4,403	5,847
Non-deductible expenses	-	-
Sundry items	2	(50)
	4,405	5,797
Under (over) provision in prior years	(42)	379
Income tax expense	4,363	6,176

Deferred income tax

	2012 Balance sheet \$'000	2011 Balance sheet \$'000	2012 Income statement \$'000	2011 Income statement \$'000
Deferred tax liabilities				
Accelerated depreciation for tax purposes	178	368	(190)	366
Others	101	26	75	(54)
Gross deferred tax liabilities	279	394	(115)	312
Deferred tax assets				
Employee benefits	1,329	1,114	(215)	(99)

	2012 Balance sheet \$'000	2011 Balance sheet \$'000	2012 Income statement \$'000	2011 Income statement \$'000
Prepaid rental	11	62	51	16
Others	928	767	(161)	(718)
Gross deferred tax assets	2,268	1,943	(325)	(801)
Set-off of deferred tax liabilities pursuant to set-off provisions	(279)	(394)	-	-
Net deferred tax assets	1,989	1,549	-	-
Deferred tax charge	-	-	(440)	(489)

Current tax liabilities

The current tax receivable of \$0.118 million (2011: \$4.228 million payable) represents the amount of income taxes receivable/payable in respect of current and prior financial periods.

11. Dividends

	2012 \$'000	2011 \$'000
Dividends paid in the financial year	8,653	6,436

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% of after tax profits (\$6.703 million). However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2012 have not been provided as they are expected to be declared by the Board and approved by Government after balance date.

A dividend of \$8.653 million (2011: \$6.436 million) in respect of the financial results for the year ended 30 June 2011 was paid by 30 June 2012.

12. Cash and cash equivalents

	2012 \$'000	2011 \$'000
Bank balances	9,901	12,241
Term deposits	32,536	29,167
Cash and cash equivalents in the statements of cash flows	42,437	41,408

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

Geraldton Port Authority Notes to the financial statements

13. Trade and other receivables

	2012 \$'000	2011 \$'000
Current		
Receivables	10,274	8,047
Less: allowance for impairment of receivables	(40)	(36)
	10,234	8,011
Prepayments	123	45
	10,357	8,056
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	36	51
Bad debts written off against provision	(6)	(15)
Doubtful debts expense recognised in the income statement	10	-
Balance at end of year	40	36

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 & other receivables past due, but not impaired is as follows:

	2012 \$'000	2011 \$'000
Not more than 3 months	10,074	7,952
More than 3 months but less than 6 months	61	57
More than 6 months but less than 1 year	5	2
More than 1 year	94	-
	10,234	8,011

The balance for more than one year consists out of the amounts due from the Geraldton Yacht club for relocations.

Non Current

	2012 \$'000	2011 \$'000
Other receivables	2,683	1,609
	2,683	1,609

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

14. Property, plant and equipment

	2012 \$'000	2011 \$'000
Channels and breakwaters		
At cost	98,210	98,210
Accumulated depreciation	(22,274)	(19,935)
	75,936	78,275
Land		
At cost	1,109	1,109
	1,109	1,109
Buildings and improvements		
At cost	1,648	1,291
Accumulated depreciation	(525)	(494)
	1,123	797
Plant and equipment		
At cost	36,069	35,256
Accumulated depreciation	(17,361)	(16,363)
Accumulated impairment losses	(661)	(661)
	18,047	18,232
Berths, jetties and infrastructure		
At cost	98,865	97,037
Accumulated depreciation	(44,762)	(38,380)
Accumulated impairment losses	(6,322)	(6,322)
	47,781	52,335
	143,996	150,748
 Add: Work in progress (at cost)	 2,248	 507
 Total property, plant and equipment	 146,244	 151,255

Geraldton Port Authority

Notes to the financial statements

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.

	2012 \$'000	2011 \$'000
Channels and breakwaters		
Carrying amount at 1 July	78,275	80,615
Depreciation for the year	(2,339)	(2,340)
Carrying amount at 30 June	75,936	78,275
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	797	711
Transfer from work in progress	-	-
Additions	358	117
Depreciation for the year	(32)	(31)
Carrying amount at 30 June	1,123	797
Plant and equipment		
Carrying amount at 1 July	18,232	18,833
Transfer from work in progress	669	177
Additions	364	621
Depreciation for the year	(1,221)	(1,342)
Disposals	3	(57)
Impairment loss	-	-
Carrying amount at 30 June	18,047	18,232
Berths, jetties and infrastructure		
Carrying amount at 1 July	52,335	59,408
Transfer from work in progress	-	635
Additions	1	-
Depreciation for the year	(6,144)	(6,119)
Reclassification to assets held for sale	1,589	(1,589)
Carrying amount at 30 June	47,781	52,335
	143,996	150,748
Work in progress:		
Carrying amount at 1 July	507	641
Additions	2,514	487
Transfer to property, plant and equipment	(773)	(621)
Carrying amount at 30 June	2,248	507
Total property, plant and equipment	146,244	151,255

15. Trade and other payables

	2012 \$'000	2011 \$'000
Current		
Trade payables	5,688	1,710
Other payables	339	61
GST payable	607	581
Accrued expenses	2,321	1,140
Other accrued interest	1,616	1,698
	10,571	5,190

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.

	2012 \$'000	2011 \$'000
Current liabilities		
Direct borrowings	6,970	5,384
Finance lease liabilities	15	-
	6,985	5,384
Non-current liabilities		
Direct borrowings	133,550	140,368
Finance lease liabilities	78	-
	133,628	140,368
Financing arrangements		
The Authority has access to the following lines of credit from the WATC:		
Total facilities available:		
Direct and special borrowings	147,600	149,800
	147,600	149,800
Facilities utilised at reporting date:		
Direct and special borrowings	140,520	145,752
	140,520	145,752
Facilities not utilised at reporting date:		
Direct and special borrowings	7,080	4,048
	7,080	4,048

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 2012 was \$153,174,282 (2011: \$151,189,820).

The amounts shown for the finance lease liabilities is due to the hire purchase of a forklift during the year. The lease is for a period of 5 years at a fixed interest rate of 24.60%.

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.

Geraldton Port Authority Notes to the financial statements

16. Interest bearing borrowings cont'

	2012							
	Variable interest rate \$'000	Fixed interest rate						Total \$'000
		1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	More than 5 years \$'000	
Interest bearing borrowings:								
Direct borrowings	63,672	6,149	6,558	6,995	7,460	7,131	42,555	140,520
Finance lease liabilities	-	15	20	21	23	14	-	93
	63,672	6,164	6,578	7,016	7,483	7,145	42,555	140,613
Weighted average interest rate:								
Direct borrowings		7.3	7.3	7.3	7.3	7.3	7.3	
Finance lease liabilities		24.6	24.6	24.6	24.6	24.6		

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

17. Provisions

	2012 \$'000	2011 \$'000
Current		
Employee benefits provision	-	28
Provision for dividend	-	(2)
Sick leave	699	563
Annual leave (a)	895	708
Long service leave (b)	378	254
Superannuation (c)	75	73
	2,047	1,624
Non-current		
Long service leave (b)	267	298
Superannuation (c)	2,565	1,818
Provision for site remediation costs	1,322	1,247
	4,154	3,363

(a) Annual leave liabilities have been classified as current as 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:

	2012 \$'000	2011 \$'000
Within 12 months of balance sheet date	895	376
More than 12 months after balance sheet date	-	332
	895	708

(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:

	2012 \$'000	2011 \$'000
Within 12 months of balance sheet date	378	254
More than 12 months after balance sheet date	267	298
	645	552

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.

Geraldton Port Authority

Notes to the financial statements

	2012 \$'000	2011 \$'000
Amounts recognised in the balance sheet:		
Present value of unfunded obligations	2,640	1,891
	2,640	1,891
Reconciliation of movement in the present value of the unfunded obligations recognised in the balance sheet:		
Opening balance	1,891	1,694
Current service cost	-	25
Interest cost	98	90
Actuarial loss on liabilities	725	153
Benefits paid (including expenses and taxes)	(74)	(71)
	2,640	1,891
Amounts recognised in the income statement:		
Current service cost	-	25
Interest cost	98	90
Actuarial gain recognised	725	153
	823	268
Historic summary:		
Defined benefit plan obligation	2,640	1,891
Plan assets	-	-
	2,640	1,891
Principal actuarial assumptions:		
Discount rate	2.84%	5.28%
Expected future salary increases	5.50%	4.50%
Expected future pension increases	2.50%	2.50%

Expected contributions

Employer contributions are made to meet the cost of retirement benefit obligations as they fall due. For further details regarding the policy in respect of provision for retirement benefit obligations, refer to note 2(l).

Movements in provisions

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

	2012 \$'000	2011 \$'000
Retirement benefit obligations		
Carrying amount at 1 July	1,891	1,694
Provisions made during the year	823	268
Amounts utilised in the year	(74)	(71)
Carrying amount at 30 June	2,640	1,891

18. Other liabilities

	2012 \$'000	2011 \$'000
Current		
Prepaid rental income	36	198
Non-current		
Prepaid rental income	7	8

19. Equity

	Notes	2012 \$'000	2011 \$'000
Contributed equity			
Balance at start of year		2,641	2,641
Capital contributions		-	-
Balance at end of year		2,641	2,641
Retained earnings			
Balance at start of year		42,099	35,222
Profit for the period		10,313	13,313
Dividends paid	11	(8,653)	(6,436)
Balance at end of year		43,759	42,099

20. Non current assets held for sale

There are currently no non current assets held for sale. In 2011 a ship loader was identified as being held for sale. An impairment loss of \$363 thousand was recognised in other expenses in 2011 (see note 9). The ship loader has since been reconditioned and recommissioned for use and the impairment loss reversed during 2012. This asset has been reclassified to property, plant & equipment.

	Note	2012 \$'000	2011 \$'000
Balance at start of year		1,226	1,226
Re-classification to Plant & Equipment		(1,226)	-
Balance at end of year		-	1,226

Geraldton Port Authority Notes to the financial statements

21. Reconciliation of cash flows from operating activities

	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Profit for the period		10,313	13,313
Adjustments for:			
Depreciation	6	9,737	9,830
Impairment reversal (asset transferred from held for sale)	9	(363)	363
Interest expense	8	8,671	9,090
Interest revenue	4	(1,993)	(1,868)
Loss on sale of property, plant and equipment	9	(3)	7
Income tax expense	10	4,363	6,176
Operating profit before changes in working capital and provisions		30,725	36,911
Change in trade and other receivables	13	(3,375)	12,056
Change in trade and other payables	15	5,688	(255)
Change in provisions and employee benefits	17	1,214	1,606
		3,527	13,407
Interest paid	8	(8,752)	(9,090)
Interest received	4	2,128	1,868
Income taxes paid		(9,323)	(4,800)
Net cash from operating activities		18,305	38,296

22. Financial instruments

(i) Financial risk management objectives and policies

The Authority's principal financial instruments comprise of 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 to 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:

Geraldton Port Authority Notes to the financial statements

	Carrying Amount \$'000	+0.50% change Profit \$'000	-0.25% change Profit \$'000
Interest rate risk			
2012			
Financial Assets			
Cash and cash equivalents	42,437	212	(106)
Financial Liabilities			
Interest bearing borrowings			
Fixed rate	76,848	(384)	192
Variable rate	63,672	(318)	159
Total Increase/(Decrease)		(490)	245

	Carrying Amount \$'000	+0.50% change Profit \$'000	-0.25% change Profit \$'000
Interest rate risk			
2011			
Financial Assets			
Cash and cash equivalents	41,408	206	(103)
Financial Liabilities			
Interest bearing borrowings			
Fixed rate	78,667	(393)	197
Variable rate	67,085	(335)	167
Total Increase/(Decrease)		(522)	261

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 measure 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 risk 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 and 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.

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 available to meet its commitments.

The table below reflects that 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'

Financial liabilities	Carrying amount \$'000	6 mths or less \$'000	Including interest			
			6-12 mths \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
2012						
Trade and other payables	10,571	10,571				
Interest bearing borrowings	140,613	7,822	7,749	15,354	45,803	131,743
	151,184	18,393	7,749	15,354	45,803	131,743
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

(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	2012 \$'000	2011 \$'000
Financial assets			
Cash and cash equivalents		42,437	41,408
Trade and other receivables		10,357	8,011
Financial liabilities			
Trade and other payables		10,571	5,190
Interest bearing borrowings		140,613	145,752

The fair value of interest bearing liabilities is \$153,174,282 (2011: \$151,189,820)

(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	2012 \$'000	2011 \$'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	2012 \$'000	2011 \$'000
Lease 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	445	221
Later than 1 year and not later than 5 years	1,902	819
Later than 5 years	-	-
	2,347	1,040
Representing:		
Cancellable operating leases	2,347	1,040
	2,347	1,040

Operating leases payable are in respect of motor vehicles and office rentals.

(iii) Operating leases receivable

Notes	2012 \$'000	2011 \$'000
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	3,767	3,075
Later than 1 year and not later than 5 years	9,908	8,149
Later than 5 years	16,556	15,526
	30,231	26,750

Operating leases receivable are in respect of property rentals.

Geraldton Port Authority Notes to the financial statements

24. Remuneration of auditor

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

	Notes	2012 \$'000	2011 \$'000
Auditing the accounts and financial statements		57	54

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

There are no known contingent liabilities at the date of preparing this report.

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 the Authority, in future financial years.

Directors' declaration

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

- (a) the financial statements and notes 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 2012 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;
- (b) there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



IAN KING
Chairman
19th September 2012



KAREN GODFREY
Director
19th September 2012



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 2012, 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 Australian Auditing Standards, and other relevant ethical requirements.

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 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Geraldton Port Authority for the year ended 30 June 2012 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL ASSURANCE SERVICES
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 September 2012



Geraldton Port Authority

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