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Chief Executive Officer

RUSSELL GRANT

General Manager - Corporate Services

LINDSAY MORRISON

General Manager - Landside Operations

MARTIN NORTH

Harbour Master/Marine Manager

SUE MISCHKE

HSEQ Manager



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Financial Report

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IAN KING Chairman

From The Chairman

Last year I concluded that 2013 will be a year when trade and service demands on the organisation's people and assets will increase at a rate not seen previously in Geraldton. This prediction has proved correct with total 2013 trade lifting 48% to a record 15.4 million tonnes and was supported by 952 shipping movements.

The port authority's ability to meet this challenge seamlessly and without incident is testimony to good planning and a productive and engaged workforce.

There has been up to \$285M of direct WA State Government investment in the Geraldton port and port access infrastructure over the last 10 years. This in turn has attracted additional port infrastructure investment of more than \$300M by port customers and service providers. This investment has made possible Geraldton's record 2013 trade performance and has laid the foundation for further trade growth in future years.

I pass on my sincere thanks to all port authority staff and our major contractors Svitzer, Mercantile Marine and Maicon Engineering for their outstanding performance.

I also congratulate Karara Mining on the successful completion of their \$2.57B mine development and infrastructure expansion project. The project, Australia's second largest magnetite project was officially opened in April 2013. Their maiden hematite shipment occurred in October 2012 and the maiden magnetite shipment in early January 2013.

The commencement of Karara Mining's operation in conjunction with a full year of production from Mount Gibson Iron's Extension Hill mine, which commenced operation during 2012, were major contributors to the record 2013 trade accommodated by Geraldton port.

If record trade was the highlight, the lowlight was the unfortunate announcement that Mitsubishi Development Pty Ltd was placing its Jack Hills Expansion Project into care and maintenance and was suspending further work, for the time being, on the Oakajee Port and Rail Project.

The Geraldton Port hopes the suspension has a short duration and remains committed to providing its support to this project. Further, large scale iron ore developments





in the Mid West remain dependent on a competitive, large scale port development at Oakajee to compliment the limited opportunities that exist at Geraldton Port.

I would also like to acknowledge the Department of Transport's Western Australian Regional Freight Transport Network Plan released in May 2013. This plan consolidates the Western Australian Government's strategic priorities and will guide future investment in the Western Australian transport network.

A number of priorities for the Mid West have been listed and these will influence Geraldton port's planning and investment priorities in coming years. Some of these priorities include;

- Optimise existing berths at the port of Geraldton to service the surge in resources trade to take the port to 30Mtpa until Oakajee is developed;
- Modify Berths 2 and 6 to remove bottlenecks and enhance port capacity;
- 3. Undertake a harbour surge mitigation program;
- 4. Upgrade shiploaders at Berths 4 and 5; &
- 5. Plan for the development of common-user port infrastructure at Oakajee.

The WA Ports Governance Review was released by the Minister for Transport in February 2012. Implementation of this report's

findings has continued during 2013 and will result in the Geraldton Port Authority being replaced by the Mid West Ports Authority effective 1 July 2014. The Mid West Ports Authority will have broader responsibilities including marine safety functions at the Shipping and Pilotage Act ports of Useless Loop and Cape Cuvier. Work by Geraldton Port Authority on this reform is ongoing.

I would finally, like to acknowledge the significant efforts of Geraldton port's senior management team who have addressed many challenges over the last 12 months and have skilfully guided the organisation to where we are today. I also acknowledge the important contributions of my board colleagues. Board membership was stable during 2013 and a positive external board review confirms we are well positioned to face the many challenges ahead.

lan King Chairman





PETER KLEINChief Executive Officer

Chief Executive Officer Report

Productivity

The authority continues its strategic efforts to improve productivity in many operational areas and this effort is continuing.

- A tender process has selected Hart Marine to supply a new pilot boat to supplement the existing 25 year old vessel and to introduce important redundancy in the provision of pilot transfer services;
- A comprehensive asset condition assessment has been launched and will lead to best practice whole of life asset management plans;
- An energy use efficiency study has been conducted in partnership with Perth company Energy Made Clean (EMC) which, in addition to delivering efficiencies has overhauled power invoicing and will lead to an exploration of renewable energy opportunities;
- A tender has been released for selection of new software to transform the business and simplify existing operations.

These projects have all been initiated during 2012/13 with some improvements already delivered but others to be delivered over the next few years. Our efforts to identify further improvements will continue.

The port authority's relationship with its customers has improved in part due to our increased efforts to build and service these relationships and in part due to improved shiploading performance at Berth 4 & 5.

Improved commercial resources and in particular creating the General Manager Corporate Services role has facilitated improved customer focus and an improved ability to respond to customer needs. In addition, the contracting of local suppliers

for Berth 4 and 5 shiploading and maintenance services in conjunction with expanded supervision is now delivering reward with key reliability and plant availability indicators all showing improvement.

Industrial

Our internal relations have also been given a boost over the last 12 months with new enterprise agreements successfully negotiated with both pilots and administration teams. For the first time, four year agreements were successfully negotiated with both teams and as a result we look forward to a more stable working environment for the duration of these agreements.

Safety

A total of four lost time injuries (LTI's) involving Geraldton Port Authority staff occurred during 2013 following zero LTI's in 2012. A further LTI was reported by a contractor to the authority. There were also four first aid injuries and three which required medical treatment. All Geraldton port staff who suffered an LTI had returned to work within 60 days.

A total of 361 health and safety incidents were reported into the port authority's incident register during 2013, slightly more than the previous year and indicative of a maturing safety management system with strong employee commitment.

Environment

The Department of Environmental Regulation issues an Environmental Licence to the port authority and establishes monitoring reporting obligations and where appropriate targets for the port's environmental performance. A single exceedence of GPA's target for ambient nickel occurred and was promptly reported to the regulator and investigated.



GPA's target for total boundary dust was exceeded on a number of occasions but the conclusion of construction activities, a strategy to stabilise unsealed port areas and improved housekeeping are combining to ensure the risk of future exceedences is lowered.

A total of 71 environmental incidents were reported into the port authority's incident register during 2013.

The Geraldton Port Authority, its management and supervisors, continue to focus on improved safety and environmental performance and this is positively reflected in the incident reports and follow-up actions. These efforts have also resulted in the recertification of the port authority's integrated management system (health & safety, environment and quality) with the relevant Australian and ISO standards, a significant achievement in which we should be proud.

Rail Operations

In 2012 the port authority's private rail siding was reclassified by the Office of Rail Safety as a rail terminal due to higher use frequency and the entry of multiple above rail operators. This classification is linked to significantly greater regulation and required certification of our rail safety management system by the Office of Rail Safety. This required considerable effort and I wish to acknowledge General Manager Landside Operations, Lindsay Morrison for his leadership in achieving this milestone and for his ongoing management effort.

Harbour

As the port has become busier there is increasingly less tolerance for delays and lost time associated with harbour surge. A total of 86 mooring lines were broken during 2013 down from 99 the previous year. The berth surge thresholds that have been

established have not eliminated the risk of broken lines but still result in loss of berth availability of between 10 and 50 days per year. A comprehensive study will be launched in 2014 to assist mitigation options and the outcome of this work is keenly anticipated by many port customers.

Security

On 9 April a boat carrying 66 Sri Lankan asylum seekers arrived undetected at Geraldton. The port authority was able to provide immediate assistance to Australian Customs and Australian Quarantine & Inspection Services officials and the WA police in responding to this arrival. The port authority provided interpretation support, a berth and a building for interviews and medical inspections.

Peter Klein Chief Executive Officer

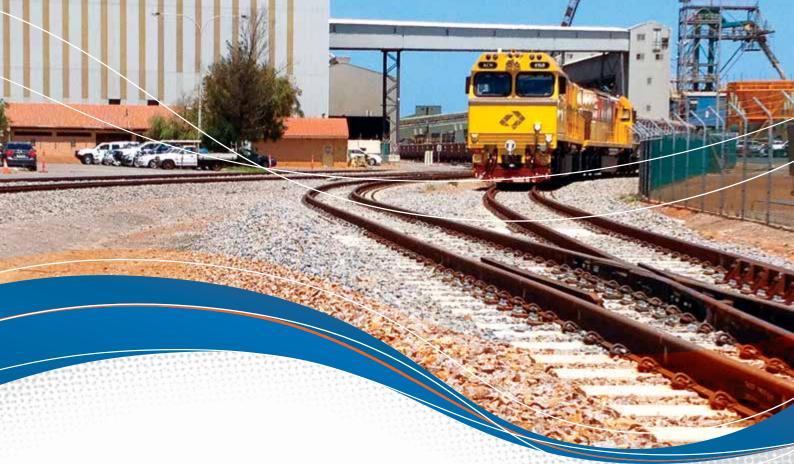




2012/13 Highlights

- 1. Trade increased by 48% to a record 15.4 million tonnes in the 12 month period to 30 June 2013. This record result was primarily due to record iron ore exports (10.7 million tonnes), strong grain exports (2.6 million tonnes) and copper, zinc & nickel concentrate exports of 0.6 million tonnes, 61% above budget.
- The sharp increase in iron ore & concentrate exports during 2012/13 drove reliance on exports as a percentage of total trade higher. During 2012/13 exports comprised 95.9% and imports just 4.1% of total trade.
- 3. Higher trade drove up total ship visits to a record 428 vessels. These vessels resulted in 952 pilot assisted shipping movements. A little over 11% of all vessels entering the port were moved either to a second berth or were returned to anchor before completing their loading operations.
- 4. 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). Four lost time injuries (LTI's) were recorded by GPA staff and a further one LTI was reported by a principal contractor.
- 5. In October 2012 GPA's rail safety management system was certified by the Office of Rail Safety as compliant with the standard required for a Rail Transport Operator. This follows their determination that GPA's previous private rail siding had reached a level of complexity that justified its categorisation as a rail terminal.
- 6. The entrance channel and harbour were returned to their 2003 post capital dredging depth following an effort that combined the trailer suction hopper dredge Sebastiano Caboto with specialist divers who were able to clear a series of high spots caused by rubble pushed up by the action of the drag head.

- 7. Service levels to Berth 4 and 5 users have improved with the employment of local contractors Mercantile Marine and Maicon Engineering to deliver operating and maintenance services under direct GPA supervision. Key indicators are all showing improvements.
- 8. GPA has welcomed a number of new port users as a consequence of Qube Bulk introducing their Rotabox™ system to Geraldton. These new customers have included Sandfire Resources (previously reported), BHP Nickel West and Xstrata Nickel. Copper and zinc exporter Independence Group has also converted from bulk loading over the Berth 4 shiploading circuit to the Rotabox™ system.



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 2007/08 Berth 5 Iron Ore Expansion Project. This project delivered a dedicated iron ore shiploading facility which

handled a record 6.6 million tonnes of iron ore in 2012/13 and a total of almost 30 million tonnes since it was commissioned.

There are currently 7 commercial berths and an approach channel with the following features;

| Berth Box | Berth Height Over Lat | Design Depth > Lat | D'lared Depth > Lat | Declaration Date | Sounding Date |
|---|--------------------------|--------------------|---------------------|------------------|------------------|
| Berth 1 - 47 m x 45 m | 3.75 | 9.8 m | 9.1 m | 21/01/13 | Oct 2012 |
| Berth 2 - 218 m x 45 m | 3.75 | 9.8 m | 9.7 m | 21/01/13 | Oct 2012 |
| Berth 3 - 235 m x 40 m | 3.58 | 13.4 m | 12.9 m | 21/01/13 | Oct 2012 |
| Berth 4 - 245 m x 40 m | 3.08 | 13.4 m | 12.8 m | 21/01/13 | Oct 2012 |
| Berth 5 - 250 m x 40 m | 3.51 | 13.4 m | 13.3 m | 21/01/13 | Oct 2012 |
| Berth 6 (limit 10 m from Northern end) 195 m x 53 m | 3.51 | 12.4 m | 12.4 m | 21/01/13 | Oct 2012 |
| Berth 7 300 m x 40 m | 3.51 | 13.4 m | 13.1 m | 21/01/13 | Oct 2012 |

- 1. Moving ships Static UKC = 12.3 m 0.6 m + Tide
- 2. Alongside = Berth Depth 0.3 m
- 3. Berth pocket saturation soundings may allow deeper drafts alongside for smaller ships on some berths





| Channel Box | Design Depth > Lat (As Per DUKC Review Sept 2011) | Declared Depth > Lat | Declaration Date | Sounding Date |
|-----------------------------------|---|-------------------------------|---------------------|------------------|
| Harbour Basin | 12.4m | 12.4m | 21/01/13 | Oct 2012 |
| Inside B'water Beacon 20 to 22 | 12.8m 300 x 200m | 12.6m | 21/01/13 | Oct 2012 |
| Beacon 20 | 13.1m 225 x 200m | 13.1m 225 x 165m | 21/01/13 | Oct 2012 |
| Beacon 16 to 20 | 13.5m 1020 x 180 to 230m @ Bn16 | 13.2m 1020 x > 175 @ Bn 18 | 21/01/13 | Oct 2012 |
| Beacon 4 to 14 | 14.0m 3050 x 180m | 13.8m 3050 x 180m | 21/01/13 | Oct 2012 |
| Beacon 2 | 14.5m 180m wide | 14.1m 189m wide | 21/01/13 | Oct 2012 |
| North Channel over Reef | 9.1m on leads Allow 7m + 50% Tide | 9.1 in channel | 21/01/13 | Oct 2012 |

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 per hour of iron ore.

The Geraldton Port also owns and manages the existing bottom dump iron ore train unloading infrastructure. This infrastructure has been upgraded at Geraldton Bulk Handling's expense to create a connection to their new Berth 5 storage facility. When delivering

product to this new facility the upgraded train unloader has a design receival 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 2012/13 Karara Mining commissioned their new port infrastructure which incorporated a new rail (4th track) into the port, a dual wagon rotary unloader, 275,000 tonne storage facility, new berth (Berth 7) and shiploader and associated materials handling infrastructure. The first shipment of

iron ore from Karara's port facility occurred in October 2012.

In addition to the traditional trade in grain, mineral sand, livestock, fertiliser and fuels, the port has welcomed and accommodated cruise ships, oil rig tenders and other support vessels. 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.



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 submit the annual and half yearly reports to the Minister for Transport.

Transactions involving any business arrangements generally require approval by the Minister for Transport and where the contract liability exceeds a prescribed amount the Minister must also seek the Treasurer's concurrence.

Board Composition

Geraldton Port is governed by a board 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 3 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 2 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 & 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 GPA places the highest emphasis on ethical behaviour in the workplace. As such; the Board has developed a Code of Conduct that applies to all directors and employees.

The Code complies with Public Sector Standards and is designed to assist directors and employees to fully understand their rights, responsibilities and obligations in their respective roles. The Code of Conduct is incorporated into our comprehensive induction program delivered to all new staff on commencement and is displayed on all noticeboards throughout the worksite. The Code is supported by a suite of Human Resource Procedures designed to ensure that the actions and decisions we make are done in a transparent, impartial and unbiased

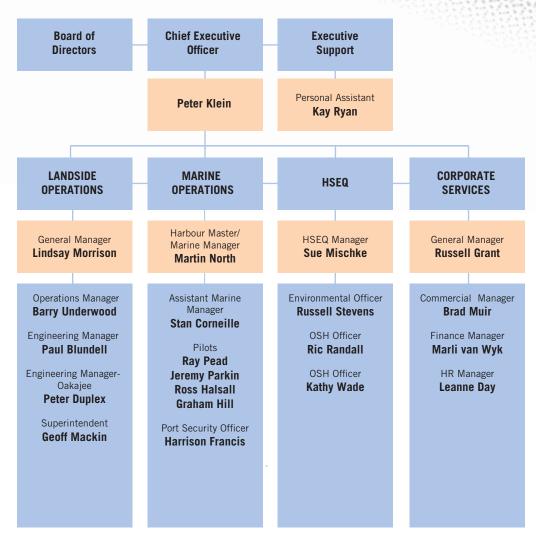
Our Code of Conduct is reviewed by the Board bi-annually and a report is submitted to the Minister annually in accordance with section 21 and 23 of the Port Authorities Act (1999).

Record Keeping

An audit of GPA's record keeping plan and adherence with this plan by employees has been conducted during 2013 and practical improvement opportunities are being implemented. GPA's induction program outlines employees' responsibilities in complying with the record keeping plan and refresher training is provided.



Organisation 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 incorporation of marine safety responsibilities at Cape Cuvier and Useless Loop and subject to the 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;

Our Purpose;

- 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.

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 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.

Vision

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

- 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 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 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:

- 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:

- 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.



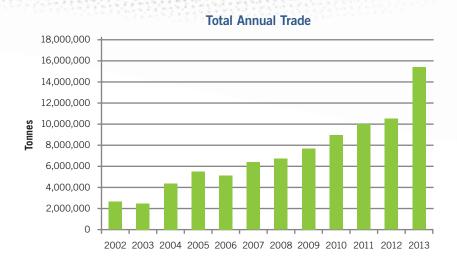




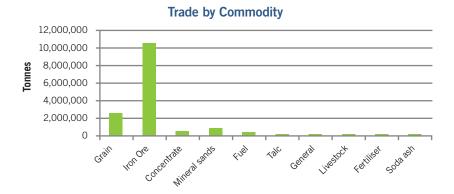
Report on Activities

Trade

A seventh consecutive annual trade record was delivered by Geraldton Port in 2013. Trade totalled 15.4 million tonnes which was an increase of 48% over the 2012 performance. Since 2002 this represents a trade increase of 500% and has been made possible by more than a combined \$3B of investment in Mid West infrastructure, operating equipment and mine development by government and private interests.



Trade growth has been driven predominantly by iron ore which now represents 70% of total trade. Other strong contributors to the overall trade result include grain (17%), mineral sands (5%) and concentrates (4%).

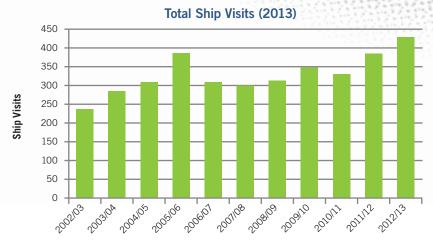


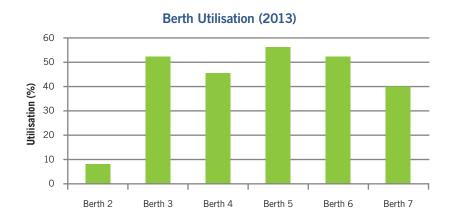


The growth in iron ore & concentrate exports and the historically high grain exports have resulted in exports increasing to comprise 96% of total GPA trade. Imports comprised of predominantly fuel (2%) and fertiliser (0.5%).

A stronger trade performance has resulted in higher berth utilisation although still at acceptable levels. Some latent capacity is indicated by the 2013 berth utilisation results although new business opportunities are becoming constrained. The port authority's ongoing focus on productivity improvements will result in incremental benefits to all port stakeholders.

A record 428 ships visited Geraldton during 2013 and comprised 408 cargo ships, 14 rig tenders and 6 cruise vessels. The total number of ships was 11% greater than for 2012 and resulted in a total of 952 pilotage assisted ship movements.









Report on Activities

Oakajee Port Planning

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.

During 2013, the State Government continued to work with Oakajee Port and Rail Pty Ltd (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 allowed it to also engage with other parties interested in developments at Oakajee. In June 2013 Mitsubishi, the parent of OPR and owner of the Jack Hills Mine, indicated that it has put the mine, including future mine planning, and the Oakajee Port and Rail project into a care and maintenance arrangement until economic conditions change.

Notwithstanding the OPR status 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 in due course.

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.

During the last year the key activities associated with the Oakajee Port project included

- WA Department of Planning has led 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;
- An extension to the environmental approvals for the Oakajee Deep Water Port Marine Works:
- Continuing activities by GPA and the Shire of Chapman Valley associated with various land management issues that included track rationalisation, dune erosion control, coastal monitoring and the control of invasive weed & animal species; &
- Progression on the development of multiparty aboriginal heritage arrangements and agreements.

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 development is proposed to 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, &
 - 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;
- 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.

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.

The longer term role for the Geraldton Port Authority at Oakajee will include land management and the management of key multi user infrastructure such as breakwaters and channels. A single Harbour Master will be responsible for maritime safety across both Geraldton and Oakajee port sites, controlling the movement of vessels, and managing both pilots & other port marine services. These arrangements will enable both port sites to be developed in a complimentary manner and promote accountability, safety, and the efficient provision of port marine services.







Report on Activities

Commercial Services

Geraldton Port welcomed several new customers in 2012/2013. These customers included BHP Nickel West, Xstrata Nickel and Imifabi Talc. This is in addition to Sandfire Resources whose maiden vessel carrying DSO copper from their DeGrussa mine site sailed from Geraldton in May 2012.

We were also pleased to welcome Qube's Rotobox™ technology to the port. This shiploading system combines the benefits of bulk and container operations and is recognised by the Department of Transport as industry best practice for the handling of metal concentrates.

This method involves half height containers lowered into the hold of the ship via crane. The lid is lifted off and the contents are tipped into the hold. The lid is returned and the container is lifted and lowered back onto the wharf.

Nickel, copper and zinc concentrate has now been exported using the Rotobox[™] system which delivers greater compliance with GPA's obligations under its environmental licence. The talc from Imifabi was loaded over Berth 6 using GPA's mobile shiploader.

There is a bright outlook for further trade growth although this is heavily tied to iron ore and the global iron ore market. GPA's largest two customers, Karara Mining and Mt Gibson Iron are expected to account for over 11 million tonnes of trade next year which is more trade than the total port throughput for 2011/2012. Grain continues to be an important cargo for the port. Although volume as a percentage of total trade has declined, the volume of grain is expected to be around 1.5 million tonnes. Mineral sands have suffered a significant decline, although this market is showing signs of recovery.

Overall, the demand outlook for Geraldton Port remains very strong and GPA is optimistic that our years of record growth will continue at least into 2013/14.

Human Resources

Two of our three enterprise agreements were re-negotiated this year on 4 year terms which cemented positive outcomes for all stakeholders into the future. These included the Marine Pilots and Administration Agreements.

With the engagement of a new HR Manager late in 2012, many new training and development initiatives are in the planning stages to build a more resilient, responsive workforce into the future. This includes a comprehensive induction program for all new employees to provide a solid beginning to our employment relationships.

With the continued growth of the port, the commitment and ongoing efforts of staff have seen production and efficiency increases within all sections of the organisation.

During 2013 the port also partnered with local Geraldton schools and offered opportunities to two school based trainees to experience employment in areas of electrical maintenance and marine pilotage. Additionally, we have two apprentices in our maintenance team who are showing positive signs of becoming valued tradesmen into the future. GPA will continue its strong local partnerships to support opportunities to the region's youth.



Report on Activities

Marine

Shipping Growth

It has again been a record year with 428 commercial and cruise ships visiting the port. The number of piloted movements totalled 952. These movements include in and out bound ships as well as movements between berths and out to anchor during weather events.

The previous highest annual number of ships to visit the port occurred last year (2011/12) with 384 ship visits. The new Berth 7 iron ore facility accommodated 69 ships during its 9 months of operation during 2012/13. It is expected that the upward trend in shipping will continue into 2013/14 supported by a full 12 months of Berth 7 operations.

There are now five full time licenced pilots and a licensed relief pilot available to supply pilotage services.

The average deadweight for ships has also grown, up from 43,120 tonnes in 2011/12 to 46,217 tonnes in 2012/13 which reflects the greater percentage of Panamax iron ore vessels.

In addition, a record consignment of 67,885 tonnes of iron ore was exported by the MV STZ Topaz in April 2013.

This was 2,860 tonnes greater than the previous record set in February 2012.

The port's Dynamic Under Keel Clearance programme (DUKC) has been upgraded and now allows several pilots to log in simultaneously from either the office or mobile devices. This gives greater operational responsiveness, efficiencies and up to date draught information when pilots are out of the office working successive vessels.

New pilot vessel

Hart Marine (Mornington, Victoria) has been contracted to build and deliver a new 15.6 metre, high speed pilot vessel based on a French (Pantocarene) hull design. Several such hulls are in service throughout Australia, including with Port Philip Sea Pilots (Melbourne) and another is working at the Port of Albany. This is a high-speed design with exceptional sea keeping stability in heavy weather often experienced at Geraldton, Bass Straight and Port Philip Heads. The design is also self-righting in the unlikely event of capsize. With the existing pilot boat having served 25 years the new vessel will add a welcome measure of redundancy and allow simultaneous boat operations as the port continues to grow. Delivery is expected in December 2013.





Harbour Surge

Overall berth closures due to poor weather surge events were slightly higher by 10% this year when compared to 2011/12. However, management of surge events has improved with 2% fewer visiting ships parting lines - compared to 12% the previous year. As noted above trade throughput has increased significantly during the year and this will continue to grow. These surge issues are most important to manage correctly and a significant consultancy project to study this issue and propose solutions is expected to commence during 2013/14.

Berth 7

The Fremantle ship simulator was used extensively to test and train Geraldton's pilots in ship movements onto and from Berth 7. The alignment of the berth requires a unique 270 degrees swing onto the berth when arriving and a 90 degree turn with a loaded ship into the channel entrance for departure.

This manoeuvre was practiced on the Fremantle ship simulator prior to the commencement of exports through this facility and a ship handling technique developed. Svitzer was contracted to provide a third tug to assist with these tight manoeuvres and the movement of vessels to and from Karara's facility is now a routine matter.





Report on Activities

Health, Safety, Environment and Quality

Our Commitment

GPA is committed to continual improvement in providing a healthy and safe workplace and in minimising the impact of operations on the environment. Health, safety, environment and quality (HSEQ) issues are addressed during executive management's weekly meetings. Management participate in the monthly HSE Committee meetings and formal management reviews occur quarterly to monitor performance and review significant risks. Health, safety and environmental matters are key discussion items during daily staff pre-start and toolbox meetings.

Occupational Health and Safety Management Systems

GPA 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.

The system audits were conducted in December 2012 and a second in March 2013. Six minor non-conformances were identified in the December audit and six in the March audit. These non-conformances have been addressed with remedial action ongoing in relation to training, records and traffic management.

Accreditation of Rail Safety Management System

In October 2012 GPA was issued with a certificate of accreditation as a Rail Transport Operator. This is a major achievement for the port and is the result of a lengthy application process. It provides assurance that GPA's rail safety management system is at industry best-practice standard.

Goals and Targets

Identifying initiatives to improve HSEQ performance is a key focus of GPA's strategic planning effort.







Key strategies identified and actively progressed in the previous 12 months include:

- Assessment of leaseholder interface risks;
- Introduction of additional health and wellbeing initiatives;
- Launch of an energy efficiency project and adoption of an energy efficiency policy;
- Progress on a major software review program which includes HSEQ and records management; &
- Implementation of an introduced marine pest management plan at Geraldton Port.

A monthly report is provided to executive management on GPA's HSEQ performance. This includes key performance indicators such as number of injuries, status of hazard inspections, outstanding hazards, procedures due for review, air quality performance and compliance with the training plan.

Statistics

| Measure | GPA Result 2009/10 | GPA Result 2010/11 | GPA Result 2011/12 | GPA Result 2012/13 | WA State Government Target | Comment 2012/13 Year |
|--|---------------------------|---------------------------|---------------------------|---------------------------|--|----------------------------|
| Number of fatalities | 0 | 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 | 5.26 | 0 or 10% reduction | Target not 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 | 0 or 10% reduction | Achieved |
| Percentage of injured workers returned to work within 13 weeks | 50% | 100% | N/A | 100% | Actual result to be stated | Achieved |
| Percentage of injured workers returned to work within 26 weeks | 100% | 100% | N/A | 100% | Actual Greater than or equal to 80% | Achieved |
| Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities | 100% | 60% | 97% | 86% | 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 meetings as well as their own section's 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, hazards reported, training compliance, amended procedures and other general matters relating to health, safety or the environment. Minutes of committee meetings are distributed by email, displayed on noticeboards and are posted on GPA's intranet.

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

Commitment to Injury Management

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

Training

All employees and contractors are required to undertake an online HSEQ and security induction.

A major overhaul of the training delivery plan has been undertaken in this financial year resulting in an additional two day face to face induction course being developed for employees and principal contractors. GPA worked closely with a local registered training organisation on the project and the induction package is now being delivered by this provider on an ongoing basis.

Environmental Management

GPA has in place a range of environmental monitoring programs including an air quality monitoring program, stormwater quality monitoring, harbour sediment monitoring and marine water quality monitoring.

GPA 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 and concluded in February 2013. The program was delivered by GPA in partnership with MMG Ltd. Four monitoring stations were installed within the Geraldton community; three to represent potential community exposure and one control site. Results are published to GPA website and demonstrate there are no health risks to the community in loading these products.





The export of nickel concentrate commenced during 2012/13 after an amendment to GPA's environmental licence was approved by Department of Environmental Regulation.

Environmental licence amendments included air quality monitoring for nickel being added to the existing air quality monitoring program.

Compliance with the amended licence has been achieved.



Community Support

The Geraldton Port Authority has an informal community licence to operate the port and ongoing community support is a prerequisite for continuing port activities. The port authority obtains formal and informal feedback directly from the community and from community representatives and responds to this feedback in accordance with internal procedures. The community's safety is a key port priority.

In addition to our response to the community as a result of direct feedback the Geraldton Port also seeks out opportunities to support selected initiatives where the port authority's financial support can provide community benefits. Some of the initiatives that have been supported by the Geraldton Port Authority are as follows;

 The authority has jointly funded the employment of a cruise coordinator. This coordinator is employed by the City of Greater Geraldton and in association with Cruise Down Under markets Geraldton to the cruise industry and coordinates activities during cruise visits and has had a positive effect in attracting six cruise vessels during 2013. Visits by cruise vessels to Geraldton provide a significant benefit to the Geraldton economy and a boost to local businesses and tourism providers.

- The Good Heart Mid West Aboriginal Art Exhibition arranged by Oakajee Port and Rail was again supported with a donation of \$5,000. The Geraldton Port Authority is proud to support this initiative which encourages Mid West artists and offers a unique opportunity to showcase the region's significant talent.
- The authority has provided substantial support to the City of Greater Geraldton's Beresford Foreshore Stabilisation project. Over the last few years a number of engineering studies have been jointly funded with the City and these efforts are on-going.
- The port authority has also continued delivery of its sand bypassing obligations in compliance with its commitment to the City of Greater Geraldton. A total of approximately 15,000m³ of sand was supplied to the town beaches.



RECORD INFORMATION

2012/2013

LARGEST VESSEL

MV Key Calla 83,353 DWT July 2012

LARGEST SINGLE CARGO

MV STX Topaz 67,885 Tonnes Iron Ore April 2013

HISTORY

LARGEST VESSEL MV Torm Saltholm 83,685 DWT

83,685 DWT June 2012

LARGEST TOTAL CARGO

MV STX Topaz 67,885 Tonnes Iron Ore April 2013

LARGEST SINGLE CARGOES

| MV Carol | Wheat | 65,954 Tonnes | Jun-06 |
|-------------------|-----------|---------------|--------|
| MV STX Topaz | Iron Ore | 67,885 Tonnes | Apr-13 |
| MV Alba | Canola | 57,748 Tonnes | Feb-06 |
| MV Belle Masuka | Lupins | 57,500 Tonnes | Apr-12 |
| MV Sunny Globe | Barley | 39,672 Tonnes | May-07 |
| MV First Trader | Ilmenite | 35,425 Tonnes | Jul-08 |
| MV North Princess | Talc | 31,856 Tonnes | Apr-06 |
| MV Mikom Accord | Petroleum | 29,103 Tonnes | Mar-01 |



GERALDTON PORT AUTHORITY Comparative Trade Statistics (Tonnes)

ENDING 30 JUNE 2013

| | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|----------------------------|------------|------------|------------|------------|------------|
| IMPORTS | | | | | |
| Fert DAP/Other | 15,075 | 18,088 | 18,610 | 19,782 | 29,150 |
| Fert MAP | 8,128 | 5,140 | 6,497 | 11,659 | 4,968 |
| Coal | - | - | 10,007 | 10,505 | - |
| New Phosphate (TSP+S) | 6,034 | 6,605 | 4,645 | - | - |
| Urea | 27,595 | 47,262 | 35,249 | 34,521 | 37,166 |
| Potassium Carbo | - | 3,985 | - | - | - |
| Petroleum Products | 205,159 | 214,880 | 254,159 | 281,876 | 328,021 |
| Mineral Sands | - | 175,073 | 771,221 | 727,583 | 119,416 |
| Soda Ash | - | - | - | 14,133 | 7,016 |
| General | 27,364 | 722 | 40,109 | 107,938 | 106,594 |
| | 289,354 | 471,756 | 1,140,497 | 1,207,998 | 632,330 |
| EXPORTS | | | | | |
| Wheat | 1,629,183 | 1,746,683 | 1,522,554 | 2,185,340 | 2,135,875 |
| Barley | 93,880 | 52,514 | 49,669 | 77,582 | 45,275 |
| Lupins | 101,573 | 243,830 | 180,034 | 244,662 | 297,060 |
| Canola | 108,001 | 89,322 | 76,520 | 147,854 | 140,297 |
| Copper Cons/Ore | 166,558 | 186,457 | 164,884 | 193,933 | 362,249 |
| Zinc Cons/Ore/HPM | 349,624 | 234,964 | 185,826 | 176,311 | 169,921 |
| Nickel Cons | - | - | - | - | 65,919 |
| Mineral Sands | 472,774 | 437,959 | 604,486 | 595,339 | 474,489 |
| Bulk/Bagged Mineral Sands | 193,620 | 150,063 | 112,601 | 214,796 | 297,373 |
| Talc | 68,924 | 56,528 | 73,863 | 119,364 | 78,071 |
| Iron Ore | 4,167,085 | 5,315,521 | 5,890,591 | 5,261,289 | 10,741,662 |
| Stockfeed | 2,843 | 2,816 | 775 | 255 | 1,502 |
| Livestock | 15,302 | 16,951 | 2,009 | 1,361 | 2,758 |
| General | 30 | 143 | 95 | 1,397 | 62 |
| | 7,369,397 | 8,533,751 | 8,863,908 | 9,219,483 | 14,812,513 |
| Parkers 0" | 0.204 | 2.002 | 0.676 | 10.742 | 0.110 |
| Bunkers - Oil | 2,304 | 3,803 | 2,676 | 10,743 | 2,113 |
| Total Trade | 7,661,055 | 9,009,310 | 10,007,081 | 10,438,224 | 15,446,956 |
| | | | | | |
| SHIPPING | _ | | | | |
| Gross Reg Tonnage | 6,257,821 | 9,024,639 | 8,893,174 | 10,412,792 | 12,661,941 |
| Deadweight Tonnage | 11,336,589 | 13,591,821 | 13,964,058 | 16,557,997 | 19,780,796 |
| No of Vessels | 312 | 347 | 331 | 384 | 428 |
| Average Deadweight Tonnage | 36,335 | 39,170 | 42,187 | 43,120 | 46,217 |

Origin and Destination of CARGO

2012/2013

| Ports | Grains | Minerals | Oils | Ferts | General | Iron Ore | Talc | Concentrates | Livestock | Bunkers | Tonnes |
|-------------------------|-----------|----------|---------|--------|---------|------------|--------|--------------|-----------|---------|------------|
| Australia (Other) | | 37,875 | | | | | | | | 2,113 | 39,988 |
| Australia (WA) | | 81,541 | 328,021 | 33,697 | 92,172 | | | | | | 566,813 |
| Belgium | | 42,771 | | | | | 9,449 | 10,381 | | | 62,601 |
| Canada | | | | | | | | 29,959 | | | 29,959 |
| China | 110,297 | 231,489 | | 10,584 | 13,029 | 10,741,662 | | 504,571 | | | 11,601,048 |
| Germany | | | | | 1,457 | | | | | | 1,457 |
| Indian Ocean Islands | | | | | | | | | 1,173 | | 1,173 |
| Indonesia | 639,986 | 11,100 | | | | | | | | | 651,086 |
| Iran | 90,200 | | | | | | | | | | 90,200 |
| Iraq | 212,572 | | | | | | | | | | 212,572 |
| Israel | | | | | | | | | 3,087 | | 3,087 |
| Italy | | 11,525 | | | | | | | | | 11,525 |
| Japan | 341,137 | 12,009 | | | | | 38,183 | 22,217 | | | 413,546 |
| Malaysia | 23,859 | 19,004 | | | | | | | | | 42,863 |
| Mexico | | 45,043 | | | | | | | | | 45,043 |
| Mozambique | 25,600 | | | | | | | | | | 25,600 |
| Netherlands | 107,112 | 17,617 | | | | | 30,439 | | | | 155,168 |
| Oman | 91,136 | | | | | | | | | | 91,136 |
| Philippines | 21,076 | | | | | | | | | | 21,076 |
| Saudi Arabia | | 63,036 | | 23,848 | | | | | | | 67,561 |
| Singapore | 53,873 | 4,285 | | | | | | | | | 58,158 |
| South Africa | 27,500 | | | | | | | | | | 27,500 |
| South Korea | 407,283 | | | 1,475 | | | | 13,795 | | | 421,078 |
| Spain | | 11,705 | | | | | | | | | 11,705 |
| Sudan | 54,912 | | | | | | | | | | 54,912 |
| Taiwan | | 62,282 | | | | | | | | | 62,282 |
| Thailand | 19,941 | 24,998 | | | | | | 17,166 | | | 62,105 |
| Turkey | 30,446 | | | | | | | | | | 30,446 |
| United Arab Emirates | 50,460 | 12,507 | | 8,695 | | | | | | | 71,662 |
| United Kingdom | 22,500 | | | | | | | | | | 22,500 |
| USA | | 202,492 | | | | | | | | | 202,492 |
| Yemen | 288,616 | | | | | | | | | | 288,616 |
| TOTAL | 2,618,506 | 891,278 | 328,021 | 78,299 | 106,657 | 10,741,662 | 78,071 | 598,089 | 4,260 | 2,113 | 15,446,956 |





Organisational Performance - 2012/13

| | | 그리고 있는 얼마나 어려면 하게 되었다. 그 나는 사람이 하지 않는 사람들이 얼마나 살아 있다면 하는데 없다. |
|---|--|---|
| PERFORMANCE INDICATOR | TARGET | 2012/13 PERFORMANCE |
| Facilitate development of sustainable infrastructure at Oakajee | Project viability Operating efficiency | Mitsubishi Development Pty Ltd places its Jack Hills Expansion Project into care and maintenance and suspends further work, for the time being, on the Oakajee Port and Rail Project. |
| Increase trade throughput in compliance with the State | Achieve target throughput | Total trade of 15.45 million tonnes was 0.58 million tonnes below budget. |
| Government's objectives | | New agreements incorporate conditions to manage GPA's obligations to limit iron ore exports to less than 12 million tonnes per annum once Oakajee becomes operational. |
| | Improved efficiency | Berth 4 & 5; plant failures decreasing; the mean time between failures is increasing; Failure duration reducing. |
| | Customer diversification | New customers introduced including Imifabi, BHP Nickel West & Xstrata. |
| To meet and maintain the State Government's return on assets | Target >8% | Return on assets for 2013 >8% |



| PERFORMANCE INDICATOR | TARGET | 2012/13 PERFORMANCE |
|---|---------------------------------|--|
| To continuously improve the Port's business processes and systems | Management system certification | The Authority's integrated management system was recertified by an independent auditor as being compliant with AS 4801 (safety) and ISO standards 9001 and 14001 (quality and environmental). |
| Berth utilisation Berth 2 Berth 3 Berth 4 Berth 5 Berth 6 | 65% or less | 8% 52% 46% 56% 52% |
| Create employer of choice status. | tbc | Flu vaccines, free skin checks & annual medicals offered to all staff. Employee Assistance Program – new provider offers enhanced services. Discount plan negotiated with a private health insurer & offered to all staff. |











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Contents of Directors' Report

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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 2013.

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)

Deputy Chair Karen Godfrey MAICD

Occupation

Company Director and Manager

Appointments

Appointed Non-Executive Director October 2009

Background/ Qualifications

- Company Director Family Business 14 years
- Former Manager, Economic Development & Innovation
 City of Greater Geraldton
- Former Director, Geraldton Branch, Bendigo Bank
- Former CEO Midwest Chamber of Commerce & Industry (2007 - 2009)
- Former Vice President & Executive Member, Midwest Chamber of Commerce & Industry (2002 - 2009)
- Former Vice President, Regional Chamber of Commerce (2007 2009)
- 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







Directors' Report

1. Directors cont'

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





Director Noel Ashcroft

Occupation

Company Director & Business Consultant

Appointments

Appointed Non- Executive Director July 2012

Background/Qualifications

- BSc (Forestry) Australian National University: MSc (Forestry & Land Management) Oxford University
- Former Chief Executive, Government Relations
 Market Development for a large diversified conglomerate (2008 2011)
- Former Agent General for Western Australia (2005 2008)
- Former Deputy Director General, Investment Services Dept of Industry & Resources (2003 - 2005)
- Former Executive Director, Office of Major Projects, Dept of Resources Development (2001 - 2003)
- Company Director Family Business
- Chair and Member of various government & industry boards and committees
- Member of the Order of Australia 2012
- Justice of the Peace Western Australia



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 & Compliance Committee |
|-------------------------|-----------------------|--------------------------------|
| Number of meetings held | 12 | 3 |

Number of Meetings Attended by:

| | Board Meetings Eligible to Attend | Board Meetings Attended | Finance & Compliance Committee Meetings Eligible to Attend | Finance & Compliance Committee Meetings Attended |
|--------------|--------------------------------------|----------------------------|--|--|
| I King | 12 | 12 | 3 | 3 |
| B Boelen | 12 | 11 | 3 | 3 |
| K Godfrey | 12 | 11 | 3 | 3 |
| S Chamarette | 12 | 12 | 3 | 3 |
| N Ashcroft | 12 | 11 | 2 | 2 |

3. Principal activities

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

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

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

Objectives

The Authority's objectives are to:

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

In order to meet these objectives the following targets were set for the 2013 financial year and beyond:

- (a) Facilitate trade within and through the port and plan for future growth and development of the port.
- (b) Undertake or arrange for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the State through the use of Port and related facilities.
- (c) Control business and other activities in the Port or in connection with the operation of the Port.
- (d) Be responsible for and promote the safe and efficient operation of the Port.
- (e) Be responsible for the maintenance and preservation of vested property and other property held by it.
- (f) Protect the environment of the port and minimise the impact of port activities on that environment.

4. Dividends

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

A dividend of \$6,704,001 was paid during 2012/2013 for the 2011/2012 financial year.

5. Operating and financial review

Review of operations

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

| | 2013 | 2012 |
|---------------------------------------|------------|------------|
| Total trade (tonnes) | 15,446,956 | 10,438,225 |
| | 41000 | 41000 |
| | \$'000 | \$'000 |
| Revenue from cargo | 39,001 | 31,439 |
| Revenue from ships | 19,622 | 14,631 |
| Revenue from ship services | 7 | 4 |
| Revenue from port enhancement charges | 27,626 | 20,913 |
| Other revenue and income | 7,242 | 9,469 |
| Total revenue and income | 93,498 | 76,456 |
| Less expenditure | 61,742 | 61,780 |
| Operating profit before tax | 31,756 | 14,676 |
| Income tax on operating profit | (9,176) | (4,363) |
| Operating profit after tax | 22,580 | 10,313 |

Commentary on operating results

Operating profit before tax increased this period by 116% due to increased revenues associated with a significant increase in the trade of iron ore and the introduction of nickel concentrates to the port. GPA also maintained the existing levels of trade in grains, mineral sands and petroleum products. Cost control measures have ensured that expenditure remained at the 2012 levels, thereby increasing the operating profit before tax.

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

| | Short Term Benefits (1) | Post Employment Benefits (2) | Long Term Benefits (3) | Total |
|--------------|----------------------------|---------------------------------|------------------------|--------|
| Name | \$ | \$ | \$ | \$ |
| l King | 45,000 | 4,050 | Nil | 49,050 |
| K Godfrey | 25,000 | 2,250 | Nil | 27,250 |
| B Boelen | 16,500 | 1,485 | Nil | 17,985 |
| S Chamarette | 16,500 | 1,485 | Nil | 17,985 |
| N Ashcroft | 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:

| | Short Term Benefits (1) | Post Employment Benefits (2) | Long Term Benefits (3) | Total |
|---------------|----------------------------|------------------------------|------------------------|---------|
| Name | \$ | \$ | \$ | \$ |
| Peter Klein | 258,315 | 23,248 | 5,990 | 287,553 |
| Martin North | 245,487 | 20,330 | 5,647 | 271,464 |
| Russell Grant | 234,737 | 19,286 | 4,932 | 258,955 |

10. Environmental regulation

The Authority's operations are subject to regulation under both Commonwealth and State environmental legislation applicable to any Australian commercial entity. Under the Port Authorities Act 1999, the Authority is also required to "protect the environment of the port and minimise the impact of port activities on that environment". Through strategies reflected in the Port's Environmental Management Plan, Geraldton Port Authority maintains a high standard of performance in advancing various environmental initiatives.

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

11. Environmental management

The Port has a number of environmental programs developed to meet Ministerial conditions associated with recent major projects including seagrass, water quality, sediment, shoreline and artificial reef monitoring. Annual reports detailing findings and recommendations on these monitoring programs are submitted for review and approval by the Department of Environment. During 2010, GPA obtained certification to the international standard ISO14001.

12. Rounding off

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

This report is made with a resolution of the directors:

IAN KING Chairman

12th September 2013

KAREN GODFREY

Deputy Chair

12th September 2013



Geraldton Port Authority Statement of Comprehensive Income

For the year ended 30 June 2013

| | Note | 2013 \$'000 | 2012 \$'000 |
|---------------------------------------|------|----------------|----------------|
| INCOME | | | |
| Revenue | 4 | 93,211 | 75,206 |
| Other income | 5 | 287 | 1,251 |
| EXPENDITURE | | | |
| Depreciation and amortisation expense | 6 | (9,718) | (9,737) |
| Marine expenses | | (5,524) | (13,031) |
| Port operations expenses | | (20,167) | (17,423) |
| General administration | | (6,761) | (6,899) |
| Asset maintenance | | (7,176) | (3,072) |
| Environmental expenses | | (300) | (341) |
| Port utilities | | (657) | (791) |
| Safety and security | | (1,770) | (1,468) |
| Finance costs | 8 | (8,337) | (8,671) |
| Other expenses | 9 | (1,332) | (348) |
| Profit before income tax | | 31,756 | 14,676 |
| Income tax expense | 10 | (9,176) | (4,363) |
| Profit for the period | _ | 22,580 | 10,313 |
| Other comprehensive income | | - | - |
| Total comprehensive income | _ | 22,580 | 10,313 |

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 2013

| | Note | 2013 \$'000 | 2012 Restated* \$'000 | 1 July 2011 Restated* \$'000 |
|------------------------------------|--------|----------------|-----------------------------|---------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | 12 (a) | 6,665 | 28,241 | 41,408 |
| Other financial assets | 12 (b) | 45,000 | 14,196 | - |
| Trade and other receivables | 13 | 17,044 | 10,357 | 8,056 |
| Assets classified as held for sale | 20 | - | - | 1,226 |
| Current tax receivable | 10 | - | 118 | - |
| Total current assets | | 68,709 | 52,912 | 50,690 |
| Deferred tax assets | 10 | 1,306 | 1,989 | 1,549 |
| Property, plant and equipment | 14 | 145,712 | 152,039 | 157,050 |
| Trade and other receivables | 13 | 2,012 | 2,683 | 1,609 |
| Total non-current assets | | 149,030 | 156,711 | 160,208 |
| TOTAL ASSETS | | 217,739 | 209,623 | 210,898 |
| | | | | |
| LIABILITIES | | | | |
| Trade and other payables | 15 | 5,207 | 10,571 | 5,190 |
| Interest bearing borrowings | 16 | 7,398 | 6,985 | 5,384 |
| Current tax payable | 10 | 4,665 | - | 4,228 |
| Provisions | 17 | 2,080 | 2,047 | 1,624 |
| Other liabilities | 18 | 18 | 36 | 198 |
| Total current liabilities | | 19,368 | 19,639 | 16,624 |
| Interest bearing borrowings | 16 | 126,228 | 133,628 | 140,368 |
| Provisions | 17 | 4,072 | 4,154 | 3,363 |
| Other liabilities | 18 | - | 7 | 8 |
| Total non-current liabilities | | 130,300 | 137,789 | 143,739 |
| TOTAL LIABILITIES | | 149,668 | 157,428 | 160,363 |
| Net assets | | 68,071 | 52,195 | 50,535 |
| | | | | |
| EQUITY | | | | |
| Contributed equity | 19 | 8,436 | 8,436 | 8,436 |
| Retained earnings | 19 | 59,635 | 43,759 | 42,099 |
| TOTAL EQUITY | | 68,071 | 52,195 | 50,535 |

The notes on pages 46 to 72 are an integral part of these financial statements. * Restated - refer note 1 (g)



Geraldton Port Authority Statement of Changes in Equity

For the year ended 30 June 2013

| | Note | Contributed equity Restated | Retained earnings | Total equity Restated |
|---|----------|-----------------------------|-------------------|-----------------------------|
| | | \$'000 | \$'000 | \$'000 |
| Balance as at 1 July 2011 | | 2,641 | 42,099 | 44,740 |
| Net effect of a correction of an error | 1(g)(ii) | 5,795 | - | 5,795 |
| Restated balance as at 1 July 2011 | | 8,436 | 42,099 | 50,535 |
| Total comprehensive income: | | | | |
| 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 | | 8,436 | 43,759 | 52,195 |
| | | | | |
| Balance as at 1 July 2012 | | 8,436 | 43,759 | 52,195 |
| Total comnprehensive income for the year: | | | | |
| Profit for the period | | - | 22,580 | 22,580 |
| Other comprehensive income | | - | - | - |
| Total comprehensive income | | - | 22,580 | 22,580 |
| Transactions with owners in their capacity as owners: | | | | |
| Dividends paid | 11 | - | (6,704) | (6,704) |
| Balance as at 30 June 2013 | | 8,436 | 59,635 | 68,071 |

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 2013

| | Note | 2013 \$'000 | 2012 Restated* \$'000 |
|---|--------|----------------|-----------------------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 106,147 | 85,881 |
| Cash paid to suppliers and employees | | (68,393) | (51,628) |
| Cash generated from operations | | 37,754 | 34,253 |
| Interest paid | | (8,602) | (8,752) |
| Interest received | | 1,814 | 2,127 |
| Income taxes paid | | (3,708) | (9,323) |
| Net cash from operating activities | 21 | 27,258 | 18,305 |
| | | | |
| Cash flows used in investing activities | | | |
| Proceeds from sale of property, plant & equipment | | 207 | 2 |
| Acquisition of property, plant & equipment | 14 | (4,563) | (3,237) |
| Investments in term deposits | 12 (b) | (30,804) | (14,196) |
| Net cash used in investing activities | | (35,160) | (17,431) |
| | | | |
| Cash flows used in financing activities | | | |
| Proceeds from borrowings | | - | 1,866 |
| Repayment of borrowings | | (6,970) | (7,254) |
| Dividends paid | 11 | (6,704) | (8,653) |
| Net cash used in financing activities | | (13,674) | (14,041) |
| | | | |
| Net increase in cash and cash equivalents | | (21,576) | (13,167) |
| Cash and cash equivalents at 1 July | | 28,241 | 41,408 |
| | | | |
| Cash and cash equivalents at 30 June | 12 (a) | 6,665 | 28,241 |

The notes on pages 46 to 72 are an integral part of these financial statements. \ast Restated - refer note 1 (g)



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 12 September 2013 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.

Estimating useful life and residual value of key assets

Various assumptions are required when determining the assets expected useful life, residual value and deprecation rate on capitalized construction projects are discussed in note 2(e)(iii).

Recoverability of trade and other 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 13).

(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 9 financial Instruments This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures amended the mandatory application date of this Standard to 1 January 2015. The Authority has not yet determined the application or the potential impact of the Standard.
- (ii) AASB 13 Fair Value Measurement This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. There is no financial impact. AASB 13 is effective for annual periods beginning on or after 1 January 2013.
- (iii) AASB 119 Employee Benefits This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements. The Authority does not have any defined benefit plans, and therefore the financial impact will be limited to the effect of discounting annual leave and long service leave liabilities that were previously measured at the undiscounted amounts. AASB 119 is effective for annual periods beginning on or after 1 January 2013.
- (iv) 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.

 AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Authority has not yet determined the application or the potential impact of the Standard.

(g) Correction of prior period errors

(i) Reclassification of term deposits

Previously, the Authority disclosed all term deposits as cash and cash equivalents. Due to the maturity term of certain term deposits being in excess of three months, the deposits have been reclassified to other financial assets with comparative periods presented being restated accordingly.

As this reclassification was made only in the comparative period, the balances in financial position as at 30 June 2012 were restated as follows:

| | Cash and cash equivalents (Note 12(a)) \$'000 | Other financial assets (Note 12(b)) \$'000 |
|--|---|--|
| Balance at 30 June 2012 as previously reported | 42,437 | - |
| Effect of reclassification of term deposits | (14,196) | 14,196 |
| Restated balance at 30 June 2012 | 28,241 | 14,196 |

No restatement is required on 1 July 2011 as all term deposits had maturity term of not more than three months at that date.

Overall total current assets, total assets and net assets of the Authority remained unchanged in 30 June 2012. As a consequence of the above, the reclassification has also had an effect in the statement of cash flows in 30 June 2012 of a \$14,196,000 increase in cash used in investing activities, and a corresponding net decrease in cash and cash equivalents.



1. Basis of preparation cont'

(ii) Recognition of vested lands

The Authority previously did not recognise Crown Land when it was vested in the Authority between 2005 to 2007. The Port should have recognised the land as a contribution from the Government using the fair value determined at the date of vesting. The land that vested in the Authority that was not recognised between 2005 and 2007 is as follows:

- Lots 3128, 3129 and 3130 on deposited plan 27000 which vested to the Port on 9 February 2005.
- Lot 12186 on deposited plan 193685 and Lot 12674 on deposited plan 31085 which vested to the Authority on 19 February 2007.

The total estimated fair value of the land estimated by Landgate (valuation service) at the respective vesting dates was \$5.795 million.

As this restatement was made in a reporting period prior to the comparative period, the balances in financial position as at 1 July 2011 were restated as follows:

| | Property, p equipment (N | | Contributed equity (Note 19) \$'000 |
|---|---------------------------------|------------------------|---|
| Balance at 1 July 2011 as previously reported | : | 151,255 | 2,641 |
| Effect of recognition of land vested in the Authority | 5,795 | | 5,795 |
| Restated balance at 1 July 2011 | 157,050 | | 8,436 |
| | Total non current assets \$'000 | Total assets \$'000 | Total equity \$'000 |
| Balance at 1 July 2011 as previously reported | 154,413 | 205,103 | 44,740 |
| Effect of recognition of land vested in the Authority | 5,795 | 5,795 | 5,795 |
| Restated balance at 1 July 2011 | 160,208 | 210,898 | 50,535 |

In addition, the balances in financial position were also understated as at 30 June 2012, so this resulted in the restatement of the following line items for the year ended 30 June 2012:

| | Property, pla equipment (No | | Contributed equity (Note 19) \$'000 |
|---|---------------------------------|------------------------|---|
| Balance at 30 June 2012 as previously reported | 14 | 6,244 | 2,641 |
| Effect of recognition of land vested in the Authority | 5,795 | | 5,795 |
| Restated balance at 30 June 2012 | 152,039 | | 8,436 |
| | Total non current assets \$'000 | Total assets \$'000 | Total equity \$'000 |
| Balance at 30 June 2012 as previously reported | 150,916 | 203,828 | 46,400 |
| Effect of land vested in the Authority | 5,795 | 5,795 | 5,795 |
| Restated balance at 30 June 2012 | 156,711 | 209,623 | 52,195 |

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 of 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.



2. Summary of significant accounting policies cont'

(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.

(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.



2. Summary of significant accounting policies cont'

(h) Financial instruments

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

- Other financial assets
- 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.

(I) 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 2013.

Employees who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2007. From 16 April 2007, employees who are not members of the Pension, GSS or WSS Schemed 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 GESB 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 or 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.



2. Summary of significant accounting policies cont'

(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. Term deposits due more than 90 days are reclassified as other financial assets.

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.

4. Revenue

Revenue consists of the following items:

| Rendering of services | 2013 \$'000 | 2012 \$'000 |
|-------------------------|----------------|----------------|
| Charges on cargo | 39,001 | 31,439 |
| Charges on ships | 19,622 | 14,631 |
| Shipping services | 7 | 4 |
| Port enhancement charge | 27,626 | 20,913 |
| Interest revenue | 2,118 | 2,287 |
| Rentals and leases | 4,837 | 5,932 |
| Total revenue | 93,211 | 75,206 |

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:

| | 2013 | 2012 |
|--|--------|--------|
| | \$'000 | \$'000 |
| Net gain / (loss) on sale of electricity and water | (285) | 539 |
| Miscellaneous revenue | 572 | 712 |
| | 287 | 1,251 |

6. Depreciation and amortisation expense

| | 2013 \$'000 | 2012 \$'000 |
|------------------------------------|----------------|----------------|
| Depreciation | | |
| Channels and breakwaters | 2,339 | 2,339 |
| Buildings and improvements | 65 | 32 |
| Berths, jetties and infrastructure | 6,035 | 6,145 |
| Plant and equipment | 1,279 | 1,221 |
| Total depreciation | 9,718 | 9,737 |



7. Employee benefits expense

| | 2013 \$'000 | 2012 \$'000 |
|--|----------------|----------------|
| Wages and salaries (a) | 10,352 | 8,582 |
| Superannuation - defined benefit plans (see note 17) | (72) | 823 |
| Long service leave (b) | 38 | 175 |
| Annual leave (b) | 665 | 676 |
| | 10,983 | 10,256 |

- (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

| | 2013 | 2012 |
|------------------------|--------|--------|
| | \$'000 | \$'000 |
| Interest paid | 8,337 | 8,671 |
| Finance costs expensed | 8,337 | 8,671 |

9. Other expenses

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Doubtful debts expense | 63 | 10 |
| Employee on-costs (a) | 638 | 479 |
| Community Service Obligation (b) | 178 | 225 |
| Impairment / (reversal) of assets | 631 | (363) |
| Net loss / (profit) on sale of property plant and equipment | (178) | (3) |
| | 1,332 | 348 |

- (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.

10. Income tax expense

Recognised in the income statement

| Current tax expense | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Current income tax charge | 9,432 | 4,845 |
| Adjustment for prior periods | (939) | (42) |
| | 8,493 | 4,803 |
| | | |
| Deferred tax income | | |
| Origination and reversal of temporary differences | 97 | (440) |
| Adjustment for prior periods | 586 | - |
| | 683 | (440) |
| Total income tax expense | 9,176 | 4,363 |
| Numerical reconciliation between tax expense and pre tax net profit | 2013 \$'000 | 2012 \$'000 |
| Profit for the period | 22,580 | 10,313 |
| Total income tax expense | 9,176 | 4,363 |
| Profit excluding income tax | 31,756 | 14,676 |
| | | |
| Income tax using the statutory tax rate of 30% (2012: 30%) | 9,527 | 4,403 |
| Non-deductible expenses | 2 | - |
| Sundry items | - | 2 |
| | 9,529 | 4,405 |
| Under / (over) provision in prior years | (353) | (42) |
| | | · · - / |



Deferred income tax

| Deferred tax liabilities | 2013 Balance sheet \$'000 | 2012 Balance sheet \$'000 | 2013 Income statement \$'000 | 2012 Income statement \$'000 |
|--|------------------------------------|------------------------------------|---------------------------------------|---------------------------------------|
| Accelerated depreciation for tax purposes | 327 | 178 | 149 | (190) |
| Others | 331 | 101 | 230 | 75 |
| Gross deferred tax liabilities | 658 | 279 | 379 | (115) |
| Deferred tax assets | | | | |
| Employee benefits | 1,263 | 1,329 | 66 | (215) |
| Prepaid rental | 8 | 11 | 3 | 51 |
| Others | 693 | 928 | 235 | (161) |
| Gross deferred tax assets | 1,964 | 2,268 | 304 | (325) |
| | | | | |
| Set-off of deferred tax liabilities pursuant to set-off provisions | (658) | (279) | - | - |
| Net deferred tax assets | 1,306 | 1,989 | - | - |
| Deferred tax benefit/(expense) | - | - | 683 | (440) |

Current tax liabilities

The current tax payable of \$4.665 million (2012: \$0.118 million receivable) represents the amount of income taxes receivable/payable in respect of current and prior financial periods.

11. Dividends

| | 2013 | 2012 |
|--------------------------------------|--------|--------|
| | \$'000 | \$'000 |
| Dividends paid in the financial year | 6,704 | 8,653 |

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% of after tax profits (\$14.7 million). However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2013 have not been provided as they are expected to be declared by the Board and approved by Government after balance date.

A dividend of \$6.704 million (2012: \$8.653 million) in respect of the financial results for the year ended 30 June 2012 was paid by 30 June 2013.

12. (a) Cash and cash equivalents

| | | 2012 | |
|---|--------|-----------|--------|
| | 2013 | Restated* | 2011 |
| | \$'000 | \$'000 | \$'000 |
| Bank balances | 6,665 | 9,901 | 12,241 |
| Call deposits | - | 18,340 | 29,167 |
| Cash and cash equivalents in the statements of cash flows | 6,665 | 28,241 | 41,408 |

(b) Other financial assets

| | | 2012 | |
|---------------|--------|-----------|--------|
| | 2013 | Restated* | 2011 |
| | \$'000 | \$'000 | \$'000 |
| Term deposits | 45,000 | 14,196 | - |
| | 45,000 | 14,196 | - |

^{*} Restated - refer to note 1(g).

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

13. Trade and other receivables

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Current | | |
| Receivables | 17,089 | 10,274 |
| Less: allowance for impairment of receivables | (103) | (40) |
| | 16,986 | 10,234 |
| Prepayments | 58 | 123 |
| | 17,044 | 10,357 |
| Reconciliation of changes in the allowance for impairment of receivables: | | |
| Balance at start of year | 40 | 36 |
| Bad debts written off against provision | 0 | (6) |
| Doubtful debts expense recognised in the income statement | 63 | 10 |
| Balance at end of year | 103 | 40 |

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.



13. Trade and other receivables cont'

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

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Not more than 3 months | 14,640 | 10,074 |
| More than 3 months but less than 6 months | 2,212 | 61 |
| More than 6 months but less than 1 year | 30 | 5 |
| More than 1 year | 104 | 94 |
| | 16,986 | 10,234 |

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

Non Current

| | 2013 \$'000 | 2012 \$'000 |
|-------------------|----------------|----------------|
| Other receivables | 2,012 | 2,683 |
| | 2,012 | 2,683 |

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. During the year, \$925,000 was written off as impaired due to uncertainty regarding the timeframes for progression of the Oakajee Port Project.

14. Property, plant and equipment

| | Channels and | Land | Buildings and | Plant and | Berths, Jetties and | Work in | 2.200.000 |
|---|-----------------------|---------------------|------------------------|---------------------|--------------------------|--------------------|-----------------|
| | Breakwaters \$'000 | Restated* \$'000 | improvements \$'000 | equipment \$'000 | Infrastructure \$'000 | Progress \$'000 | Total \$'000 |
| Cost or deemed cost | | | | | | | |
| Balance at 1 July 2011 as previously reported | 98,210 | 1,109 | 1,291 | 35,256 | 97,037 | 507 | 233,410 |
| Effect of land vested in the Authority | - | 5,795 | - | - | - | - | 5,795 |
| Restated balance at 1 July 2011 | 98,210 | 6,904 | 1,291 | 35,256 | 97,037 | 507 | 239,205 |
| Additions | - | - | 357 | 364 | 1 | 2,514 | 3,236 |
| Reclassification from assets held for sale | - | - | - | - | 1,589 | - | 1,589 |
| Transfer from work in progress | - | - | - | 669 | - | (773) | (104) |
| Disposal | | - | - | (220) | - | - | (220) |
| Balance at 30 June 2012 | 98,210 | 6,904 | 1,648 | 36,069 | 98,627 | 2,248 | 243,706 |
| Additions | - | - | 385 | 1,832 | - | 2,346 | 4,563 |
| Transfer from work in progress | - | - | 294 | 996 | - | (1,290) | - |
| Disposal | | - | - | (801) | - | (510) | (1,311) |
| Balance at 30 June 2013 | 98,210 | 6,904 | 2,327 | 38,096 | 98,627 | 2,794 | 246,958 |
| | | | | | | | |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at 1 July 2011 | 19,935 | - | 492 | 17,025 | 44,703 | - | 82,155 |
| Depreciation for the year | 2,339 | - | 32 | 1,221 | 6,145 | - | 9,737 |
| Disposal | | - | _ | (225) | _ | - | (225) |
| Balance at 30 June 2012 | 22,274 | - | 524 | 18,021 | 50,848 | - | 91,667 |
| Depreciation for the year | 2,339 | - | 65 | 1,279 | 6,035 | - | 9,718 |
| Impairment loss | - | - | - | - | - | 631 | 631 |
| Disposal | | - | - | (770) | - | - | (770) |
| Balance at 30 June 2013 | 24,613 | - | 589 | 18,530 | 56,883 | 631 | 101,246 |
| | | | | | | | |
| Carrying amounts | | | | | | | |
| At 1 July 2011 | 78,275 | 6,904 | 799 | 18,231 | 52,334 | 507 | 157,050 |
| At 30 June 2012 | 75,936 | 6,904 | 1,124 | 18,048 | 47,779 | 2,248 | 152,039 |
| At 30 June 2013 | 73,597 | 6,904 | 1,738 | 19,566 | 41,744 | 2,163 | 145,712 |

^{*} Restated - refer note 1 (g)



15. Trade and other payables

| Current | 2013 \$'000 | 2012 \$'000 |
|------------------------|----------------|----------------|
| Trade payables | 1,244 | 5,688 |
| Other payables | 194 | 339 |
| GST payable | 858 | 607 |
| Accrued expenses | 1,370 | 2,321 |
| Other accrued interest | 1,541 | 1,616 |
| | 5,207 | 10,571 |

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.

| | 2013 \$'000 | 2012 \$'000 |
|--|----------------|----------------|
| Current liabilities | + 555 | + 555 |
| Direct borrowings WATC | 7,379 | 6,970 |
| Finance lease liabilities | 19 | 15 |
| | 7,398 | 6,985 |
| Non-current liabilities | | |
| Direct borrowings WATC | 126,170 | 133,550 |
| Finance lease liabilities | 58 | 78 |
| | 126,228 | 133,628 |
| Financing arrangements | | |
| The Authority has access to the following lines of credit from the WATC: | | |
| Total facilities available: | | |
| Direct and special borrowings | 135,700 | 147,600 |
| | 135,700 | 147,600 |
| Facilities utilised at reporting date: | | |
| Direct and special borrowings | 133,548 | 140,520 |
| | 133,548 | 140,520 |
| Facilities not utilised at reporting date: | | |
| Direct and special borrowings | 2,152 | 7,080 |
| | 2,152 | 7,080 |

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 of \$55.5m (2012: \$55.5m) is to be repaid by 2034.

All interest bearing borrowings are unsecured.

The fair value of these loans as at 30 June 2013 was \$142,372,417 (2012: \$153,174,282).

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.

| 2013 | | | | Fixed into | erest rate | | | |
|---|----------------------------|-------------------------------|----------------------------------|---|---|----------------------------------|-------------------------------------|---------------------------|
| | Variable interest rate | 1 year or less | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 4 years | Over 4 to 5 years | More than 5 years | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Interest bearing borrowings: | | | | | | | | |
| Direct borrowings | 66,796 | 6,558 | 6,995 | 7,460 | 7,131 | 3,535 | 35,073 | 133,548 |
| Finance lease liabilities | _ | 19 | 21 | 23 | 15 | - | _ | 78 |
| | 66,796 | 6,577 | 7,016 | 7,483 | 7,146 | 3,535 | 35,073 | 133,626 |
| 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 | | |
| | | | | | | | | |
| 2012 | | | | Fixed into | erest rate | | | |
| 2012 | Variable interest rate | 1 year or less | Over 1 to 2 years | Fixed into Over 2 to 3 years | Over 3 to 4 years | Over 4 to 5 years | More than 5 years | Total |
| 2012 | interest | | 0.00 | Over 2 to | Over 3 to | | than 5 | Total \$'000 |
| 2012 Interest bearing borrowings: | interest rate | less | 2 years | Over 2 to 3 years | Over 3 to 4 years | 5 years | than 5 years | |
| Interest bearing | interest rate | less | 2 years | Over 2 to 3 years | Over 3 to 4 years | 5 years | than 5 years | |
| Interest bearing borrowings: | interest rate \$'000 | less \$'000 | 2 years \$'000 | Over 2 to 3 years \$'000 | Over 3 to 4 years \$'000 | 5 years \$'000 | than 5 years \$'000 | \$'000 |
| Interest bearing borrowings: Direct borrowings | interest rate \$'000 | less \$'000 | 2 years \$'000 | Over 2 to 3 years \$'000 | Over 3 to 4 years \$'000 | 5 years \$'000 | than 5 years \$'000 | \$'000 140,520 |
| Interest bearing borrowings: Direct borrowings | interest rate \$'000 | less \$'000 6,149 15 | 2 years \$'000 6,558 20 | Over 2 to 3 years \$'000 6,995 21 | Over 3 to 4 years \$'000 7,460 23 | 5 years \$'000 7,131 14 | than 5 years \$'000 42,555 | \$'000 140,520 93 |
| Interest bearing borrowings: Direct borrowings Finance lease liabilities Weighted average | interest rate \$'000 | less \$'000 6,149 15 | 2 years \$'000 6,558 20 | Over 2 to 3 years \$'000 6,995 21 | Over 3 to 4 years \$'000 7,460 23 | 5 years \$'000 7,131 14 | than 5 years \$'000 42,555 | \$'000 140,520 93 |



17. Provisions

| Current | 2013 \$'000 | 2012 \$'000 |
|--------------------------------------|----------------|----------------|
| Sick leave | 703 | 699 |
| Annual leave (a) | 1,014 | 895 |
| Long service leave (b) | 286 | 378 |
| Superannuation (c) | 77 | 75 |
| | 2,080 | 2,047 |
| | | |
| Non-current | | |
| Long service leave (b) | 255 | 267 |
| Superannuation (c) | 2,416 | 2,565 |
| Provision for site remediation costs | 1,401 | 1,322 |
| | 4,072 | 4,154 |

(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:

| | 2013 | 2012 |
|--|--------|--------|
| | \$'000 | \$'000 |
| Within 12 months of balance sheet date | 1,014 | 895 |
| More than 12 months after balance sheet date | - | - |
| | 1,014 | 895 |

(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:

| | 2013 \$'000 | 2012 \$'000 |
|--|----------------|----------------|
| Within 12 months of balance sheet date | 286 | 378 |
| More than 12 months after balance sheet date | 255 | 267 |
| | 541 | 645 |

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.

| | 2013 | 2012 |
|--|--------|--------|
| | \$'000 | \$'000 |
| Amounts recognised in the balance sheet: | | |
| Present value of unfunded obligations | 2,493 | 2,640 |
| | 2,493 | 2,640 |
| Reconciliation of movement in the present value of the unfunded obligations recognised in the balance sheet: | | |
| Opening balance | 2,640 | 1,891 |
| Current service cost | - | - |
| Interest cost | 74 | 98 |
| Actuarial loss/(gain) on liabilities | (146) | 725 |
| Benefits paid (including expenses and taxes) | (75) | (74) |
| | 2,493 | 2,640 |
| Amounts recognised in the income statement: | | |
| Current service cost | - | - |
| Interest cost | 74 | 98 |
| Actuarial gain recognised | (146) | 725 |
| | (72) | 823 |
| Historic summary: | | |
| Defined benefit plan obligation | 2,493 | 2,640 |
| Plan assets | - | - |
| | 2,493 | 2,640 |
| Experience adjustments arising on plan liabilities (gain)/loss | | |
| | | |
| Principal actuarial assumptions: | | |
| Discount rate | 3.38% | 2.84% |
| Expected future salary increases | 5.00% | 5.50% |
| 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(I).

Movements in provisions

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

| | 2013 \$'000 | 2012 \$'000 |
|---------------------------------|----------------|----------------|
| Retirement benefit obligations | | |
| Carrying amount at 1 July | 2,640 | 1,891 |
| Provisions made during the year | (72) | 823 |
| Amounts utilised in the year | (75) | (74) |
| Carrying amount at 30 June | 2,493 | 2,640 |



18. Other liabilities

19.

| Current | | | 2013 \$'000 | 2012 \$'000 |
|---|-------|----------------|-----------------------------|-----------------------------|
| | | | 18 | 36 |
| Prepaid rental income | | | 10 | 30 |
| Non-current | | | | |
| Prepaid rental income | | | - | 7 |
| | | | | |
| Equity | | | | |
| | Notes | 2013 \$'000 | 2012 Restated* \$'000 | 2011 Restated* \$'000 |
| Contributed equity | | | | |
| Balance at start of the year as previously reported | | 8,436 | 8,436 | 2,641 |
| Effect of land vested in the Port | | - | - | 5,795 |
| Restated balance at the start of the year | | 8,436 | 8,436 | 8,436 |
| Capital contributions | | - | - | - |
| Balance at end of year | | 8,436 | 8,436 | 8,436 |
| | | | | |
| Retained earnings | | | | |
| Balance at start of year | | 43,759 | 42,099 | |
| Profit for the period | | 22,580 | 10,313 | |
| Dividends paid | 11 | (6,704) | (8,653) | |
| Balance at end of year | | 59,635 | 43,759 | |

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 | 2013 \$'000 | 2012 \$'000 |
|--|------|----------------|----------------|
| Balance at start of year | | - | 1,226 |
| Re-classification to Plant & Equipment | | - | (1,226) |
| Balance at end of year | | - | - |

21. Reconciliation of cash flows from operating activities

| | Notes | 2013 \$'000 | 2012 \$'000 |
|---|-------|----------------|----------------|
| Cash flows from operating activities | | | |
| Profit for the period | | 22,580 | 10,313 |
| Adjustments for: | | | |
| Depreciation | 6 | 9,718 | 9,737 |
| Impairment / (reversal) of assets | 14 | 631 | (363) |
| Interest expense | 8 | 8,337 | 8,671 |
| Interest revenue | | (2,118) | (1,993) |
| Loss/(Profit) on sale of property, plant and equipment | 9 | (178) | (3) |
| Income tax expense | 10 | 9,176 | 4,363 |
| Operating profit before changes in working capital and provisions | | 48,146 | 30,725 |
| Change in trade and other receivables | | (5,087) | (3,375) |
| Change in trade and other payables | | (5,256) | 5,688 |
| Change in provisions and employee benefits | _ | (49) | 1,214 |
| | | (10,392) | 3,527 |
| Interest paid | | (8,602) | (8,752) |
| Interest received | | 1,814 | 2,128 |
| Income taxes paid | _ | (3,708) | (9,323) |
| Net cash from operating activities | _ | 27,258 | 18,305 |



22. Financial instruments

(i) Financial risk management objectives and policies

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

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

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Authority's income of 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 and cash and cash equivalents. 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 for variable rate instrument

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

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

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

| Interest rate risk 2013 | Carrying Amount \$'000 | +0.50% change Profit \$'000 | -0.25% change Profit \$'000 |
|-----------------------------|------------------------------|--------------------------------------|--------------------------------------|
| Financial Assets | | | |
| Bank balances | 6,665 | 33 | (17) |
| | | | |
| Financial Liabilities | | | |
| Interest bearing borrowings | | | |
| Variable rate | 66,796 | (334) | 167 |
| Total (Decrease)/Increase | | (301) | 150 |

| Interest rate risk 2012 Financial Assets | Carrying Amount \$'000 | +0.50% change Profit \$'000 | -0.25% change Profit \$'000 |
|--|------------------------------|--------------------------------------|--------------------------------------|
| Bank balances | 9,901 | 50 | (25) |
| | | | |
| Financial Liabilities | | | |
| Interest bearing borrowings | | | |
| Variable rate | 63,672 | (318) | 159 |
| Total (Decrease)/Increase | | (268) | 134 |

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 & 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.



| | | Including interest | | | | |
|-----------------------------|------------------------------|-----------------------------|---------------------|---------------------|---------------------|--------------------------------|
| Financial liabilities 2013 | Carrying amount \$'000 | 6 mths or less \$'000 | 6-12 mths \$'000 | 1-2 years \$'000 | 2-5 years \$'000 | More than 5 years \$'000 |
| Trade and other payables | 5,207 | 5,207 | - | - | - | - |
| Interest bearing borrowings | 133,626 | 7,686 | 7,607 | 15,121 | 40,358 | 123,565 |
| | 138,833 | 12,893 | 7,607 | 15,121 | 40,358 | 123,565 |
| 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 |

(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 | 2013 \$'000 | 2012 \$'000 |
|-----------------------------|-------|----------------|----------------|
| Financial assets | | | |
| Cash and cash equivalents | | 6,665 | 28,241 |
| Other financial assets | | 45,000 | 14,196 |
| Trade and other receivables | | 17,044 | 10,357 |
| Financial liabilities | | | |
| Trade and other payables | | 5,207 | 10,571 |
| Interest bearing borrowings | | 133,625 | 140,613 |

The fair value of interest bearing liabilities is \$142,372,417 (2012: \$153,174,282)

(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

| Within 1 year 1,250 - Later than 1 year and not later than 5 years - - Later than 5 years 1,250 - (ii) Lease commitments Notes 2013 2012 Notes \$'000 \$'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 346 445 445 Later than 1 year and not later than 5 years 1,623 1,902 Later than 5 years - - - Representing: - 1,969 2,347 Representing leases 1,969 2,347 | Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows: | Notes | 2013 \$'000 | 2012 \$'000 |
|--|---|-------|----------------|----------------|
| Later than 5 years | Within 1 year | | 1,250 | - |
| (ii) Lease commitments Notes Notes 1,250 2013 2012 Notes \$'000 \$'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 Within 1 year and not later than 5 years Later than 1 year and not later than 5 years 1,623 1,902 Later than 5 years 1,969 2,347 Representing: Cancellable operating leases 1,969 2,347 | Later than 1 year and not later than 5 years | | - | - |
| (ii) Lease commitments Notes 2013 2012 \$'000 \$'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 At the part of the financial statements as liabilities are payable as follows: Within 1 year and not later than 5 years Later than 1 year and not later than 5 years 1,623 1,902 Later than 5 years | Later than 5 years | | | - |
| Notes Notes \$2013 \$2012 \$7000 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 Later than 1 year and not later than 5 years Later than 5 years Representing: Cancellable operating leases 1,969 2,347 | | | 1,250 | - |
| Later than 1 year and not later than 5 years 1,623 1,902 Later than 5 years - - 1,969 2,347 Representing: Cancellable operating leases 1,969 2,347 | Lease commitments in relation to leases contracted for at the balance sheet date but not recognised in the financial | Notes | | |
| Later than 5 years - | Within 1 year | | 346 | 445 |
| 1,969 2,347 Representing: 1,969 2,347 Cancellable operating leases 1,969 2,347 | Later than 1 year and not later than 5 years | | 1,623 | 1,902 |
| Representing: Cancellable operating leases 1,969 2,347 | Later than 5 years | | - | - |
| Cancellable operating leases 1,969 2,347 | | | 1,969 | 2,347 |
| | Representing: | | | |
| 1,969 2,347 | Cancellable operating leases | | 1,969 | 2,347 |
| | | | 1,969 | 2,347 |

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

(iii) Operating leases receivable

| Future minimum rentals receivable for operating leases at reporting date: | Notes | 2013 \$'000 | 2012 \$'000 |
|---|-------|----------------|----------------|
| Within 1 year | | 3,452 | 3,767 |
| Later than 1 year and not later than 5 years | | 9,778 | 9,908 |
| Later than 5 years | | 14,104 | 16,556 |
| | | 27,334 | 30,231 |

Operating leases receivable are in respect of property rentals.



24. Remuneration of auditor

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

| | | 2013 | 2012 |
|--|-------|--------|--------|
| | Notes | \$'000 | \$'000 |
| Auditing the accounts and financial statements | | 59 | 57 |

25. Related parties

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

I King

K Godfrey

B Boelen

S Chamarette

N Ashcroft

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 of the Authority, in future financial years.

Directors' declaration

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

- (a) the financial statements and notes 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 2013 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:

Lunghing

IAN KING Chairman 12th September 2013 KAREN GODEREY

KAREN GODFREY
Deputy Chair
12th September 2013





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 2013, 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 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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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 2013 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
18 September 2013



