ANNUAL REPORT
2013 / 2014

Geraldton Port Authority

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Board Directors

IAN KING
Chairman

NOEL ASHCROFT

BART BOELEN

STEVE CHAMARETTE

KAREN GODFREY (Resigned)

Executive Officers

PETER KLEIN
Chief Executive Officer

DAVID GELDART
General Manager - Corporate Services

LINDSAY MORRISON
General Manager - Landside Operations

MARTIN NORTH
Harbour Master/Marine Manager

BEN MYNOTT
HSEQ Manager

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IAN KING
Chairman

From the Chairman

Management System

During the year, the Directors continued their promotion of the Authority's integrated management system which is directly linked with the organisational goal to continuously improve the port's business systems and processes. The GPA management system has been developed in compliance with AS/NZS 4801 and AS/NZS ISO 9001 & 14001 underpins our organisational performance and culture.

Health and safety reports are presented monthly to the Board by the Chief Executive Officer and I am pleased to report that there were no lost time injuries incurred by staff during 2013/14. Third party audits have confirmed compliance with the system's requirements.

I am also pleased that the Office of Rail Safety reconfirmed the Authority's accreditation as a Rail Terminal Operator as a consequence of our compliance with their accreditation requirements.

Ports Governance Review

During 2013/14 planning was on-going for the implementation of amendments to the Port Authorities Act (1999) proposed as a consequence of the State Government's Ports Governance Review. This review was conducted to ensure that WA ports could continue to meet the increasing demand for port services resulting from a rapidly growing economy driven largely by the resources sector.

The change of name to the Mid West Ports Authority which came into effect on 1 July 2014 reflects the amalgamation of Geraldton Port with the proposed port of Oakajee and the intention to transfer the marine safety responsibilities currently delivered by the Department of Transport at the Shipping and Pilotage Act port facilities at Useless Loop and Cape Cuvier.

In addition to the port authority amalgamations the other key changes created by the amended Port Authorities Act (1999) include the following;

- Removal of customer representation on port authority boards;
- The requirement for port authorities to establish a community consultation committee to promote information sharing with the public;
- A positive duty to comply with State budgetary requirements is established;
- The right of port authorities to operate "on any day and at any time" is established; &
- The Minister may require payment of an interim dividend.

While the Geraldton Port Authority's name changed on 1 July 2014, its legal status, ABN, senior management, office address and contact details will remain the same.

I am pleased to confirm that all four previous directors of the Authority were reappointed onto the Mid West Ports Authority (MWPA) board. I also have pleasure in welcoming back Kim Halbert as MWPA's fifth director whose directorship commenced on 1 July 2014. Kim served as a director with the Authority from 1997 to 2006 and his experience is a welcome addition to the board's composition.

Oakajee

While the Authority is disappointed in the current status of the Oakajee development we remain hopeful that demand for Mid West iron ore will rekindle this project in the near future. A key organisational goal is to develop sustainable infrastructure at Oakajee and this is driven by the recognised need for a Cape Class deep water port in the Mid West.

The opportunity for its development is being further driven by the realisation that Geraldton Port is rapidly approaching its physical capacity and that further accommodation of regional trade is dependent on a new port being available.

Financial Result

The Authority delivered another strong financial result as a consequence of higher trade and diligent cost controls. For the year to 30 June 2014, tax equivalents and dividend payments to the State Government totalled $27.1M. This compares to payments of $23.9 million attributable to the 2012/13 year.

Governance

The Board has enjoyed a period of membership stability since July 2012 when Noel Ashcroft was appointed Director. However, during 2014 Karen Godfrey gained employment with a port customer and consequently elected to resign from her Board position.

Karen was first appointed to the Board in October 2009 and at the time of her retirement was the Deputy Chair and a valuable Board member. On behalf of my fellow Directors I wish Karen the best of luck with her future endeavours.

Also on behalf of the Board, I thank the Chief Executive, staff members and our contractors for their commitment and hard work demonstrated during 2014.

Looking ahead, a more comprehensive maintenance program to ensure the port has an ability to manage Mid West trade prior to the introduction of Oakajee Port and a less vibrant iron ore sector will present future challenges to the organisation, particularly in terms of its ability to sustain the financial performances achieved over the last few years.

I also wish to thank our customers and other business partners for their continued operations and ongoing support. Our focus on reinvestment in port assets over the planning period is intended to consolidate the Authority's position and we look forward to sustaining and improving performance metrics for many years to come.

IAN KING
Chairman

PETER KLEIN
Chief Executive Officer

Chief Executive Officer Report

Trade

In calendar year 2013, trade grew 48%, a performance recognised by Lloyds List as the second fastest trade growth experienced by any Australian port during that year. This has been followed by a further 20% trade growth in 2013/14. In total over the last two financial years trade has grown a total of 73%.

This trade growth was made possible by more than a billion dollars of State Government and private sector investment in port and access infrastructure over the last decade. These investments include the State Government's Southern Transport Corridor, the Authority's Port Enhancement Project and its Berth 5 Iron Ore Facility development combined with Karara Mining's construction of an integrated Berth 7 magnetite facility and Brookfield's Morawa to Narngulu track upgrade project.

Not surprisingly, planning for rapid trade growth has been the principle feature of the Authority's strategy and management effort. This trade growth was preceded by a thorough review of the port's physical and human resources that resulted in the following key changes;

1. The introduction of an integrated HSEQ management system;
2. Reconfiguration of how Berth 4 & 5 shiploading services are provided, with a particular focus on maintenance and safety management.
3. The procurement of a second pilot boat to reduce pilot transfer times and introduce service redundancy;
4. The mobilisation of a third tug and the introduction of additional crews by towage provider Svitzer;
5. The employment of shipping schedulers to support the marine function;

6. The employment and training of a fifth marine pilot; &
7. Additional coxswains to provide on-demand pilot transfer services.

IT and Asset Management

Looking ahead the commitment to continuous improvement means that change is on-going with effort now focussed on delivering innovation and productivity via a software upgrade and transitioning our maintenance approach to a whole of life strategic asset management system.

The software project has involved the dual contracting of software suppliers IFS Australia to provide an Enterprise Resource Management system and Objective's record management system. This latter system is assessed as being compliant with the State's record keeping requirements. Implementation will continue into the new financial year.

The Authority's transition to delivering maintenance services within the framework of a whole of life asset management plan commenced with the delivery of a risk based asset condition assessment during 2013/14. Delivered by the Authority's engineering team, the asset condition assessment covered all port marine and common user bulk handling facility assets at the port.

The asset condition and consequence rating system that supported this work was aligned with the early recommendations of Ports Australia's Wharf Structures Condition Assessment Manual (WSCAM), making the Authority one of the first ports in Australia to accomplish this.

The asset condition assessment will form a strong baseline for the Authority's future asset management program and will underpin the prioritisation and justification of future investment decisions and funding applications to Government.

Harbour Surge

Geraldton's unique and complex harbour surge is an on-going source of productivity loss and reduces berth availability by 10 to 15% per annum. Breaking mooring lines caused by harbour surge is also a major source of operating risk with a record 240 lines breaking in 2007. Current initiatives including the application of a surge management system has reduced the number of breaking lines to 71 in 2014 despite significantly higher berth occupancy.

A cost analysis undertaken by the Authority earlier this year, in consultation with port customers, estimated that harbour surge delay costs of $4.2 million are incurred annually. These costs incorporate additional port and towage charges, demurrage & short loading expenses.

In a concerted effort to reduce the cost and impact of surge delays on port operations, in late May 2014, the Authority hosted a surge symposium involving Australian and international subject matter experts.

The outcome was a greater appreciation of the complexity of Geraldton's long period wave climate and a realisation that the mitigation effort is likely to involve a combination of smaller initiatives rather than the delivery of a single economically feasible solution, which does not appear to exist. These initiatives could include the delivery of an advanced threshold management system, the potential introduction of mooring innovation such as Shore Tension or Moor Master units and finally and less likely are physical adjustments within the harbour or its approaches.

Potential solutions are currently under detailed investigation and it is expected that changes to the threshold management system could be introduced within the next 12 months.

China Relations

Geraldton Port's linkages with China developed further during 2014 on a number of fronts.

In September 2013, port agreements with Top Iron were signed and these agreements have established Top Iron as the next Mid West iron ore exporter to secure an export pathway via Geraldton Port. China's Shanxi Jianbang Group is a major investor in Top Iron and their steel mill at Linfen in Shanxi Province will feature as the principal off-take partner. The agreements provide for the receival, storage and export of the company's product through the port and their operations are scheduled to commence in late 2014.

In addition the Authority and other Mid West organisations including the City of Greater Geraldton, the Mid West Development Commission, the Chamber of Commerce & Industry and the Australia China Business Council, entered into a MOU in the presence of the Chinese Consul General Dr Huang Qinguo during the Consul General's visit to Geraldton in May 2014. The MOU commits the Mid West organisations to promote cooperation, regional investment and to exchange views in the formulation of relevant policies.

It is also noteworthy that 75% of all trade handled at Geraldton Port either originated from or is destined for Chinese markets.

Stakeholder Relations

The Authority has also actively managed its external stakeholder relationships and has appreciated the support provided particularly by the City of Greater Geraldton. Joint initiatives with the City progressed during the course of 2014 included;

- Beresford Foreshore Coastal Protection and Enhancement Project;

- Sand by-passing to replenish and stabilise the Northern Beaches; &
- The Eastern Breakwater enhancement.

The Eastern Breakwater enhancement in particular, satisfied an important commitment that underpinned approval for delivering the Port Enhancement Project during 2002/03. The Authority's commitment to this project, which was delivered by the City of Greater Geraldton, totalled $2.1M. Renamed the Esplanade, as a historical reference to the Esplanade Jetty, the facility now offers wonderful city and port views and is a prized community asset.

Port Enhancement

Since delivery of the Port Enhancement Project in 2003 the Authority has been levying a fee to service the initial $106M debt which was provided by the Western Australian Treasury Corporation.

As a consequence principally of higher than forecast iron ore trade, the Authority's cash position allowed it to consider the early payment of a balloon sum of $26.9M that was scheduled for payment in July 2022. Market conditions delivered a net benefit to the Authority by executing this payment on 16 June 2014. The balance of this debt at 30 June 2014 stood at $69.1M.

Development

For the first time in many years the port is not supporting any construction activity, we are in a period of consolidation and consequently, our focus is increasingly on improving operating performance throughout the port.

This leads to a focus on;

- Berth 4 & 5 shiploading activities to further improve plant reliability and consolidate single tide loading at Berth 5;
- amending vessel operating thresholds to enable the use of longer and wider ships and to reduce sea freight costs from Geraldton;
- coordinating marine activities to reduce time required to depopulate and repopulate our busiest berths; &
- Refining the dynamic under keel clearance system and its application to ensure that each vessel achieves its maximum departure draught.

While an 11 million tonne per annum export allocation is held to support Asia Iron Australia's magnetite project there is only limited ability to enter into new long term handling agreements. Some short term opportunities exist, particularly in respect to the full utilisation of existing storage and handling capacity and a number of proposals are under consideration.

The limited expansion opportunity at Geraldton further reinforces the need for the development of Oakajee Port to create opportunity for the material development of the Mid West iron ore province.

Mid West Ports Authority

The Authority which has operated since 1969 ceased trading under this name on 30 June 2014 when it became known as the Mid West Ports Authority.

This Authority will ultimately provide port authority services at Geraldton and Oakajee Ports and it is also intended that the Mid West Ports Authority will absorb the services currently provided by the Department of Transport to the ports at Useless Loop and Cape Cuvier. Work in preparation for these changes is on-going.

I would like to thank port authority staff and our major contractors, suppliers and customers for the important roles they have played in enabling the Authority to deliver the record 2013/14 trade performance. The effort in planning and executing strategy in preparation for the surge in trade was substantial and well done. This is an achievement we can all reflect on with some pride.

I would also like to thank Ian King, the Authority's Chairman and his fellow directors for their hard work and on-going support. We look forward to consolidating our performance in 2014/15.

PETER KLEIN

Chief Executive Officer

2013/14 Highlights

Total trade of 18.5 million tonnes was the eighth consecutive annual trade record recorded at Geraldton Port;

Since 2003 total annual trade has grown by more than 600%;

1,027 shipping movements completed in 2013/14 - for the first time total annual pilotage assisted ship movements exceeded 1,000 movements;

Lloyds List reports that Geraldton Port's 48% trade growth in calendar year 2013 was the second highest trade growth achieved by an Australian port;

Iron ore represented more than 78% of total Geraldton Port trade and grain, the second most important commodity, contributed just 10.5% of total trade;

Growth in iron ore exports has reduced imports as a percentage of total Geraldton Port trade to just 4%;

75% of all trade transferred at Geraldton Port either originated from or is destined for China, the next most significant market is Indonesia accounting for just 4%;

Port agreements were entered into with Top Iron and preparations to accommodate their start-up iron ore exports were progressed;

A commitment was made to develop and implement a Reconciliation Action Plan to promote cultural awareness and to support the reconciliation process;

Zero lost time injuries were incurred by Authority staff and its Health, Safety, Environment & Quality Management System was third party certified as being compliant with AS/NZS 4801, ISO 14001 & ISO 9001;

The Authority's Rail Safety Management System met the standards set by the WA Office of Rail Safety and the Terminal Operator accreditation was renewed;

Significant steps were taken to implement a whole of life strategic asset management plan and a condition assessment and project prioritisation tool was developed to support the on-going implementation and management of this plan;

The Authority took delivery of a new pilot boat in December 2013 and this vessel "Glengarry" constructed by Hart Marine has had a seamless introduction into service;

A symposium to identify strategies to mitigate delays caused by Geraldton's long period wave was conducted and involved Australian and international subject matter experts. The symposium outcomes are being assessed and prioritised based on their mitigation potential and feasibility.

Overview

The 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 5.67 million tonnes of iron ore in 2013/14, down from the record 6.61 million tonnes in the previous year and a total of almost 36 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	Declared Depth >Lat	Declaration Date	Sounding Date
Berth 1 - 47 m x 45 m	3.75	9.8 m	**9.1 m**	18/11/2013	Nov-13
Berth 2 - 218 m x 45 m	3.75	9.8 m	**9.7 m**	18/11/2013	Nov-13
Berth 3 - 235 m x 40 m	3.58	13.4 m	**12.9 m**	18/11/2013	Nov-13
Berth 4 - 245 m x 40 m	3.08	13.4 m	**12.8 m**	18/11/2013	Nov-13
Berth 5 - 250 m x 40 m	3.51	13.4 m	**13.3 m**	18/11/2013	Nov-13
Berth 6 (limit 10m from North end) 195m x 53m	3.51	12.4 m	**12.4 m**	18/11/2013	Nov-13
Berth 7 - 300 m x 40 m	3.51	13.4 m	**13.1 m**	18/11/2013	Nov-13

Channel Box	Design Depth	Declared Depth > Lat	Declaration Date	Sounding Date
Harbour Basin	12.4 m	**12.4 m**	18/11/2013	Nov-13
Inside W'n B'water Beacon 20 to 22	12.8 m 300 x 200 m	**12.6 m**	18/11/2013	Nov-13
Beacon 20	13.1 m 225 x 200 m	**13.1m 225 x 165 m**	18/11/2013	Nov-13
Beacon 16 to 20	13.5 m 1020 x 180 to 230 m @ Bn16	**13.2 m 1020 x > 175 @ Bn 18**	18/11/2013	Nov-13
Beacon 4 to 14	14.0 m 3050 x 180 m	**13.8 m 3050 x 180 m**	18/11/2013	Nov-13
Beacon 2	14.5 m 180m wide	**14.1 m 189m wide**	18/11/2013	Nov-13
North Channel over Reef	9.1 m on leads Allow 7 m + 50% Tide	**9.1 m in channel**	21/01/2013	Oct-12

Notes: Moving ships Static UKC = 12.3 m - 0.6 m + tide. Alongside = Berth depth - 0.3 m

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 was recently upgraded at Geraldton Bulk Handling's expense to create a faster, more efficient linkage between the train unloader and 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 2013/14 Karara Mining (KML) consolidated the operation of their new port infrastructure which incorporated a new rail (4th track) into the port, a dual wagon rotary unloader, a 275,000 tonne storage facility, a new berth (Berth 7) and shiploader and associated materials handling infrastructure. KML routinely achieved the targeted single tide ship loading using their Berth 7 infrastructure.

In addition to the traditional trade in grain, mineral sands, 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 delivered its functions and services in accordance with the Port Authorities Act (1999). The Act provides the Authority 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 Authority is required to act in accordance with prudent commercial principles and in compliance with its Environmental Licence issued by the Department of Environment Regulation.

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

Role of the Board

The Board of the 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 Authority. The directors develop the Authority's rolling five year strategic development plan and annual statement of corporate intent and to submit the annual and half yearly reports to the Minister for Transport.

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

The Authority is governed by a Board comprising 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 a director.

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

Directors are paid out of the funds of the Authority. Such remuneration as determined by the Minister.

Conflicts of Interests

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

The 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 Authority's performance. It must also include in this report commentary on any significant issue relating to its performance.

Financial Administration

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

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

Codes of Conduct

The Authority places the highest emphasis on ethical behaviour in the workplace. As such, the Board has developed a Code of Conduct that applies to all Board members and employees.

The Code of Conduct 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 noticeboards throughout the worksite. The Code of Conduct is supported by a suite of human resource procedures designed to ensure that the actions and decisions we make are made in a transparent, impartial and unbiased way.

The Code of Conduct is reviewed by the Board biennially and a compliance report is submitted to the Minister annually in accordance with sections 21 and 23 of the Port Authorities Act (1999).

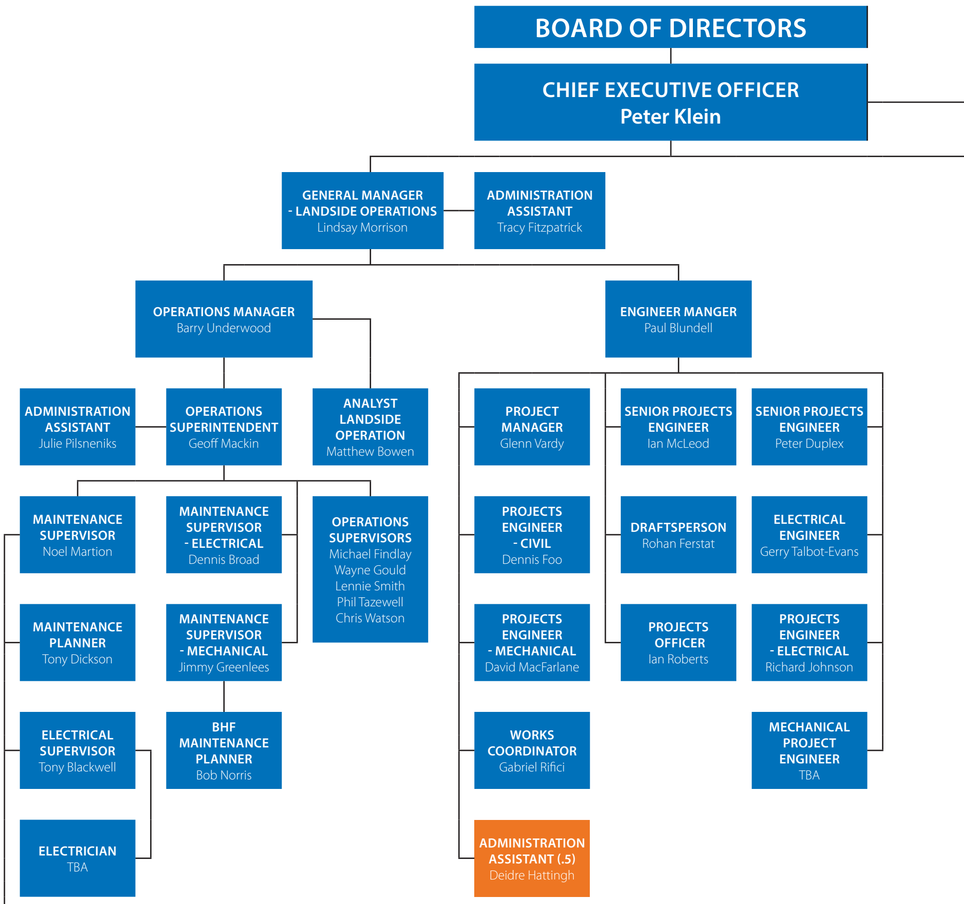
Record Keeping

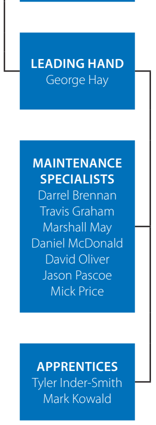
An audit of the Authority's record keeping plan in 2013 identified a number of improvement opportunities and resulted in enhancements to the Authority's record keeping resources and improved record keeping capability.

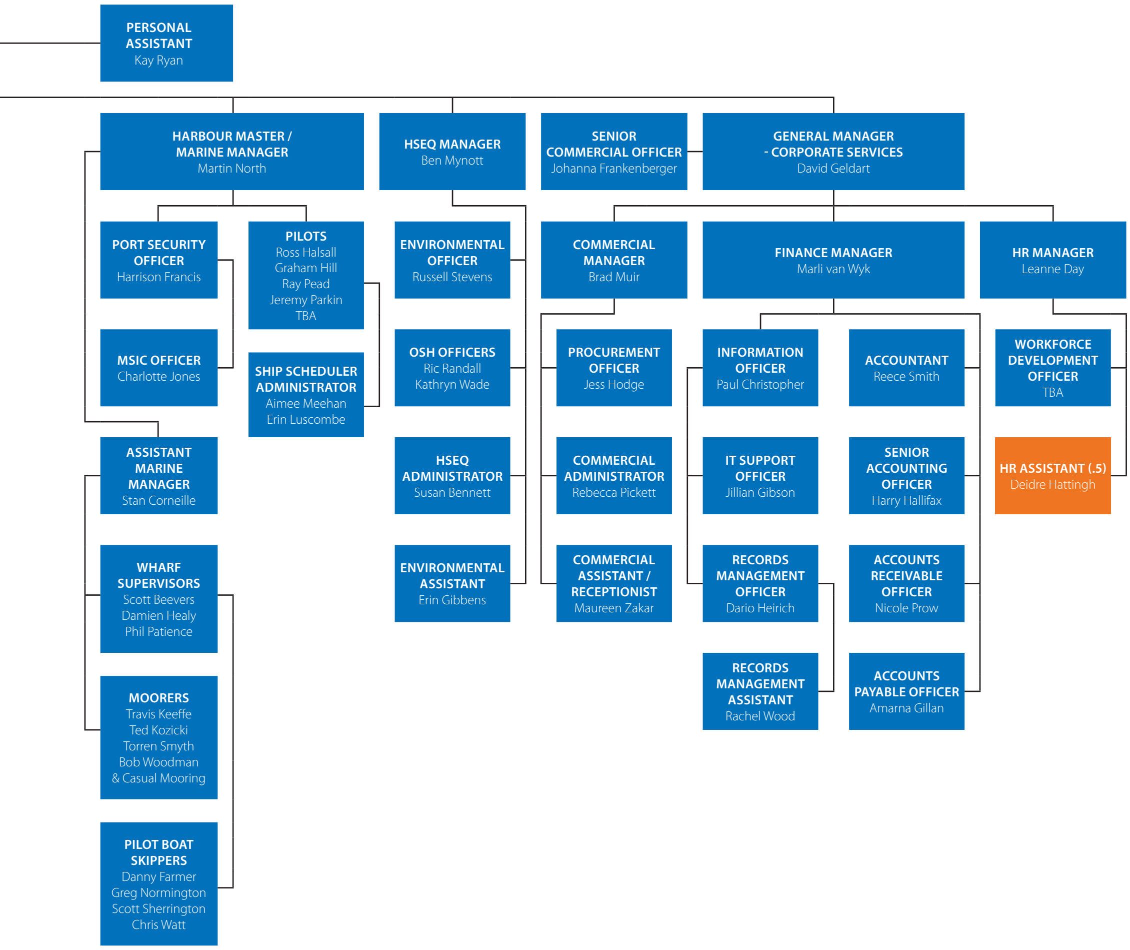
A key performance indicator for the current software upgrade project is to deliver a records management system that is also fully compliant with the State's record keeping requirements. The records keeping software of Objective Pty Ltd has been selected after an open tender process and its implementation will be delivered during the course of next financial year.

The Authority's induction program outlines employees' responsibilities in complying with the organisations documented record keeping plan.

Organisational Chart






PERSONAL ASSISTANT
Kay Ryan
HARBOUR MASTER / MARINE MANAGER
Martin North
HSEQ MANAGER
Ben Mynott
SENIOR COMMERCIAL OFFICER
Johanna Frankenberger
GENERAL MANAGER - CORPORATE SERVICES
David Geldart
PORT SECURITY OFFICER
Harrison Francis
PILOTS
Ross Halsall
Graham Hill
Ray Pead
Jeremy Parkin
TBA
ENVIRONMENTAL OFFICER
Russell Stevens
COMMERCIAL MANAGER
Brad Muir
FINANCE MANAGER
Marli van Wyk
HR MANAGER
Leanne Day
MSIC OFFICER
Charlotte Jones
SHIP SCHEDULER ADMINISTRATOR
Aimee Meehan
Erin Luscombe
OSH OFFICERS
Ric Randall
Kathryn Wade
PROCUREMENT OFFICER
Jess Hodge
INFORMATION OFFICER
Paul Christopher
ACCOUNTANT
Reece Smith
WORKFORCE DEVELOPMENT OFFICER
TBA
ASSISTANT MARINE MANAGER
Stan Corneille
HSEQ ADMINISTRATOR
Susan Bennett
COMMERCIAL ADMINISTRATOR
Rebecca Pickett
IT SUPPORT OFFICER
Jillian Gibson
SENIOR ACCOUNTING OFFICER
Harry Hallifax
HR ASSISTANT (.5)
Deidre Hattingh
WHARF SUPERVISORS
Scott Beevers
Damien Healy
Phil Patience
ENVIRONMENTAL ASSISTANT
Erin Gibbens
COMMERCIAL ASSISTANT / RECEPTIONIST
Maureen Zakar
RECORDS MANAGEMENT OFFICER
Dario Heirich
ACCOUNTS RECEIVABLE OFFICER
Nicole Prow
RECORDS MANAGEMENT ASSISTANT
Rachel Wood
ACCOUNTS PAYABLE OFFICER
Amarna Gillan
MOORERS
Travis Keeffe
Ted Kozicki
Torren Smyth
Bob Woodman
& Casual Mooring
PILOT BOAT SKIPPERS
Danny Farmer
Greg Normington
Scott Sherrington
Chris Watt

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;

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.

Vision

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

1. To manage trade growth in a constrained port environment at Geraldton to deliver continuous improvements within a seamless 24 hour operation; and
2. To exceed expectations during the 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 Purpose;

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

Our Vision;

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

Our Oakajee Vision;

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

Strategic Focus & Goals

The strategic focus for the Authority has been to:

- Proactively support the Oakajee Port initiative;
- Manage infrastructure to deliver safe and efficient product handling operations;
- Effectively manage people and stakeholder relationships; &
- Manage operating and business risk.

The strategic goals for the 2013/14 period were to:

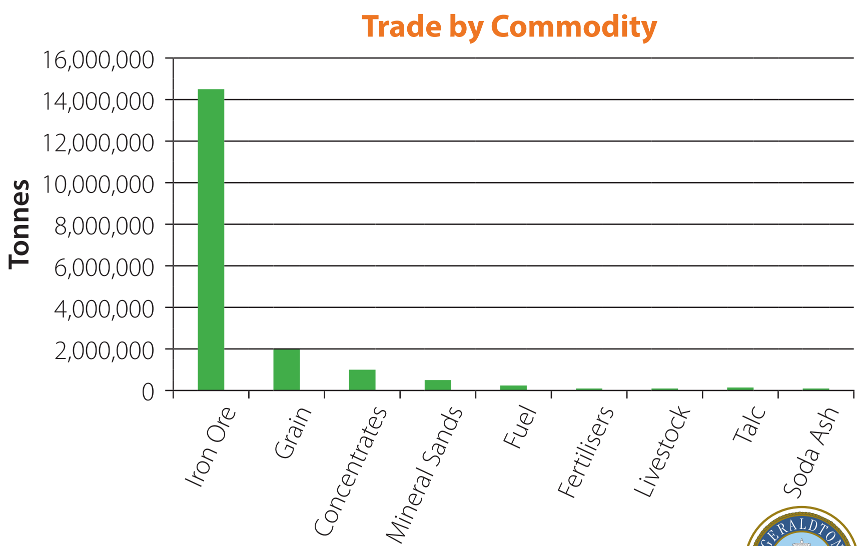
1. Facilitate the development of sustainable infrastructure at Oakajee Port;
2. Increase trade throughput in compliance with the State Government's objectives;
3. Meet and maintain the State Government's target for return on assets;
4. Continuously improve the port's business processes and systems; &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

Report on Activities

Trade

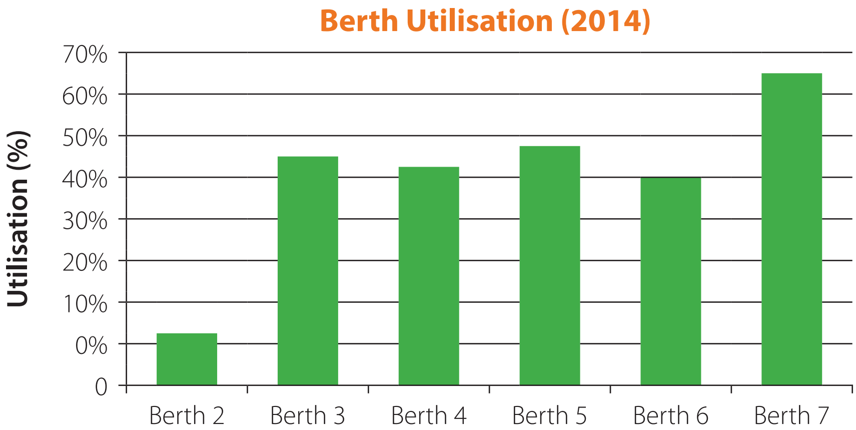
An eighth consecutive annual trade record was delivered by Geraldton Port in 2014. Trade totalled 18.5 million tonnes which is an increase of 20% over the 2013 performance. Since 2003 this represents a trade increase of 641% and has been made possible by more than a combined $3 billon of investment in Mid West infrastructure, operating equipment and mine development by government and private interest.

Trade growth has been driven predominately by iron ore which now represents 78% of total trade. Other strong contributors to the overall trade result include grain (11%), mineral sands (5%) and concentrates (3%).

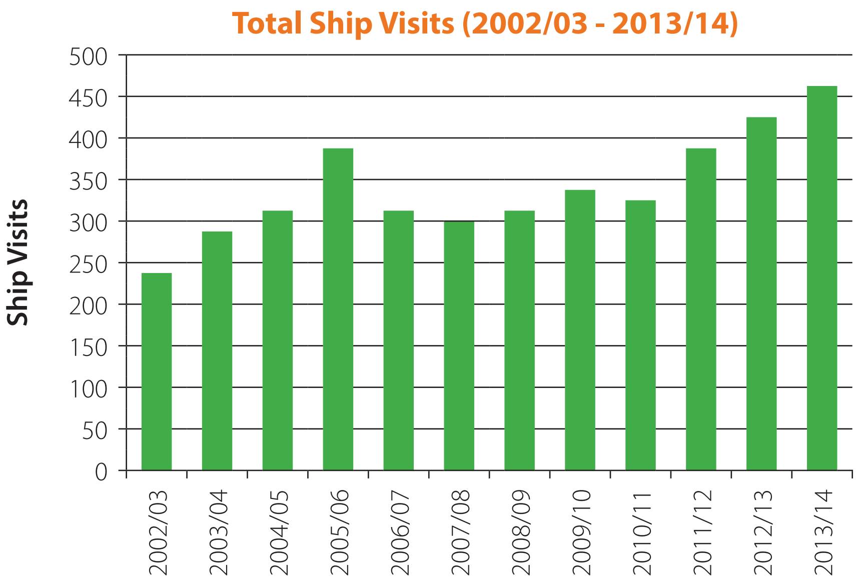


The growth in iron ore and concentrate exports and the historically high grain exports resulted in exports increasing to comprise 96% of total Geraldton Port trade. Imports comprised predominately fuel (2%) and mineral sands (2%).

A strong trade performance has resulted in higher berth utilisation although still at acceptable levels. Some latent capacity is indicated by the 2014 berth utilisation results although new business opportunities are becoming constrained. The Authority's ongoing focus on productivity improvements will result in incremental benefits to all port stakeholders.



A record 458 ships visited Geraldton during 2014 and comprised 448 cargo ships, 7 rig tenders and 2 cruise vessels. The total number of ships was 7% greater than 2012-13 and resulted in a total of 1,027 pilotage assisted ship movements.



Commercial Services

In 2013/2014 Geraldton Port's customer base was largely unchanged from previous years.

However, two customers, Iluka Resources Ltd (Iluka) and Midwest Vanadium Pty Ltd (MVPL) diversified their operations by exporting iron rich products to take advantage of strong demand from steel makers. Iluka is traditionally a mineral sands exporter and their iron rich product is a by-product of their processing operations at Narngulu, while iron concentrate is also a by-product of MVPL's vanadium extraction process. MVPL has in the past imported small quantities of soda ash through Geraldton Port, while their containerised high value vanadium is exported through Fremantle Ports. The MVPL trade has unfortunately ceased after a fire at the MVPL mine site.

During the year, the Authority entered into port agreements with Top Iron Pty Ltd who will utilise a previously vacant iron ore storage facility and export products using the Berth 5 iron ore exporting facility. The entrance of a new iron ore producer marks an exciting time as it 'firms up' significant throughput for Geraldton Port and the Midwest region following cessation of mining by Crosslands Resources.

Discussions with Asia Iron Australia (EHPL) about a significant development to facilitate their magnetite project at Extension Hill continued throughout the year. EHPL now controls significant parcels of land at the Geraldton Port as well as having significant export capacity committed to them by the Western Australian Premier and the Authority.

The Authority's other major customers including CBH, Mt Gibson Iron, MMG, Independence Group, Imerys Talc, GMA Garnet, Shell and BP all continued to perform strongly and with the production ramp up by Karara Mining, contributed to the record 2013/2014 trade performance.

Human Resources

The Authority has committed to develop and implement a Reconciliation Action Plan (RAP) in collaboration with Craig Turley of Moodjarlea Consulting. The main aim of the RAP is to develop strategies to encourage cultural awareness and which support Indigenous participation in workplaces.

Staff numbers have remained stable during 2013/14 with a low turnover rate. A strategic planning initiative was to establish a Workforce Development Project focusing primarily on the Senior Management Group. Although still in its early stages, the project is showing signs of maturing into an educational and productive exercise. The objective is to build the skills and attributes of individuals to create and maintain a highly functional, high achieving leadership team who are capable of driving the Port's future.

Staff engagement activities have increased with the introduction of an Employee Engagement Survey to measure satisfaction among staff. This initiative supports the Authority's strategic goal of reaching an Employer of Choice status and has identified the opportunity for improvement in key areas to maximise productivity and efficiency.

As part of a longer term employment strategy the Authority partnered with local high schools to facilitate effective work experience opportunities to students. The Authority has increased its intake to 7 participants and aims to increase this further through continued relationships with Mid West schools.

The Authority's training activities increased considerably with the introduction of competency assessments across high risk and other key port operations. The Authority is committed to the ongoing safety and development opportunities for staff and continues to monitor the organisation's training needs and to provide the required training where this is warranted.

Landside Operations

During 2013/14 the Landside Operations team has focused in particular, on improving Berth 4 and 5 shiploading productivity and on delivering timely general port maintenance services.

The strategic focus of the productivity improvement effort has been on designing reports and automating data collection and analysis to support time critical decision making. The team has worked closely with the SCADA system provider, Electro 80 to reconfigure equipment control systems and automate reports on both product receival and out-loading operations.

The gathered data has allowed the Authority to re-visit its maintenance scheduled to better reflect operating durations and rates of wear. More targeted maintenance has contributed positively to improvements in system availability and the frequency and time between failures. In addition, "live" information is being graphically displayed to provide real time monitoring of operations in both the control room and elsewhere within the port. This additional monitoring has improved response times to issues that have the potential to cause lost time.

Train movements to and from the port are now managed under a framework for rail terminal operations regulated by the Office of Rail Safety. Under this regulation the Authority has achieved accreditation as a Rail Terminal Operator and its compliance with this regulation was confirmed via third party audit. Day to day Terminal management responsibility has been contracted to Traxion who provides a reliable 24/7 service.

The Authority's Berths 4 & 5 Bulk Handling Facilities loaded 163 ships during 2013/14 and its rail terminal accommodated in excess of 3,500 trains or more than 7,000 individual train movements over this same period.

Engineering

Strategically the most significant engineering project is transitioning the current asset maintenance system to a port-wide whole of life strategic asset management plan in compliance with the Department of Treasury's guidelines. This plan's development has been underpinned by a comprehensive condition assessment of major assets including;

- Berth and Harbour Infrastructure (including Berths 1-6, breakwaters, Fishing Boat Harbour pens, jetties and wharves, tug and pilot boat mooring facilities)

- Bulk Handling Facilities - Berths 4, 5 and 6 and Common User fixed and mobile bulk handling infrastructure (including mechanical, structural and electrical assessments of conveyors, transfer towers, ship loaders, train and truck unloading facilities)
- Marine and Navigation assets (comprising of all off-shore navigation aids)

The asset condition assessment was carried out by SMEC with support from Wave International and in close collaboration with the Authority's engineering project team. To ensure a consistent approach to asset inspections the SMEC-MWPA project team established a condition and consequence rating system that is aligned with the early recommendations of the Ports Australia Wharf Structures Condition Assessment Manual (WSCAM), making the Authority one of the first ports in Australia to accomplish this.

The engineering team rationalised the large volume of baseline audit data, remedial works recommendations and life cycle cost analyses by developing an asset management prioritisation tool which facilitates short and long term planning of asset management activities from a combined maintenance, engineering and financial perspective. This tool is underpinned by a further process allowing maintenance, operations and engineering personnel to feed data derived from visual inspections directly into the prioritisation tool. This allows asset condition trends to be quickly analysed and ensures that maintenance planning is based on the most up to date information.

The engineering team has also managed to deliver a number of major projects including seawall repairs, port entry and exit road works, sand by passing, bollard 52 extension and lighting enhancements, storm water drainage upgrade, a Berth 6 fire fighting compliance review and an upgrade to MCC 200. A number of other projects are being worked up to a point of being 'shovel ready' and remain subject to funding applications.

To properly manage the long term engineering task list the engineering team was supplemented during the year with the appointment of additional civil, electrical and mechanical expertise. The availability of this additional resource positions the Authority to deliver future projects in an increasingly professional and timely way.

Marine

Shipping Growth

A significant milestone was achieved in the year with over 1,000 (1,027) pilotage assisted ship movements occurring within a single financial year.

The average size of vessels (dead weight tonnes) has increased again, from 43,120 DWT in 2011/12 to 51,967 DWT in 2012/13 and 55,995 DWT in 2013/14. This change reflects the ever-greater percentage of Panamax iron ore and grain vessels calling to Geraldton Port. However, the largest single cargo remains with MV STZ Topaz when she sailed carrying 67,885 tonnes of Karara iron ore in April 2013. In 2013/14, the largest cargo was also a Karara ship, MV Michele Iuliano which carried a 66,729 tonne consignment of iron ore in July 2013.

Preliminary simulation trials undertaken in conjunction with Karara Mining indicate that it may be possible to safely handle vessels with an overall length of 240 metres and beam of 42 metres onto Berth 7. Such vessels will not be able to sail any deeper, as this is limited by the depth of Geraldton Harbour. However, the additional beam will enable consignment sizes to increase by approximately 30%. Higher consignment sizes provided by these larger vessels may assist to drive down transport costs and improve the efficiency of transport operations.

New Pilot Vessel

Hart Marine - a Victorian boat building company - delivered the new pilot vessel "Glengarry" in December 2013. During sea trials at Geraldton, the boat exceeded the 30 knot specifications achieving 32 knots with a full load in very strong winds. The French (Pantocarene) hull design has exceptional high-speed sea keeping ability in heavy weather and it provides the Geraldton pilots with a faster, more comfortable transfer to and from ships. The speed also allows ships to be grouped more closely together providing berth changeover efficiencies. On several occasions since vessel hand-over, the new and older pilot boats have been deployed simultaneously allowing up to 8 vessel movements to occur efficiently in a single deployment period.

Harbour Surge

Geraldton's unique and complex harbour surge is an on-going source of productivity loss. Berth closures due to poor weather and harbour surge averaged 16% of total time in 2013/14. This compares to a 9% loss of berth availability during 2012/13.

Not surprisingly the more diligent management of shipping during surge events reduced the percentage of vessels that broke mooring lines. Of all vessels calling at Geraldton last year, 9% of vessels broke at least one mooring line compared with 14% of vessels in 2010/11. The Authority's management strategy is to progressively close berths as long period waves within the harbour exceed the height (thresholds) above which experience has demonstrated port and ship safety is compromised.

The 2013/14 reduction in vessels breaking lines demonstrates that the Authority's management approach is having a positive effect. However, the incidence of breaking mooring lines is still the source of greatest port

risk and its on-going management is essential.

While the Authority has commissioned a number of past studies into how harbour surge might be mitigated, these have principally focussed on understanding the problem and on establishing predictive tools to underpin the port's current management strategy.

The Authority is reviewing this strategy in a concerted effort to reduce the cost and impact of surge delays on port operations. This review culminated in the port hosting a three day Symposium in late May 2014 involving Australian and international subject matter experts.

The Symposium's objective was to identify a range of feasible mitigation concepts, taking into account the cost of surge delays and through discussion and peer review to select and then refine options for future follow-up. Prior to the Symposium, the Authority recognised that these options potentially involved alternate mooring techniques, the use of new technology or structures to modify long period wave behaviour.

A number of surge management concepts successfully survived the rigorous peer review process. The Authority will review and document these concepts in significantly more detail before engaging with customers about the potential adoption of solutions that meet our mitigation and value for money criteria.

Health, Safety, Environment & Quality

Our Commitment

The Authority is committed to continually improving its provision of a healthy and safe workplace and to minimising the impact of our operations on the environment. Health, Safety, Environment and Quality (HSEQ) feature on the executive management's weekly meeting agenda. Management participates in the monthly Health, Safety & Environment Committee meeting and formal management review meetings occur quarterly to monitor performance and assess significant risks. Health, Safety and Environment are key discussion items during all staff and toolbox meeting agendas.

Occupational Health & Safety Management Systems

The Authority continues to maintain certification to AS/NZS 4801 Occupational Health and Safety Management Systems, ISO 14001 Environmental Management Systems and ISO 9001 Quality Management Systems.

Following two surveillance audits and a follow up visit, the auditors recommended that the Authority move to an annual audit cycle. This recognises that the management system is operating effectively as there were no major non-conformances observed at the time of audit. Some minor non-conformances were identified in the audits. These have been prioritised and actioned by the responsible teams.

bsi. AS/NZS 4801:2001 Occupational Health and Safety Management

bsi. ISO 14001 Environmental Management

bsi. ISO 9001 Quality Management

Rail Safety Management System

Since the Authority's Rail Safety Management System was successfully accredited in October 2012, rail operations at the port have been guided strictly by the terms of this accreditation. Internal and third party audits are undertaken to demonstrate compliance with these terms and the outcomes of these audits are reported to the Office of Rail Safety.

Goals & Targets

Improving HSEQ performance by identifying and implementing improvement initiatives is an integral part of the Authority's strategic plan. Several key HSEQ strategies actively progressed in the previous 12 months are:

1. An assessment of leaseholder interface risks;
2. The introduction of additional staff health and well being initiatives;

3. Significant emphasis has been placed on the management and approvals of hazardous substances used and brought onto site;
4. Significant progress on an energy efficiency project and adoption of an energy efficiency policy;
5. Progress on a major software review program which includes enhancements to HSEQ, incident and records management;
6. The introduction of a water efficiency audit with plans to progress the project further during 2014/2015; &
7. The development and implementation of a marine water quality monitoring program for the commercial harbour.

A monthly report is provided to executive management on the Authority'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.

The 2013/14 safety performance is summarised in the following table;

Measure	GPA Results 2009/10	GPA Results 2010/11	GPA Results 2011/12	GPA Results 2012/13	GPA Results 2013/14	WA State Government Target	Comment 2013/14 Year
Number of fatalities	0	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	0 or 10% reduction	Achieved
Lost time injury severity rate No. of severe injuries (60 days or more lost) / No. of LTI/D x 100	50%	0	0	0	0	0 or 10% reduction	Achieved
Percentage of injured workers returned to work within 13 weeks	50%	100%	N/A	100%	100%	Actual result to be stated	Achieved
Percentage of injured workers returned to work within 26 weeks	100%	100%	N/A	100%	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%	92%	Greater than or equal to 80%	Achieved

Consultation & Communication

Occupational health and safety representatives are in place for each work area and participate in the monthly Health, Safety & Environment Committee as well as relevant toolbox and staff meetings. Committee meetings are well attended by both employee representatives and management. Items commonly discussed include recent safety and environmental incidents, hazards reported, training compliance, amendments to procedures and other general matters relating to health, safety or the environment. Minutes of committee meetings are distributed to employees by email, displayed on noticeboards and are available on the intranet.

A Geraldton Port Operations, Safety and Environment Working Group was established in 2010 and continues to meet on a regular basis. This group consists of exporters, port service providers and the Authority management representatives and provides an information sharing forum.

Commitment to Injury Management

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

Training

All employees and contractors are required to undertake an online HSEQ and security induction. This online induction process is compulsory for all parties accessing the port. The last 12 months has seen the emphasis being placed on the delivery of a comprehensive induction for employees and principal contractors. This has been delivered in conjunction with a local registered training organisation.

An external management system audit undertaken by BSI resulted in the employment of a Workforce Development Officer to ensure the timely identification and delivery of essential training for the Authority staff and principal contractors. This has resulted in a significant number of VOCs (Verification of Competency) being delivered and these have focused primarily on the operation of the port's major items of plant and equipment.

Environmental Management

The Authority has environmental monitoring programs in place to measure and support the evaluation of environmental performance. The results also enable the Authority to identify areas of operation requiring review and support the commitment to continual improvement. Monitoring programs in place include air quality monitoring, stormwater quality monitoring, harbour sediment monitoring and several marine water quality and pest monitoring programs.

Metal concentrates loading operations (Cu, Zn, Ni & HPA) continue to be carefully managed and monitored to ensure compliance with air quality emission limits and targets as set out in the Authority's Environmental Licence. Management

practices are assessed through the collection of air, sediment and water samples. A previous partnership with MMG using air quality monitoring stations situated within the community has shown that there were no impacts from port operations to the local community. This partnership has now concluded, however licence conditions require that compliance monitoring using the port's own dust monitoring stations continues.

Community

The community's safety and wellbeing is important to the Authority which generally benefits from a strong and consistent level of support from the general public. This support has been aided by the Southern Transport Corridor which has removed trains from the foreshore and provided improved separation between the community and heavy traffic approaching the port.

As part of its quality management system the Authority maintains a customer and community adverse feedback register within its incident management system. During the course of 2013/14 unsolicited feedback was received on 14 occasions. These included 4 from the public (3 environmental and 1 relating to an abandoned car) and 10 from customers (2 in relation to berth operations, 3 in relation to power issues, 1 relating to an asset sale and 4 in relation to dust within the fishing boat harbour).

All feedback is captured in the incident management system and followed-up and close-out is recorded.

In addition, the port authority supports community initiatives. In 2013/14 the following initiatives were financially supported;

In addition, the port authority supports community initiatives. In 2013/14 the following initiatives were financially supported;

Event	Sponsorship Amount
Cancer Council – Relay for Life	$6,876
Ronald McDonald House	$1,000
PCYC	$ 500
Mid West Emergency Conference - sponsorship	$5,000
St Lawrence	$ 100
Mining in the Mid West Forum - sponsorship	$5,000

Other community initiatives include;

- Compliance with obligations under a MOU with the City of Greater Geraldton that also includes regular meetings and consultation on matters of mutual interest;
- Actively engaging with the City of Greater Geraldton, Mid West Development Commission and the Department of Transport on a jointly funded project looking to stabilise the Beresford Beaches;
- Delivering sand by-passing obligations in compliance with its commitment to the City of Greater Geraldton – a total of 13,296m^2 of sand transferred to Northern Beaches;

- Jointly funding 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;
- A participant in the cross agency Strategic Infrastructure Group that is convened by the Mid West Development Commission;
- An active member of the Mid West Chamber of Commerce & Industry;
- An active member of the Chamber of Minerals & Energy;
- An active member on the Mid West Branch of the Australia/China Business Council; &
- An active member on the Mid West Branch of the Australian Institute of Company Directors.

RECORD INFORMATION

2013/2014		HISTORY	
LARGEST VESSEL	LARGEST SINGLE CARGO	LARGEST VESSEL	LARGEST TOTAL CARGO
MV Pedhoulas Commander	MV Michele Iuliano	MV Torm Saltholm	MV STX Topaz
83,685 DWT	66,729 Tonnes Iron Ore	83,685 DWT	67,885 Tonnes Iron Ore
December 2013	July 2013	June 2012	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 2014

	2007/08	2009/10	2010/11	2011/12	2012/13	2013/14
IMPORTS						
Fert DAP/Other	7,218	18,088	18,610	19,782	29,150	**20,348**
Fert MAP	1,537	5,140	6,497	11,659	4,968	**-**
Coal	-	-	10,007	10,505	-	**-**
New Phosphate (TSP+S)	4,610	6,605	4,645	-	-	**-**
Urea	23,126	47,262	35,249	34,521	37,166	**55,437**
Potassium Carbo	-	3,985	-	-	-	**-**
Petroleum Products	177,449	214,880	254,159	281,876	328,021	**301,669**
Mineral Sands	-	175,073	771,221	727,583	119,416	**387,094**
Soda Ash	-	-	-	14,133	7,016	**6,951**
General	39,596	722	40,109	107,938	106,594	**-**
Total Imports	**253,536**	**471,756**	**1,140,497**	**1,207,998**	**632,330**	**771,499**
EXPORTS						
Wheat	560,457	1,746,683	1,522,554	2,185,340	2,135,875	**1,702,403**
Barley	9,602	52,514	49,669	77,582	45,275	**36,427**
Lupins	43,043	243,830	180,034	244,662	297,060	**213,442**
Canola	-	89,322	76,520	147,854	140,297	**128,550**
Copper Cons/Ore	92,988	186,457	164,884	193,933	362,249	**343,900**
Zinc Cons/Ore/HPM	312,675	234,964	185,826	176,311	169,921	**145,182**
Nickel Cons	-	-	-	-	65,919	**33,290**
Mineral Sands	674,705	437,959	604,486	595,339	474,489	**370,417**
Bulk/Bagged Mineral Sands	197,070	150,063	112,601	214,796	297,373	**281,376**
Talc	102,006	56,528	73,863	119,364	78,071	**90,814**
Iron Ore	4,433,031	5,315,521	5,890,591	5,261,289	10,741,662	**14,367,014**
Stockfeed	1,726	2,816	775	255	1,502	**1,865**
Livestock	9,190	16,951	2,009	1,361	2,758	**9,715**
General	-	143	95	1,397	62	-
Total exports	**6,436,492**	**8,533,751**	**8,863,908**	**9,219,483**	**14,812,513**	**17,724,396**
Bunkers - Oil	5,338	3,803	2,676	10,743	2,113	**1,308**
Total Trade	**6,695,367**	**9,009,310**	**10,007,081**	**10,438,224**	**15,446,956**	**18,497,203**
SHIPPING						
Gross Reg Tonnage	5,688,280	9,024,639	8,893,174	10,412,792	12,661,941	**14,429,387**
Deadweight Tonnage	9,595,827	13,591,821	13,964,058	16,557,997	19,780,796	**25,726,293**
No of Vessels	301	347	331	384	428	**458**
Average DWT	31,880	39,170	42,187	43,120	46,217	**56,171**

Origin and Destination of Cargo

2013/2014

PORTS	Grains	Mineral Sands	Diesel & ULP	Ferts	Iron Ore	Talc	Concentrates	Livestock	Bunkers	Tonnes
Australia (Other)		387,094		6,951				1,949	1,308	**397,302**
Australia (WA)			257,046	17,812						**274,858**
Belgium		52,215				44,180	12,748			**109,143**
Bulgaria		12,398								**12,398**
China	51,417	248,481		2,536	14,367,014		407,802			**15,077,250**
France	38,500									**38,500**
Indonesia	516,530	7,000					11,046	3,136		**537,713**
Iran	59,093									**59,093**
Iraq	253,340									**253,340**
Italy		10,482								**10,482**
Japan	174,763					16,800	22,696			**214,259**
Malaysia	98,475	23,306		6,050						**127,831**
Netherlands	65,152	24,314				14,750				**104,216**
Other Northern Africa	171,247									**171,247**
Qatar	16,501			37,334						**53,835**
Saudi Arabia	99,416	53,143		12,053						**164,612**
Singapore	15,788	4,085	44,623							**64,496**
South Korea	265,268	22,000					45,367			**332,635**
Spain	51,180	29,212								**80,392**
Taiwan		22,540					6,200			**28,740**
Thailand	95,200						11,002			**106,202**
United Arab Emirates	28,470	8,745								**37,215**
USA		139,383				15,084				**154,467**
Vietnam	80,483							6,495		**86,978**
Total	**2,080,823**	**1,044,398**	**301,669**	**82,736**	**14,367,014**	**90,814**	**516,861**	**11,580**	**1,308**	**18,497,203**

Organisational Performance - 2013/14

Goals	Success Measures	Indicators	2013/14 Performance
Facilitate development of sustainable infrastructure at Oakajee.	Project viability Operating efficiency	Development delivered to timetable set by Government Benchmarking of port operating efficiency	In mid 2013 Mitsubishi announced a suspension of works on this project and this suspension has continued throughout 2013/14.
To increase trade throughout in compliance with the State Government's objectives	Achieve target throughout Improved efficiency	Volumes and revenue from trade growth. Berth 5 operating improvements (total turnaround time, berth utilisation, frequency & duration of breakdowns & loading rates)	2013/14 trade growth of 20% to 18.5MT.
	Customer numbers	Customer diversification	Port agreements signed with Top Iron with their export operations scheduled to commence in late 2014. Diversification achieved with new iron rich products exported by Iluka and Mid West Vanadium.
To meet and maintain the State Government's target for return on assets	Financial targets met	Return on Asset (ROA) based on approved asset valuation methodology.	Post tax ROA of 8.1% achieved.

Goals	Success Measures	Indicators	2013/14 Performance
	Government satisfaction	Financial performance generates net state benefits	Tax and dividend contributions relating to 2013/14 performance of $26.5 million.
To continuously improve the Port's business processes and systems	Port operational efficiency	Berth 5 plant reliability > 95%	In 2012/2013 the average reliability (including all stops below 1hr) was 97.33% and in 2013/2014 it increased to 99.36%.
	Management systems	Integrated management system recertification	Achieved
	Community satisfaction	Community issues register	Recorded four community issues during 2013/14 – 3 separate environmental issues & an abandoned car within the Fishing Boat Harbour.
	Risk reduction	Significant risks are identified and reduced.	Significant landside operations risk reduced from 15 to 9 by the introduction of engineering controls.
Create employer of choice status	Staff satisfaction and retention	Staff retention index >90%	Staff retention 95.5%

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ANNUAL FINANCIAL REPORT

30 June 2014

Contents

Contents of Directors' Report

The directors present their report together with the financial report of Geraldton Port Authority ("the Authority") For the year ended 30 June 2014 and the auditor's report thereon.

Director's 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 2014

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 Manger 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 & National Chairman of the Chartered Institute of Logistics & Transport
- Past State Chairman, Transport Forum WA
- Chairman Ports WA (May 2009 - May 2011)

DIRECTOR
Noel Ashcroft, AM

Occupation

Company Director and 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)
- Graduate Member of the Australian Institute of Company Directors
- Company Director - Family Business
- Past Chair and Member of various government & industry boards and committees
- Member of the Order of Australia 2012
- Justice of the Peace Western Australia

Director's Report

1. Directors cont'

DEPUTY CHAIR
Karen Godfrey MAICD

Occupation

Company Director

Appointments

Appointed Non-Executive Director October 2009

Resigned 14 December 2013

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

DIRECTOR
Bart Boelen

Occupation

Company Director
– Project Director

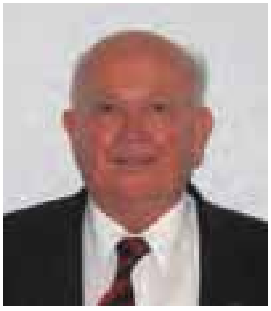
Appointments

Appointed Non-Executive Director October 2009

Background / Qualifications

- Managing Director B^2 Consulting
- Chief Executive One Fell Swoop (WA)
- 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's 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	10	3

Number of Meetings Attended by:

		Board Members Eligible to Attend	Board Meetings Attended	Finance & Compliance Committee Meetings Eligible to Attend	Finance & Compliance Committee Meetings Attended
I King		10	10	3	3
B Boelen		10	10	3	3
S Chamarette		10	10	3	3
N Ashcroft		10	8	3	2
K Godfrey	Resigned 14/12/13	4	4	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 2014 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 $14,676,686 was paid during 2013/2014 for the 2012/2013 financial year.

5. Operating & financial review

Review of operations

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

	2014	2013
Total trade (tonnes)	18,497,203	15,446,956

	$'000	$'000
Revenue from cargo	35,115	39,001
Revenue from ships	23,144	19,622
Revenue from ship services	18	7
Revenue from port enhancement charges	33,399	27,626
Other revenue and income	10,985	7,242
Total revenue and income	102,661	93,498
Less expenditure	67,312	61,888
Operating profit before tax	35,349	31,610
Income tax on operating profit	(10,103)	(9,132)
Operating profit after tax	25,246	22,478

Commentary on operating results

Operating profit before tax increased this period by 12% due to increased revenues associated with a continued increase in the trade of iron ore. GPA has also increased trade in mineral sands imports and maintained trade in fertilisers. Grain and mineral sands exports have decreased during the year. Costs have increased mainly due to interest charges related to early settlement of fixed rate loans.

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.

Director's Report

8. Likely developments

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

9. Directors' emoluments

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

(a) The Minister for Transport determines the level of remuneration for Board members. The nature and amount of the emoluments of each Director are set out below.

Name	Short Term Benefit (1) $	Post Employment Benefits (2) $	Long Term Benefits (3) $	Total $
I King	52,500	4,856	Nil	57,356
B Boelen	16,500	1,526	Nil	18,026
S Chamarette	16,500	1,526	Nil	18,026
N Ashcroft	16,500	1,526	Nil	18,026
K Godfrey	11,540	1,068	Nil	12,608

1. **Short Term Benefits**

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

2. **Post Employment Benefits**

   Superannuation

3. **Long Term Benefits**

   Long Service Leave

Executive Emoluments

(b) The Board determines the remuneration and other terms and conditions of the senior executive staff:

Name	Short Term Benefit (1) $	Post Employment Benefits (2) $	Long Term Benefits (3) $	Total $
Peter Klein	273,317	23,430	6,308	303,055
Martin North	252,909	21,452	5,798	280,159
Ross Halsall	242,052	19,569	7,518	269,139

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, the Authority maintains a high standard of performance in advancing various environmental initiatives.

The 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, the Authority obtained certification to the international standard ISO14001.

12. Rounding off

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

This report is made with a resolution of the directors:

Ian King
CHAIRMAN
5th September 2014

Noel Ashcroft
DEPUTY CHAIRMAN
5th September 2014

GERALDTON PORT AUTHORITY
Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 $'000	2013 *Restated $'000
INCOME			
Revenue	**4**	98,925	93,211
Other Income	**5**	3,736	465
EXPENDITURE			
Depreciation and amortisation expense	**6**	(9,949)	(9,718)
Marine expenses		(5,502)	(5,524)
Port operations expenses		(22,335)	(20,167)
General administration		(6,834)	(6,907)
Asset maintenance		(6,620)	(7,176)
Environmental expenses		(388)	(300)
Port utilities		(1,177)	(657)
Safety and security		(1,675)	(1,770)
Finance costs	**8**	(11,272)	(8,337)
Other expenses	**9**	(1,560)	(1,510)
Profit before income tax		**35,349**	**31,610**
Income tax expense	**10**	(10,103)	(9,132)
Profit for the period		**25,246**	**22,478**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit liability (asset)		84	146
Income tax		(25)	(44)
Total other comprehensive income		**59**	**102**
Total comprehensive income		**25,305**	**22,580**

The accompanying notes form part of the financial statement
* Restated - refer note 2 (l) (i)

GERALDTON PORT AUTHORITY
Statement of Financial Position

As at 30 June 2014

	Note	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	**12 (a)**	41,218	6,665
Other financial assets	**12 (b)**	-	45,000
Trade and other receivables	**13**	11,217	17,044
Total current assets		**52,435**	**68,709**
Non-current assets			
Deferred tax assets	**10**	1,267	1,306
Property, plant and equipment	**14**	141,516	145,712
Trade and other receivables	**13**	2,012	2,012
Total non-current assets		**144,795**	**149,030**
TOTAL ASSETS		**197,230**	**217,739**
LIABILITIES			
Current liabilities			
Trade and other payables	**15**	6,973	5,207
Interest bearing borrowings	**16**	7,837	7,398
Current tax payable	**10**	5,331	4,665
Provisions	**17**	2,255	2,080
Other liabilities	**18**	34	18
Total current liabilities		**22,430**	**19,368**
Non-current liabilities			
Interest bearing borrowings	**16**	91,509	126,228
Provisions	**17**	4,592	4,072
Total non-current liabilities		**96,101**	**130,300**
TOTAL LIABILITIES		**118,531**	**149,668**
NET ASSETS		**78,699**	**68,071**
EQUITY			
Contributed equity	**19**	8,436	8,436
Retained earnings	**19**	70,263	59,635
TOTAL EQUITY		**78,699**	**68,071**

The accompanying notes form part of the financial statement

GERALDTON PORT AUTHORITY
Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Cash receipts from customers		120,362	106,147
Cash paid to suppliers and employees		(59,481)	(68,393)
Cash generated from operations		60,881	37,754
Interest paid		(8,208)	(8,602)
Interest received		2,585	1,814
Income taxes paid		(9,423)	(3,708)
Net cash from operating activities	**21**	45,835	27,258
Cash flows used in investing activities			
Proceeds from sale of property investment		6,050	-
Proceeds from sale of property, plant & equipment		-	207
Acquisition of property, plant & equipment	**14**	(9,659)	(4,563)
Proceeds from/(Investments in) term deposits	**12 (b)**	45,000	(30,804)
Net cash used in investing activities		41,391	(35,160)
Cash flows used in financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(37,996)	(6,970)
Dividends paid	**11**	(14,677)	(6,704)
Net cash used in financing activities		(52,673)	(13,674)
Net increase in cash and cash equivalents		34,553	(21,576)
Cash and cash equivalents at 1 July		6,665	28,241
Cash and cash equivalents at 30 June	**12 (a)**	41,218	6,665

The accompanying notes form part of the financial statement

GERALDTON PORT AUTHORITY
Statement of Changes in Equity
As at 30 June 2014

	Note	Contributed Equity $'000	Retained Earnings Restated* $'000	Total Equity $'000
Balance as at 1 July 2012		8,436	43,759	52,195
Total comprehensive income:				
Profit for the period		-	22,478	22,478
Other comprehensive income		-	102	102
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**
Balance as at 1 July 2013		8,436	59,635	68,071
Total comprehensive income for the year:				
Profit for the period		-	25,246	25,246
Other comprehensive income		-	59	59
Total comprehensive income		-	25,305	25,305
Transactions with owners in their capacity as owners:				
Dividends paid	**11**	-	(14,677)	(14,677)
Balance as at 30 June 2014		**8,436**	**70,263**	**78,699**

The accompanying notes form part of the financial statement
*Restated - refer note 2 (l) (i)

1. Basis of preparation

(a) Statement of compliance

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 5 September 2014 by the Board of Directors of the Authority.

(b) Presentation of the Statement of Comprehensive Income

The Statement of Comprehensive Income classifies expenses by nature as it is considered to provide more relevant and reliable information than classification by function due to the nature of the Authority's operations.

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

The Directors have concluded that the financial statements present fairly the Authority's financial position, financial performance and cash flows and that it has complied with applicable standards and interpretations, except that it has departed from AASB 101, para 99, to achieve a fair presentation.

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

(c) Basis of preparation

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 depreciation 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 not yet effective

The following standards and amendments were available for early adoption but have not been assessed for application by the 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 2018. The Authority has not yet determined the application or the potential impact of the Standard.

ii) 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) New standards adopted during the year

Certain new and amended standards were effective for application for the year ended 30 June 2014. No application of these standards was material other than AASB119 Employee Benefits (refer not 2(l)).

2. Summary of significant accounting policies

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

(a) Revenue recognition

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

(i) Rendering of services

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

(ii) Interest

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

(iii) Rental income

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

(b) Finance income and expenses

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

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

(c) Income tax

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

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

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

(d) Receivables

(i) Trade receivables

Trade receivables are recognised and carried at the original invoice amounts less an allowance for any uncollectable amounts. Trade receivables 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.

2. Summary of significant accounting policies cont'

(e) Property, plant and equipment

(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.

(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 payable, other 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 provision

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

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

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

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

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

2. Summary of significant accounting policies cont'

(l) Employee superannuation

The Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefit pension scheme, are closed to new members since 1995. 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 2014.

Employees who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2007. From 16 April 2007, employees who are not members of the Pension, GSS or WSS Schemes become non-contributory members of the GESB Superannuation Scheme (GESB Super), a taxed accumulation fund. The Authority makes concurrent contributions to the Government'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.

(i) Defined benefit plan

In the current year, the Authority adopted AASB 119 Employee Benefits (2011). As a result, the Authority has changed its accounting policy with respect to accounting for defined benefit plans as follows:

Under AASB 119 (2011), changes in the net defined benefit liability / (asset) are recognised in other comprehensive income when they occur. The Authority therefore no longer applies the "corridor method" and now immediately recognises all remeasurements of the net defined liability / (asset), including actuarial gains and losses, in other comprehensive income.

Effect of change in accounting policy

The Authority has applied AASB119 (2011) retrospectively in accordance with the standard.

Consequently, the comparative figures on the statement of comprehensive income and statement of changes in equity has been restated for the year ended 30 June 2013:

FOR THE YEAR ENDED 30 JUNE 2013	As previously reported $'000	Effect of change in accounting policy $'000	As restated $'000
General Administration costs	**(6,761)**	(146)	(6,907)
Income tax expense	**(9,176)**	44	(9,132)
Profit for the period	**22,580**	(102)	22,478
Remeasurements of liability/asset	-	146	146
Related tax	-	(44)	(44)
Other comprehensive income net of tax	-	102	102

Nature of benefits

The employer-financed benefit is a pension benefit payable on retirement, death or invalidity, or a lump sum benefit on resignation.

Description of the regulatory framework

The Scheme operates under the State Superannuation Act 2000 (Western Australia) and the State Superannuation Regulations 2001 (Western Australia).

Although the scheme is not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Western Australian government has undertaken (in a Heads of Government Agreement) to operate the scheme in accordance with the spirit of the SIS legislation.

As an exempt public sector superannuation scheme (as defined in the SIS legislation), the scheme is not subject to any minimum funding requirements.

As a constitutionally protected scheme, the scheme is not required to pay tax.

Description of risks

There are a number of risks to which the Scheme exposes the Authority. The more significant risks relating to the defined benefits are:

Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

Pensioner Mortality Risk - The risk is that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period.

Inflation Risk - The risk that inflation is higher than anticipated, increasing pension payments, and the associated employer contributions.

2. Summary of significant accounting policies cont'

Significant events

There were no plan amendments, curtailments or settlements during the year.

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.

(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 ATO. 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:

	2014 $'000	2013 $'000
Rendering of services		
Charges on cargo	**35,115**	39,001
Charges on ships	**23,144**	19,622
Shipping services	**18**	7
Port enhancement charge	**33,399**	27,626
Interest revenue	**2,330**	2,118
Rentals and leases	**4,919**	4,837
Total revenue	**98,925**	**93,211**

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:

	2014 $'000	2013 $'000
Service fee on sale of electricity and water	**357**	(285)
Net profit on sale of property investment	**2,228**	-
Net profit on sale of property, plant and equipment	**-**	178
Miscellaneous revenue	**1,151**	572
	3,736	**465**

6. Depreciation and amortisation expense

	2014 $'000	2013 $'000
Depreciation		
Channels and breakwaters	**2,339**	2,339
Buildings and improvements	**111**	65
Berths, jetties and infrastructure	**6,003**	6,035
Plant and equipment	**1,496**	1,279
Total depreciation	**9,949**	**9,718**

For the year ended 30 June 2014

7. Employee benefits expense

	2014 $'000	2013 $'000
Wages and salaries (a)	**10,092**	10,352
Superannuation - defined benefit plans (see note 17)	**(1)**	(72)
Long service leave (b)	**550**	38
Annual leave (b)	**865**	665
	11,506	**10,983**

(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

	2014 $'000	2013 $'000
Interest paid	**7,538**	8,337
Capital premium on early settlement of fixed rate loan	**3,734**	-
Finance costs	**11,272**	**8,337**

9. Other expenses

	2014 $'000	2013 $'000
Doubtful debts expense	**(63)**	63
Employee on-costs (a)	**798**	638
Community Service Obligation (b)	**25**	178
Impairment / (reversal) of assets	**800**	631
	1,560	**1,510**

(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, beaches, board walks etc. to the benefit of the regional economy and the community of Greater Geraldton.

10. Income tax expense

Recognised in the income statement

	2014 $'000	2013 Restated* $'000
Current tax expense		
Current income tax charge	**11,190**	9,388
Adjustment for prior periods	**(1,101)**	(939)
	10,089	**8,449**
Deferred tax income		
Origination and reversal of temporary differences	**(574)**	97
Adjustment for prior periods	**588**	586
	14	**683**
Total income tax expense	**10,103**	**9,132**

Numerical reconciliation between tax expense and pre tax net profit

	2014 $'000	2013 Restated* $'000
Profit for the period	**25,246**	22,478
Total income tax expense	**10,103**	9,132
Profit excluding income tax	**35,349**	**31,610**
Income tax using the statutory tax rate of 30% (2012: 30%)	**10,605**	9,483
Non-deductible expenses	**12**	2
Sundry items	**-**	-
	10,617	9,485
Under /(over) provision in prior years	**(513)**	(353)
Income tax expense	**10,103**	**9,132**
Recognised in other comprehensive income	**25**	44

*Restated - refer note 2 (l) (i)

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For the year ended 30 June 2014

10. Income tax expense cont'

Deferred income tax

	2014 Balance Sheet $'000	2013 Balance Sheet $'000	2014 Income Statement $'000	2013 Income Statement Restated* $'000	2014 Mvmt to equity $'000	2013 Mvmt to equity Restated* $'000
Deferred tax liabilities						
Accelerated depreciation for tax purposes	**499**	327	**172**	149		
Others	**689**	331	**358**	230		
Gross deferred tax liabilities	**1,188**	**658**	**530**	**380**	-	**-**
Deferred tax assets						
Employee benefits	**566**	1,263	**672**	66	**25**	44
Prepaid rental	**10**	8	**(2)**	3		
Others	**1,879**	693	**(1,186)**	235		
Gross deferred tax assets	**2,455**	**1,965**	**(516)**	**304**	**25**	**44**
Set-off of deferred tax liabilities pursuant to set-off provisions	**(1,188)**	(658)	**(530)**	-		
Net deferred tax assets	**1,267**	**1,306**	**-**	-	**-**	-
Deferred tax benefit/(expense)	**-**	**-**	**14**	**683**	**25**	**44**

*Restated - refer note 2 (l) (i)

Current tax liabilities

The current tax payable of $5.331 million (2013: $4.665 million) represents the amount of income taxes receivable/payable in respect of current and prior financial periods.

11. Dividends

	2014 $'000	2013 $'000
Dividends paid in the financial year	**14,677**	6,704

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% of after tax profits ($16.4 million). However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2014 have not been provided as they are expected to be declared by the Board and approved by Government after balance date.

A dividend of $14.7 million (2013: $6.7 million) in respect of the financial results for the year ended 30 June 2013 was paid by 30 June 2014.

12. (a) Cash and cash equivalents

	2014 $'000	2013 $'000
Bank balances	**5,829**	6,665
Term deposits which matures in less than 3 months at inception	**35,389**	-
Cash and cash equivalents in the statements of cash flows	**41,218**	**6,665**

(b) Other financial assets

	2014 $'000	2013 $'000
Term deposits which matures in more than 3 months at inception	**-**	45,000
	-	**45,000**

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

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For the year ended 30 June 2014

13. Trade and other receivables

	2014 $'000	2013 $'000
Current		
Receivables	**11,135**	17,089
Less: allowance for impairment of receivables	**(40)**	(103)
	11,095	16,986
Prepayments	**122**	58
	11,217	**17,044**

Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	**103**	40
Bad debts written off against provision	**-**	-
Doubtful debts expense (derecognised)/recognised in the income statement	**(63)**	63
Balance at end of year	**40**	**103**

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

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

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

	2014 $'000	2013 $'000
Not more than 3 months	**10,657**	14,640
More than 3 months but less than 6 months	**285**	2,212
More than 6 months but less than 1 year	**-**	30
More than 1 year	**154**	104
	11,095	**16,986**

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

	2014 $'000	2013 $'000
Non Current		
Other receivables	**2,012**	2,012
	2,012	**2,012**

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 2013, $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 & Breakwaters $'000	Land $'000	Buildings & Improvements $'000	Plant & Equipment $'000	Berths, Jetties & Infrastructure $'000	Work in Progress $'000	Total $'000
Cost or deemed cost							
Balance at 1 July 2012	98,210	6,904	1,648	36,072	98,863	2,248	243,945
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	38,099	98,863	2,794	247,197
Additions	-	-	722	2,488	203	3,146	6,559
Transfer from work in progress	-	-	-	2,855	-	(2,855)	-
Disposal	-	-	-	(153)	-	-	(153)
Balance at 30 June 2014	98,210	6,904	3,049	43,289	99,066	3,085	253,603
Accumulated depreciation and impairment							
Balance at 1 July 2012	22,274	-	524	18,023	51,084	-	91,905
Depreciation for the year	2,339	-	65	1,281	6,035	-	9,720
Impairment loss	-	-	-	-	-	631	631
Disposal	-	-	-	(771)	-	-	(771)
Balance at 30 June 2013	24,613	-	589	18,533	57,119	631	101,485
Depreciation for the year	2,339	-	111	1,496	6,003		9,949
Impairment loss	-	-	-	-	-	800	800
Disposal	-	-	-	(147)	-	-	(147)
Balance at 30 June 2014	26,952	-	700	19,882	63,122	1,431	112,087
Carrying amounts							
At 30 June 2013	73,597	6,904	1,738	19,566	41,744	2,163	145,712
At 30 June 2014	71,258	6,904	2,349	23,407	35,944	1,654	141,516

The impairment loss of $0.8 million (2013: $0.6 million) has been provided for capitalised expenditure on projects where management has no commercial reasons to develop any further.

15. Trade and other payables

	2014 $'000	2013 $'000
Current		
Trade payables	**2,550**	1,244
Other payables	**302**	194
GST payable	**782**	858
Accrued expenses	**2,290**	1,370
Other accrued interest	**1,049**	1,541
	6,973	**5,207**

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.

		2014 $'000	2013 $'000
Current liabilities			
Direct borrowings	WATC	**7,816**	7,379
Finance lease liabilities		**21**	19
		7,837	**7,398**
Non-current liabilities			
Direct borrowings	WATC	**91,471**	126,170
Finance lease liabilities		**38**	58
		91,509	**126,228**
Financing arrangements			
The Authority has access to the following lines of credit from the WATC:			
Total facilities available:			
Direct and special borrowings		**127,400**	135,700
		127,400	**135,700**
Facilities utilised at reporting date:			
Direct and special borrowings		**99,287**	133,548
		99,287	**133,548**
Facilities not utilised at reporting date:			
Direct and special borrowings		**28,113**	2,152
		28,113	**2,152**

Significant terms and conditions

The amounts shown for WA Treasury Corporation (WATC) are the principal amounts expected to be repaid as part of the quarterly repayments during the life of the loans. The balloon repayment of $27.3 million due in 2022/3 was settled in full during the 2013/14 year. A capital premium of $3.7 million was charged on the early settlement of the balloon payment, which has been recognised as finance costs. The early settlement and premium were funded from term deposits held by the Authority. In addition, a schedule of interest only loans of $55.5 million (2013:$55.5 million) is to be repaid by 2034.

All interest bearing borrowings are unsecured.

The fair value of these loans as at 30 June 2014 was $106.5 million (2013: $142.4 million).

The amounts shown for the finance lease liabilities is due to the hire purchase of a forklift during the 2011/12 financial 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.

2014		Fixed interest rate						
	Variable interest rate $'000	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	More than 5 years $'000	Total $'000
Interest bearing borrowings:								
Direct borrowings	65,975	6,995	7,460	7,131	3,535	2,044	6,147	99,287
Finance lease liabilities	-	21	23	15	-	-	-	59
	65,975	**7,016**	**7,483**	**7,146**	**3,535**	**2,044**	**6,147**	**99,346**
Weighted average interest rate:								
Direct borrowings		5.5%	5.5%	5.7%	5.7%	5.7%	5.7%	
Finance lease liabilities		24.6%	24.6%	24.6%				

2013		Fixed interest rate						
	Variable interest rate $'000	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	More than 5 years $'000	Total $'000
Interest bearing borrowings:								
Direct borrowings	66,796	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**	**7,484**	**7,145**	**3,535**	**35,073**	**133,625**
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%		

17. Provisions

	2014 $'000	2013 $'000
Current		
Sick leave	**800**	703
Annual leave (a)	**1,085**	1,014
Long service leave (b)	**291**	286
Superannuation (c)	**79**	77
	2,255	**2,080**
Non-current		
Long service leave (b)	**770**	255
Superannuation (c)	**2,336**	2,416
Provision for site remediation costs	**1,486**	1,401
	4,592	**4,072**

(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:

	2014 $'000	2013 $'000
Within 12 months of balance sheet date	**1,085**	1,014
More than 12 months after balance sheet date	**-**	-
	1,085	**1,014**

(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:

	2014 $'000	2013 $'000
Within 12 months of balance sheet date	**291**	286
More than 12 months after balance sheet date	**770**	255
	1,061	**541**

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.

	2014 $'000	2013 $'000
Amounts recognised in the balance sheet:		
Present value of unfunded obligations	**2,415**	2,493
	2,415	**2,493**
Reconciliation of movement in the present value of the unfunded obligations recognised in the balance sheet:		
Opening balance	**2,493**	2,640
Defined benefit cost	**83**	74
Remeasurements	**(84)**	(146)
Benefits paid (including expenses and taxes)	**(77)**	(75)
	2,415	**2,493**
Amounts recognised in the income statement:		
Interest cost	**83**	74
Other comprehensive income		
Actuarial (gains)/losses	**(84)**	(146)
	(1)	**(72)**
Historic summary:		
Defined benefit plan obligation	**2,415**	2,493
Plan assets	**-**	-
	2,415	**2,493**
Principal actuarial assumptions:		
Discount rate	**3.69%**	3.38%
Expected future salary increases	**5.00%**	5.00%
Expected future pension increases	**2.50%**	2.50%

Expected contributions

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

Movements in provisions

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

	2014 $'000	2013 $'000
Retirement benefit obligations		
Carrying amount at 1 July	**2,493**	2,640
Provisions made during the year	**(1)**	(72)
Amounts utilised in the year	**(77)**	(75)
Carrying amount at 30 June	**2,415**	**2,493**

For the year ended 30 June 2014

Sensitivity Analysis

The defined benefit obligation as at 30 June 2014 under several scenarios is presented below.

Scenario A and B relate to the discount rate sensitivity. Scenario C and D related to expected pension increase rate sensitivity.

Scenario A: 0.5% pa lower discount rate assumption

Scenario B: 0.5% pa higher discount rate assumption

Scenario C: 0.5% lower expected pension increase rate assumption

Scenario D: 0.5% higher expected pension increase rate assumption

	Base Case	Scenario A -0.5% pa discount rate	Scenario B +0.5% pa discount rate	Scenario C -0.5% pa pension increase rate	Scenario D +0.5% pa pension increase rate
Discount rate	**3.69% pa**	3.19% pa	4.19% pa	3.69% pa	3.69% pa
Pensions increase rate	**2.50% pa**	2.50% pa	2.50% pa	2.00% pa	3.00% pa
Defined benefit obligation (A$'000s)	**2,415**	2,572	2,273	2,273	2,569

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other obligations.

Funding arrangements

The employer contributes, as required, to meet the benefits paid.

Expected contributions

Financial year ending	30 June 2015
Expected employer contributions	79

Maturity profile of defined benefit obligation

The weighted average duration of the Authority's defined benefit obligation is 12.8 years.

18. Other liabilities

	2014 $'000	2013 $'000
Current		
Prepaid rental income	**34**	18

19. Equity

	Notes	2014 $'000	2013 $'000
Contributed equity			
Balance at start of the year as previously reported		**8,436**	8,436
Capital contributions		**-**	-
Balance at end of year		**8,436**	**8,436**
Retained earnings			
Balance at start of year		**59,635**	43,759
Profit for the period		**25,246**	22,478
Other comprehensive income		**59**	102
Dividends paid	**11**	**(14,677)**	(6,704)
Balance at end of year		**70,263**	**59,635**

20. Non current assets held for sale

There are currently no non current assets held for sale.

21. Reconciliation of cash flows from operating activities

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Profit for the period		**25,246**	22,478
Adjustments for:			
Depreciation	**6**	**9,949**	9,718
Impairment / (reversal) of assets	**14**	**800**	631
Finance costs	**8**	**11,272**	8,337
Interest revenue		**(2,330)**	(2,118)
Net profit on sale of property investment	**5**	**(2,228)**	-
Net profit on sale of property, plant and equipment	**5**	**-**	(178)
Income tax expense	**10**	**10,103**	9,132
Operating profit before changes in working capital and provisions		**52,812**	48,000
Change in trade and other receivables		**5,828**	(5,087)
Change in trade and other payables		**1,656**	(5,256)
Change in provisions and employee benefits		**585**	97
		8,069	(10,246)
Interest paid		**(8,208)**	(8,602)
Interest received		**2,585**	1,814
Income taxes paid		**(9,423)**	(3,708)
Net cash from operating activities		**45,835**	**27,258**

For the year ended 30 June 2014

22. Financial instruments

(i) Financial risk management objectives and policies

The Authority's principal financial instruments comprise cash and cash equivalents, other financial assets, 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, other financial assets 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. Cash and cash equivalents and other financial assets are held in variable or fixed rate short term deposits.

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 uncertainly 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 2014	Carrying Amount $'000	+0.50% change Profit $'000	-0.25% change Profit $'000
Financial Assets			
Bank balances	41,218	206	(103)
Financial Liabilities			
Interest bearing borrowings			
Variable rate	65,975	(330)	165
Total (Decrease)/Increase		**(124)**	**62**

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**

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. Revenue from two customers of the Authority represents approximately 29% (2013: 30%) of the Authority's total revenue.

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.

GERALDTON PORT AUTHORITY
Notes to the financial statements

For the year ended 30 June 2014

Financial liabilities	Carrying Amount $'000	Including interest: 6 mths or less $'000	6-12 mths $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
2014						
Trade and other payables	6,973	6,973	-	-	-	-
Interest bearing borrowings	99,346	6,626	6,611	13,310	28,176	85,707
	106,319	**13,599**	**6,611**	**13,310**	**28,176**	**85,707**
2013						
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**

(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.

	2014 $'000	2013 $'000
Financial assets		
Cash and cash equivalents	**41,218**	6,665
Other financial assets	**-**	45,000
Trade and other receivables	**11,217**	17,044
Financial liabilities		
Trade and other payables	**6,973**	5,207
Interest bearing borrowings	**99,346**	133,625

The fair value of interest bearing liabilities is $106,488,549 (2013: $142,372,417)

(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.

23. Commitments

(i) Capital expenditure commitments

	2014 $'000	2013 $'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	**1,049**	1,250
Later than 1 year and not later than 5 years	**-**	-
Later than 5 years	**-**	-
	1,049	**1,250**

(ii) Lease commitments

	2014 $'000	2013 $'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	**278**	346
Later than 1 year and not later than 5 years	**706**	1,623
Later than 5 years	**366**	-
	1,350	**1,969**
Representing:		
Cancellable operating leases	**1,350**	1,969
	1,350	**1,969**

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

(iii) Operating leases receivable

	2014 $'000	2013 $'000
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	**3,794**	3,452
Later than 1 year and not later than 5 years	**9,875**	9,778
Later than 5 years	**14,964**	14,104
	28,633	**27,334**

Operating leases receivable are in respect of property rentals.

For the year ended 30 June 2014

24. Remuneration of auditor

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

	2014 $'000	2013 $'000
Auditing the accounts and financial statements	**61**	59

25. Related parties

I King

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

In February 2012 the State Government announced a number of reforms to improve Port Governance including the establishment of four regional port authorities one of which is the Midwest Ports Authority - comprising only the ports of Geraldton at this stage.

The legislation to enact the changes received royal assent on 20 May 2014. The formation of the Midwest Ports Authority has occurred as at 1 July 2014.

Schedule 8, Clause 16 of the amended Port Authorities Act 1999 states the Geraldton Port Authority, which is to be renamed as the Midwest Ports Authority by proclamation of section 31(2) of the Ports Legislation Amendment Act 2014.

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

Directors' declaration

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

(a) the financial statements and notes are in accordance with the financial reporting provisions of the Port Authorities Act 1999, including:

  (i) giving a true and fair view of the Authority's financial position as at 30 June 2014 and of its performance, for the financial year ended on that date; and

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

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

Signed in accordance with a resolution of the directors:

Ian King
CHAIRMAN
5th September 2014

Noel Ashcroft
DEPUTY CHAIRMAN
5th September 2014

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GERALDTON PORT AUTHORITY

I have audited the financial report of the Geraldton Port Authority. The financial report comprises the Statement of Financial Position as at 30 June 2014, 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.

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7600

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 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Geraldton Port Authority for the year ended 30 June 2014 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 FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
12 September 2014

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