



ANNUAL REPORT 2014 / 2015



Mid West Ports

ABN 73 384 989 178

Street Address

298 Marine Terrace, Geraldton
Western Australia 6530

Postal Address

PO Box 1856, Geraldton
Western Australia 6531

Telephone: +61 8 9964 0520

Facsimile: +61 8 9964 0555

Internet: www.midwestports.com.au

E-mail: mail@midwestports.com.au

Board Directors

IAN KING

Chairman

NOEL ASHCROFT AM

Deputy Chairman

BART BOELEN

STEVE CHAMARETTE

KIM HALBERT

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

On 1 July 2014 Geraldton Port Authority was renamed the Mid West Ports Authority to reflect the planned expansion of its responsibilities to Cape Cuvier, Useless Loop and Oakajee. I am pleased to report that the Authority's first full year of operation has been safely and successfully completed. Total trade of 16.9 million tonnes enabled the Authority to achieve all of its operating and financial targets.

Management System

The cornerstone of the Authority's governance is its integrated management system. This system is under continuous review and improvement and is overseen by the organisation's highly professional health, safety, environment and quality (HSEQ) management team. The system's compliance with AS/NZS 4801, ISO 14001 and ISO 9001 was again confirmed by external third party audit.

I am also pleased to report that the Office of Rail Safety reconfirmed the Authority's accreditation as a Rail Infrastructure Manager and for the first time provided accreditation as a Limited Rail Operator which will facilitate future maintenance works within the rail terminal. The provision of rail terminal management services have also been restructured for more efficient delivery of this service.

The Board receives safety and environmental management reports on a monthly basis and is briefed on incidents and investigation outcomes. Operations during 2014/15 were fully compliant with the Authority's Environmental Licence issued by the Department of Environment Regulation. Two lost time injuries were incurred by an Authority's employee and a major contractor.

Ports Governance Review

Although a smooth transition to Mid West Ports Authority has occurred there is considerable on-going work to transfer the marine services provided by the Department of Transport at the ports of Cape Cuvier and Useless Loop. These ports are both single user ports operating under the guidance of State Agreements.

The marine safety function at these ports is planned to transfer from delivery by the Department of Transport under the Shipping and Pilotage Act to delivery by the Authority under the Port Authorities Act. This change is presenting a number of administrative & legal challenges that have been identified and documented by the Mid West Ports Amalgamation Working Group.

The Authority continues to work closely with both the Departments of Transport and State Development to find solutions to these challenges and to address other outstanding actions and remains hopeful that the responsibilities will transfer in a timely way.

The Authority has been a strong supporter of the State Government's efforts to establish a viable port operation at Oakajee. However, over the last 12 months project developments have pushed the prospects for this project further out and this has been further influenced by lower iron ore prices and consequential impacts on mining proponents. The Authority continues to monitor developments and stands ready to support the project should interest be renewed.

A comprehensive port master plan has been developed along with an operating model and draft agreements which collectively positions the State for effective future reengagement with proponents on this project.

Port Charges Review

During the course of 2015, the Authority's port charges, particularly the Port Enhancement Charge have come under pressure from some customers and this has resulted in the Department of Finance announcing in May 2015 an independent review of port charges which are levied by the Authority.

Earlier, in October 2014, the State Government released for the first time its Port Improvement Rate Policy. This Policy provides for a port authority to implement a dividend neutral charge to either service debt or to generate capital for qualifying works. Currently, port authorities are required to pay 65% of their net profit after tax as a dividend to the State Government and the reinvestment of this dividend under the Port Improvement Rate Policy enables a port authority to repay debt or build a capital reserve far more efficiently than would otherwise be the case.

The \$106M Port Enhancement Project was 100% debt funded with financing arranged through the Western Australian Treasury Corporation. The Corporation arranged a number of tranches of debt with a variety of settlement dates out to 2034. After the Port

Improvement Rate Policy was released the Authority developed a proposal to convert the current Port Enhancement Charge into a dividend neutral Port Improvement Rate along with some consequential amendment to the standard (non-PEP) charges.

The Authority looks forward to the Department of Finance's port charges review being concluded and is hopeful that the outcomes when implemented will result in sustainable port charges and a beneficial outcome for the port's important customers.

Business Development

The Mid West region has benefited from more than \$1B of private and public investment in port and transport infrastructure over the last 10 years. This investment has facilitated a run of 8 successive years of record trade growing from handling 4.3 million tonnes in 2003/04 to 18.4 million tonnes in 2013/14, an overall trade increase of 328%.

Unfortunately, the current iron ore price is putting pressure on the region's producers and on the viability of expansion projects. This effect has resulted in a 7% decline in iron ore exports during 2014/15 and reduced the likelihood of near term capacity

constraints and the pressing need to deliver planned infrastructure enhancement.

Strategically, the Authority is entering a new phase and is monitoring and working closely with the region's current and prospective exporters and service providers to ensure that services are delivered as efficiently as possible and to enhance utilisation of port authority assets to add further value to regional and state economic activity.

I would like to acknowledge the work of my fellow directors and in particular in relation to the increasing committee workload. The Board has experienced another year of stable membership and the inclusive and open-minded approach to problem solving has further strengthened internal relations. The commitment of directors, their input and support has been greatly appreciated.

I would also like to thank the Chief Executive, staff and key contractors for their contribution to the Authority's success during 2015. Our expectation about quality of performance is high and staff across the Authority are consistently meeting this expectation and are to be congratulated.

IAN KING
Chairman



PETER KLEIN
Chief Executive Officer

Chief Executive Officer Report

Health & Safety

The Authority is committed to providing employees and contractors and to the extent possible its lessees and other service providers with a safe workplace and to safely returning all workers to their families at the end of each day or shift. We aim to achieve this by rigorous compliance with our health & safety management system, which forms part of our broader integrated management system and through training and positive example.

Two lost time injuries were recorded during 2014/15. The first was recorded by a port employee and the second by a major contractor. In both cases the injured worker was able to return to work although due to a chronic back condition one of these workers has returned to a permanently modified work program.

The integrated management system was subjected to external audit by BSI consulting in March 2015. Previous minor non-conformances had been closed out to the auditor's

satisfaction and a single new minor non-conformance was identified. The management system is maturing and organisational culture and procedural compliance continues to improve.

Strategy

The past year has witnessed a period of operational consolidation as strategies implemented over the last few years are bedded down and fine-tuned. These recent strategies were heavily focussed on accommodating trade growth and include the method of providing Berth 4 & 5 shiploading services, rail terminal operations, asset maintenance and surge management. The changing way these services were provided has undergone a period of review and adjustment to ensure that not only is the trade accommodated but that it is accommodated efficiently.

This focus on efficiency will likely gather pace in future years.

Nearly 80% of all product handled at Geraldton port is now iron ore and it will come as no surprise that the dramatic growth in overall trade since 2003/04 is almost exclusively due to the growth in iron ore exports. However, in 2014/15 overall trade declined 8% and was driven by a 7% decline in iron ore exports, principally due to a planned mine closure.

Looking ahead, in the absence of a significant positive movement in iron ore price, it is anticipated that iron ore trade could see further downward adjustment as deposits are mined-out and expansion plans fall short of achieving start-up targets. In this environment it is essential that the Authority's future strategic efforts focus on both operational efficiency & consolidation at the same time as delivering its core objective of facilitating current and new business.

At this time I would like to congratulate Top Iron who commenced its iron ore export operations from Geraldton port with

a consignment on 29 March 2015 on-board the MV Ocean Rose. The iron ore was shipped to Lianyougang Port and delivered to Shanxi Jianbang Group's steel making facilities in the city of Linfen, Shanxi Province. We congratulate Top Iron on this significant achievement.

We would also like to acknowledge the performance of Karara Mining. During FY 2015 their total exports were 9.41 million tonnes and contributed 56% of total port trade. We have worked closely with Karara Mining to improve the competitiveness of port services provided at Geraldton. A joint study into the handling of larger vessels in the port's confined channel and harbour was delivered and this recently led to the increase in port limits to allow the handling of vessels with a LOA up to 235m and a beam of 38m.

In June 2015 the previous record single consignment lifted from the port of 66,729 tonnes was exceeded when the MV Double Paradise sailed with a 75,349 tonne consignment and further investigation is underway to accommodate even larger vessels potentially up to 253m LOA and 42m beam.

Marine Services

In May 2014 the Authority conducted a symposium involving international experts with a view to identifying potential solutions to the effects of harbour surge. During FY 2015 harbour surge resulted in a 12% loss of berth availability at Berths 4, 5, 6 & 7 and a total of 46 mooring lines were reported as breaking by 6% of vessels entering the port. The surge continues to be a major source of productivity loss and a significant source of safety risk.

Following on from the symposium, comprehensive wave monitoring has been undertaken to map the behaviour of trapped wave energy within the harbour. This will support

the future development of a moored vessel model and anticipated amendment to the berthing threshold system employed by the Authority to improve vessel safety. These outputs are expected during 2015/16.

Other initiatives identified during the symposium including the use of new mooring technologies and physical barriers are not considered to offer viable economic solutions at this time although we continue to monitor the use by Karara Mining of MoorMaster units at Berth 7 and the deployment of Shore Tension units at Esperance and Fremantle.

Asset Management

The Authority has made important in-roads towards its objective to establish a whole of life asset management system. This innovative system initially required the definition and establishment of an asset condition and consequence rating system. This system was aligned with early recommendations for best practice as defined in the Ports Australia Wharf Structures Condition Assessment Manual.

The condition of all of the Authority's assets identified as being critical to the port's operations were inspected and assessed under the rating system including seawalls, navigation aids, berth & wharf structures, materials handling structures and mechanical & electro-mechanical equipment. A second inspection of assets whose condition was considered compromised was delivered in May 2015 to monitor the rate of deterioration.

For each asset, management options have been identified but to date strategies only for the most compromised assets have been finalised. This work has led to repairs to the Berth 4 electrical system, train unloader vault, Berths 4 & 5 rock-wall, CV03 & 04 galleries and Berth 3/4 wharf structures.

The Authority's asset management system will enable;

- Advanced planning and preparation of business cases for future maintenance and upgrade programs;
- Accurate short and long-term budget planning;
- Timely access to accurate management data; and
- Implementation of an efficient visual inspection process.

Relationships

In May 2015 the Authority proudly launched its Reflect Reconciliation Action Plan. This plan commits the organisation to explore its spheres of influence, to build relationships with local communities and to identify how it can best contribute to the reconciliation effort.

Delivery of the Authority's Reconciliation Action Plan is currently overseen by a committee comprising of the Authority's staff but we plan to extend membership to recognise and encourage cooperation with the City

of Greater Geraldton's reconciliation efforts and in response to relationships to be formed with aboriginal leaders and organisations during our year one journey.

The Authority has worked closely with the City of Greater Geraldton, the Mid West Development Commission and the Department of Transport to find a solution to the complex coastal processes that are causing erosion to Marina Bay and the Beresford Beaches to its immediate north.

A steering committee formed by the Minister for Transport has overseen this project and guided it to the point where a concept solution has been agreed. This agreement paves the way for further cooperation and a multi-agency funding solution which will be considered once the designers have provided a detailed design and final costing. Project delivery is expected to commence during 2015/16.

The Authority has a long term vision to sustainably build trade through the efficient provision of infrastructure

and port services. Its capacity to achieve this vision and to deliver important economic activity for the region and state is dependent on the skills and commitment of our dedicated team of highly skilled staff.

I congratulate our staff and major contractors including Maicon Engineering, WA Mercantile, GCo and Vac West and suppliers & customers for the important roles they have each played in delivering the Authority's 2015 achievements. The effort in planning and executing strategy to improve service efficiency, plant and infrastructure reliability, site safety and stakeholder responsiveness is widely recognised and greatly appreciated.

I would also like to thank Ian King, the Authority's Chairman and his fellow directors for their commitment and on-going support.

We look forward to further performance improvements during 2015/16.

PETER KLEIN
Chief Executive Officer





2014/15 Highlights

Total trade of 16.9 million tonnes was 8% lower than the record 18.4 million tonnes handled during 2013/14 but still the second highest annual trade ever recorded through Geraldton Port;

A record 459 ships visited Geraldton during 2015 and comprised 408 cargo ships, 44 rig tenders and 7 cruise vessels and resulted in a total of 1,014 pilotage assisted ship movements;

Iron ore represented 77% of total Port of Geraldton trade. Grain represented the second most important commodity and contributed 10% of total trade;

82% of all trade transferred at the Port of Geraldton either originated from or is destined for China. The next most significant markets are Indonesia, accounting for 3% and then USA and South Korea, 1.5% each;

The first ever shipment of iron ore produced by Top Iron Pty Ltd from its Mummaloo Project was exported from Geraldton Port on 29 March 2015 on-board the MV Ocean Rose. The iron ore was shipped to Lianyungang Port and delivered to Shanxi Jianbang Group's steel making facilities in the City of Linfen, Shanxi Province;

Port limits were extended to permit the handling of larger bulk carriers (235m LOA & 38m beam) within port waters and resulted in a record single consignment of 75,349 tonnes of iron ore being shipped from Berth 7 on the MV Double Paradise in June 2015;

A record low number of mooring line breakages were recorded during 2014/15, despite shipping numbers being at historically high levels;

The Authority's management system was re-certified by independent audit as being compliant with AS/NZS4801, ISO 14001 & ISO 9001;

The Office of Rail Safety (WA) re-accredited the Authority as a Rail Infrastructure Manager and Limited Rail Operator;

Two lost time injuries were recorded during 2015, one involving a port staff member and a second involving a major contractor;

The Authority officially launched its Reflect Reconciliation Action Plan on 28 May 2015, committing MWPA to explore its spheres of influence, to build relationships with local communities and to identify how it can best contribute to the reconciliation effort;

The development of Oakajee Port continues to be a strategic priority for the Mid West region and the Authority will continue its efforts to support and facilitate its future development despite the gap in project propensity.

Overview

The Authority is the gateway for Western Australia's diverse Mid West region.

The port has been the subject of strategic state and private sector 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 3.62 million tonnes of iron ore in 2014/15, down from the record 6.61 million tonnes in 2012/13 and a total of almost 40 million tonnes since it was commissioned.



This investment is summarised in the following table;

Year	Investment
2002/03	Port Enhancement Project (\$106M)
2004/05	Southern Transport Corridor Stage 1 (\$88M)
2007/08	Berth 5 Iron Ore Enhancement Project (\$50M)
2009	Southern Transport Corridor Stage 2 (\$44M)
2010/12	Karara Mining's integrated Berth 7 facility
2010/12	Track upgrade by Brookfield Rail (Perenjori to Narngulu)
2011/12	Upgrade of the Authority's train unloading circuit (\$20M)
Total Investment	> \$1 billion





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 10 m from North end) 195 m x 53 m	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 180 m wide	14.1 m 189 m 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 Authority and operated under contract by Maicon Engineering in partnership with WA Mercantile. 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 Authority also owns and manages the existing bottom dump iron ore train unloading infrastructure. This infrastructure was recently upgraded to create a faster more efficient linkage between the train unloader and Mount Gibson's Berth 5 storage facility. When delivering product to this 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 1,800 tonnes per hour.

During 2014/15 Karara Mining further consolidated the operation of their new port infrastructure which incorporates a new rail (4th track) into the port, a dual wagon rotary unloader, 275,000 tonne storage facility, new berth (Berth 7) and shiploader and associated materials handling infrastructure. During

2014/15 Karara Mining routinely achieved the targeted single tide ship loading using their Berth 7 infrastructure.

In addition to the traditional trade in grain, mineral sand, livestock, fertiliser and fuels, the port has welcomed and accommodated cruise ships, oil rig tenders and other support vessels. The Geraldton Port also supports Geraldton's marine industries, providing berthing and land facilities, maintenance, waste disposal and security to the local fishing, fish processing and boat building industries operating from the Fishing Boat Harbour.

Corporate Governance

Legislation

The Authority 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 the 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 are required 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 3 years and is eligible for reappointment. Periods of appointment are generally fixed in a way that results in approximately one third of directors retiring each year.

Directors are paid out of the funds of the 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 2 months from the

end of the reporting period or such other time as agreed by the Minister. Copies of this report must also be provided to the Treasurer.

The 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 & 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 Authority.

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 the Authority's 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 section 21 and 23 of the Port Authorities Act (1999).

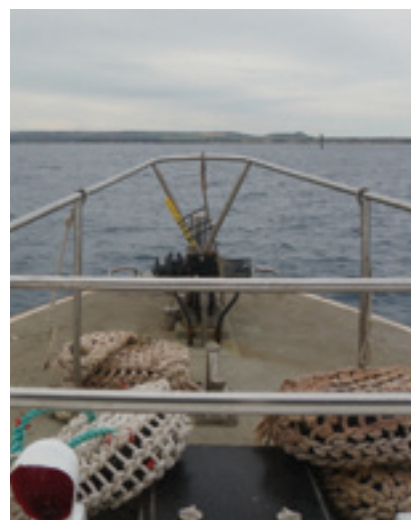
Record Keeping

The Authority is required to comply with the terms of the State Records Act 2000 and maintains a Record Keeping Plan in accordance with the requirements outlined in section 16 of this Act.

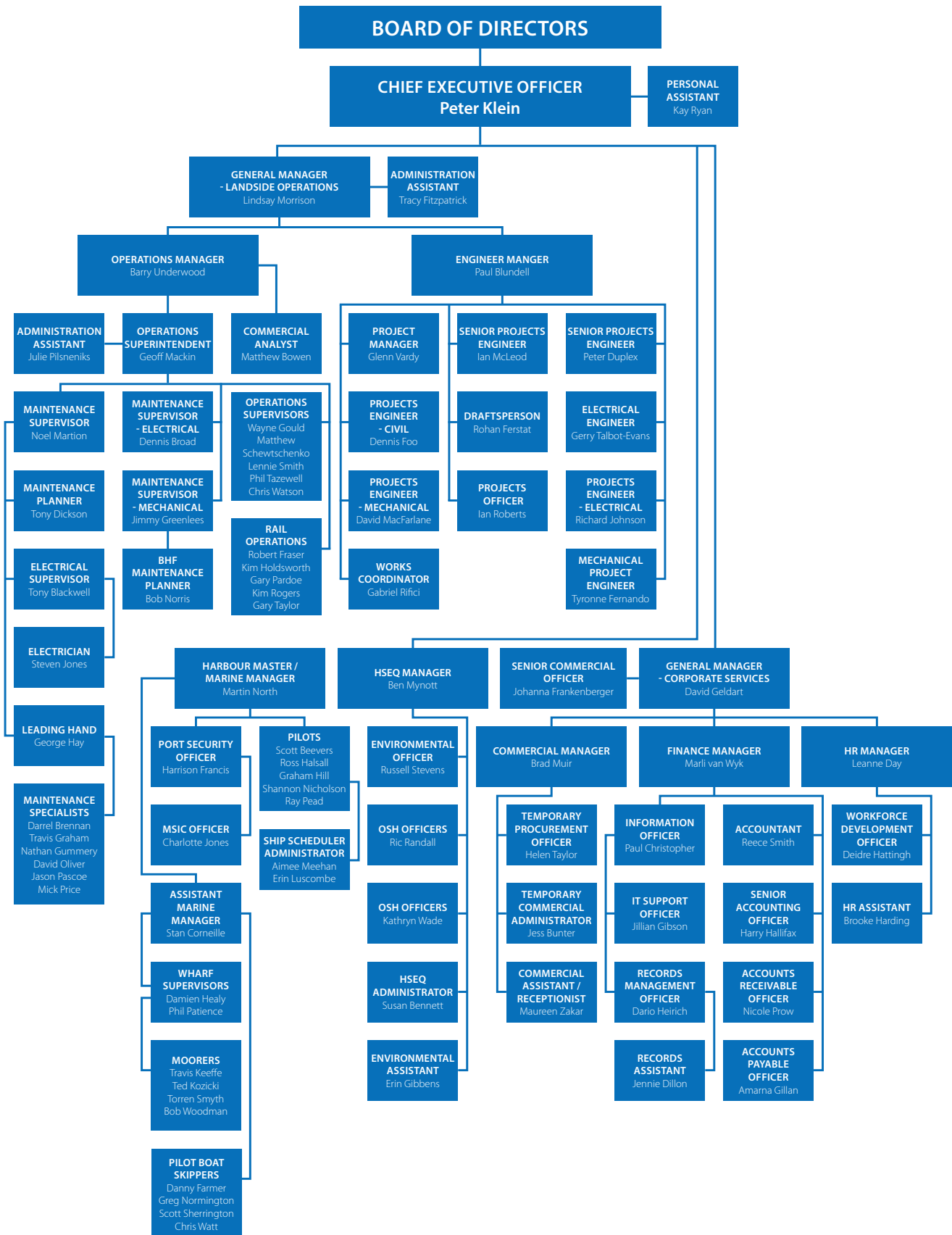
The Record Keeping Plan is lodged with the State Records Office and is reviewed at least every 3 years.

In 2014/15 the Authority launched new record keeping software developed and supplied by Objective Corporation. This software was selected after an open tender process and its successful implementation has delivered efficiency improvements and a record keeping system fully compliant with the Authority obligations under the State Records Act.

The Authority's induction program outlines employees' responsibilities in complying with the organisations documented Record Keeping Plan.



Organisational Chart





Purpose & Strategy

Purpose

This purpose is achieved by delivering innovative infrastructure solutions, whole of life asset management and continuous operating improvements within a seamless 24 hour operation at multiple port locations.

The Authority focuses its operation on proactively managing port asset to optimise trade and economic development opportunities, it effectively manages people and stakeholder relationships and it identifies and manages operating and business risk.

At Geraldton the Authority supports an inter-modal facility that serves the region's demand for connectivity to national and international markets. The Authority also has an expanding role with future marine safety responsibility at the ports of Useless Loop and Cape Cuvier to be adopted in the near future.

In serving this demand the Authority plays an essential service for the Mid West and State economies. Its operations are guided by the following purpose;

To support the State Government's social and economic objectives by efficiently linking Western Australian industry with national and international markets on a commercial and sustainable basis; and

To facilitate the development of sustainable infrastructure at Oakajee.

Vision

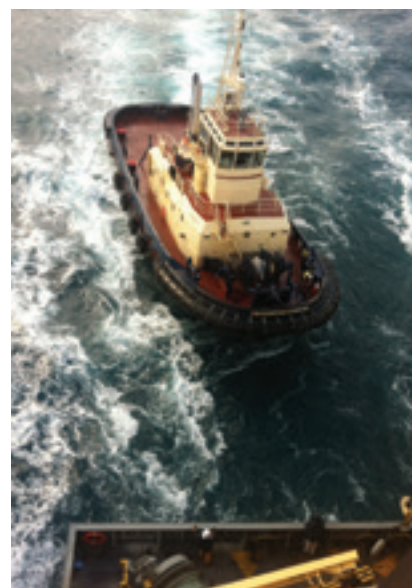
The Authority's vision is derived from its business principles, which are;

1. To efficiently transition operations to Mid West Ports Authority while maintaining service levels and operational efficiency;
2. To understand and consistently meet port user and external stakeholder expectations;
3. To protect and optimise the operating life of State and Authority port assets; and
4. To operate assets and identify and provide infrastructure investment opportunities to maximise trade facilitation opportunities.

Specifically the vision for the organisation is to;

To deliver innovative infrastructure solutions, whole of life asset management and continuous operating improvements within a seamless 24 hour operation at multiple port locations.

The Authority's delivery of its purpose and vision creates an inclusive and proactive organisational culture that drives a high level of customer and external stakeholder satisfaction and a positive business retention & development environment.





Strategic Focus & Goals

The strategic focus for the Authority during 2014/15 has been to;

- Establish the Mid West Ports Authority in accordance with the State Government's objectives for the ports governance review;
- Actively manage port asset to optimise trade and economic development opportunities;
- Effectively manage people and stakeholder relationships;
- Manage operating and business risk; and
- Proactively support the Oakajee Port initiative.

The strategic goals for the 2014/15 were to;

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





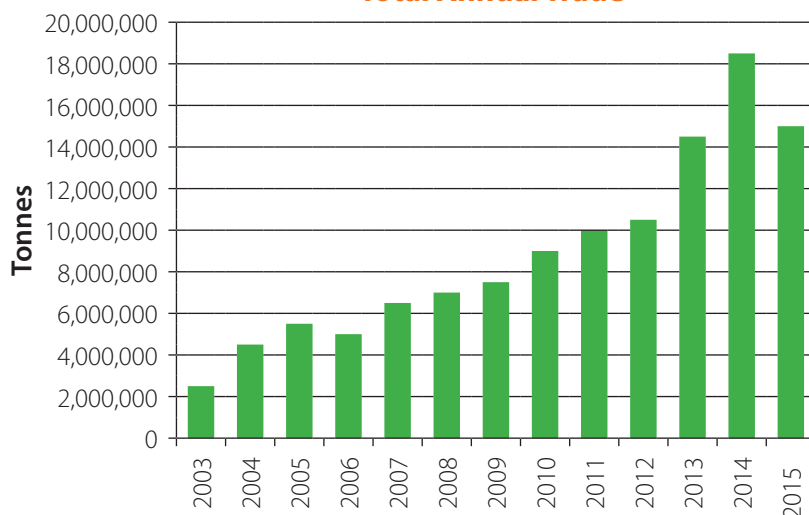
Report on Activities

Trade

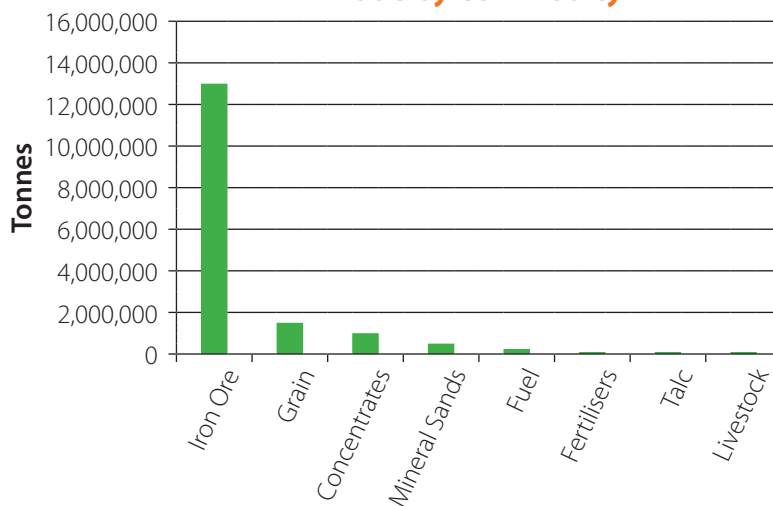
Breaking a run of eight consecutive annual trade records, 2015 saw annual trade of 16.9 million tonnes representing a reduction of 8% from the all-time record of 18.4 million tonnes recorded in 2013/14. The decline in trade was primarily driven by a reduction in iron ore exports on the back of a planned end of mine life.

Trade has been driven predominately by iron ore which represents 77% of total trade. Other strong contributors to the overall trade result include grain (10%), mineral sands (6%) and concentrates (3%).

Total Annual Trade



Trade by Commodity



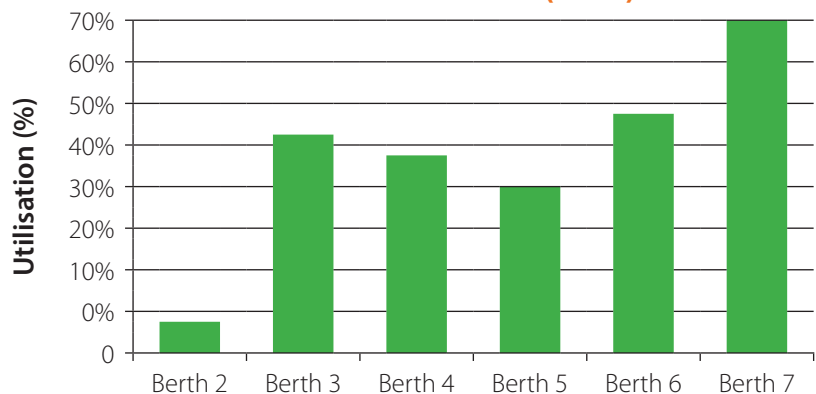


The continued high export levels for iron ore, concentrates and grain have resulted in exports of these three key products comprising 92% of total trade. Imports comprised predominately fuel (2%) and mineral sands (2%).

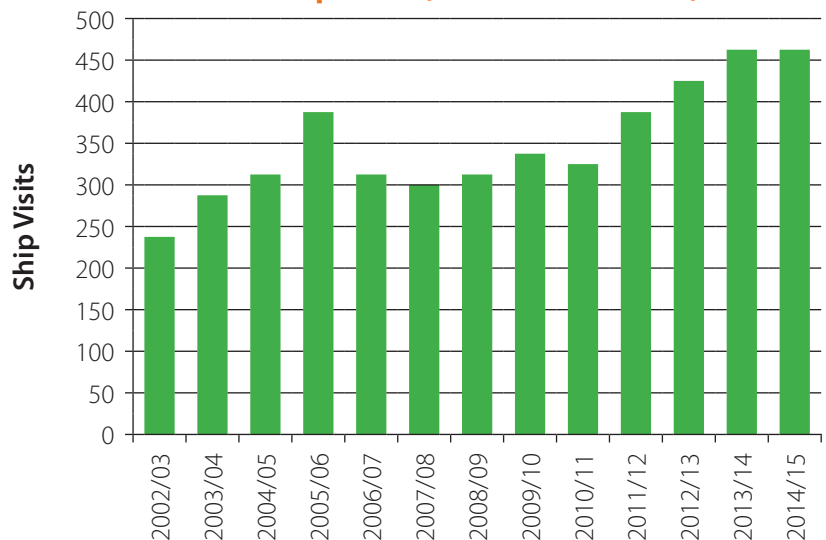
A strong trade performance has been delivered with berth utilisation at acceptable levels. Some latent capacity is indicated by the 2015 berth utilisation results highlighting the opportunity that exists for the expansion of existing customers' operations or the entrance of new business. The Authority's ongoing focus on productivity improvements will result in incremental benefits to all port stakeholders.

A record 459 ships visited Geraldton during 2015 and comprised 408 cargo ships, 44 rig tenders and 7 cruise vessels. The total number of ships was on par with that of 2013 and resulted in a total of 1,014 pilotage assisted ship movements.

Berth Utilisation (2015)



Total Ship Visits (2002/03 - 2013/14)



Commercial Services

2014/2015 saw a slide in the iron ore price and the emergence of a more difficult trading environment across the West Australian economy. The reduced iron ore price is particularly concerning to the Authority as iron ore exports account for the majority, 77% of our overall trade.

Despite the increasingly difficult economic environment our largest iron ore miner Karara Mining Ltd, continued to perform strongly with their exports for 2014/15 up 12.6% from the previous year as their ramp up continued and processing plant issues at the mine site were progressively resolved.

Mount Gibson Iron's throughput declined 38.6% from the previous year which was expected as their Talling Peak mining operation came to the end of its life. In fact, Mount Gibson's trade was higher than forecast after a dam wall collapse forced the closure of their Koolan Island operation in the Pilbara which resulted in increased volumes coming through Geraldton.

Another of the Authority's iron ore customers, Sinosteel Midwest Corporation Ltd, ceased mining during the year as a result of mine expiry and approval delays associated with their expansion plans. Sinosteel Midwest Corporation controls some significant tenements within the Mid West but the realisation of mining operations on these tenements is subject to substantially improved iron ore prices but remain prospective.

A milestone was achieved when the

Authority's newest customer, Top Iron Pty Ltd successfully exported its first consignment from Geraldton Port on 29 March 2015. A second consignment sailed on 11 June 2015 on board the MV Navios Alegria.

The Authority's long term non-iron ore customers, CBH, Imerys Talc, GMA Garnet, Iluka Resources and MMG Golden Grove, plus our newer customers Independence Group and Sandfire Resources, who both utilise Qube Bulk's Rotainer system, all continued to perform well with solid export volumes. Big reductions in the iron ore price reinforce the need for the Authority to ensure it has a broad customer base to reduce exposure to one particular commodity market.

In terms of new business, as at 30 June 2015 the Authority held capacity and land for Asia Iron/Extension Hill Pty Ltd who is seeking to develop a magnetite mine 280 km south east of Geraldton Port. As a result of current market conditions the project has been placed on-hold and its recommencement is currently subject to financing approvals from China. The Authority has also been engaging with other prospective customers regarding port access for their products including iron ore (magnetite and hematite), potash, nickel, copper and manganese.

Human Resources

In May 2015, the Authority launched its first Reflect Reconciliation Action Plan, being only the second port in Australia and the first in Western Australia to do so. The Authority is

committed to doing what it can to facilitate reconciliation within its sphere of influence. Its ultimate goal is to enhance workforce participation of Indigenous Australians by identifying opportunities to offer support through our operations and business networks.

Staff retention has been 97.5% this year, largely attributed to the current state of the economy and industry factors as well as the continuing positive initiatives in place across the organisation.

The Authority has again partnered with local schools to offer workplace training opportunities as part of its long term recruitment and succession planning efforts. Placements in the marine, maintenance and corporate services sections have been successful however, marine pilotage still remains the most popular which is encouraging for the future of this profession.

The Authority places the highest emphasis on ethical behaviour in the workplace and as such; a Code of Conduct has been developed that applies to all directors and employees. The Code was developed with the Public Sector Standards as a guiding framework and is designed to assist staff to understand their rights, responsibilities and obligations in the workplace.

The Code of Conduct is reviewed bi-annually and reported annually to the Minister in accordance with section 21 and 23 of the Port Authorities Act 1999.



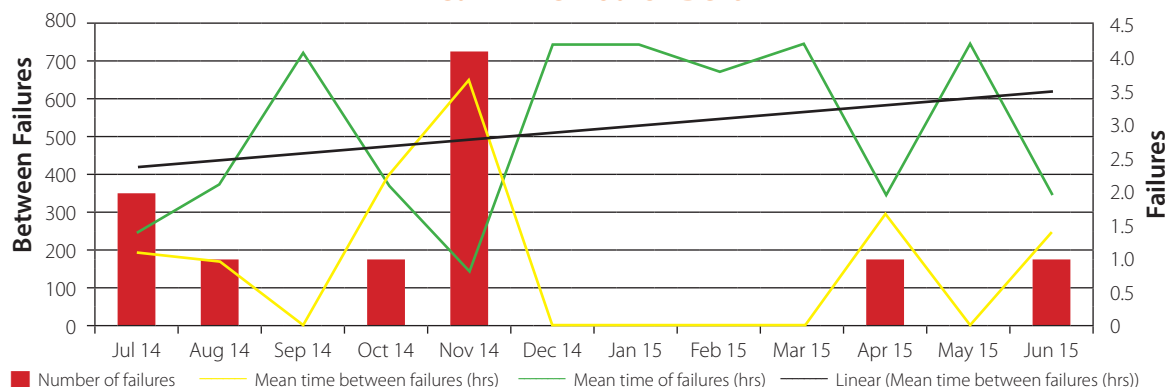
Landside Operations

2014 / 2015 has been a year of consolidation and improvement. The performance indicators for the port's

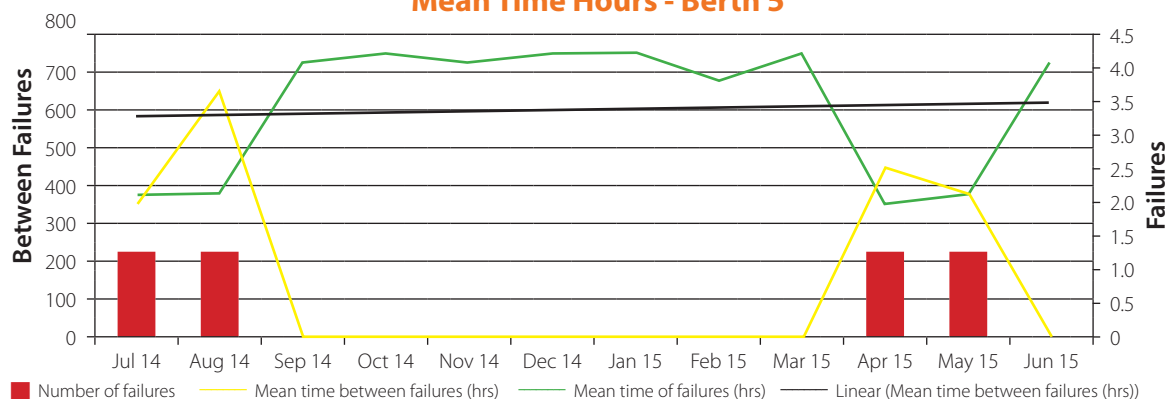
Bulk Handling Facilities demonstrate the higher service standard achieved by a targeted maintenance effort and focus on operational efficiencies over the last few years. The following

graphs demonstrate that both the Berth 4 and 5 shiploading facilities are operating at high levels of reliability and availability.

Mean Time Hours - Berth 4



Mean Time Hours - Berth 5



A number of maintenance challenges have been delivered during 2014/15 including major electrical 'holding works' to the Berth 4 Shiploader, ahead of a total electrical systems replacement. Equally the high voltage cable reeler replacement on the Berth 5 Shiploader proved to be a major task. Both of these difficult maintenance works were carried out with little disruption to the normal operations due to careful planning and diligent task execution.

Work has commenced on integrating asset management elements, including tablet based asset condition assessments into the Authority's Maintenance Management System. The integration of this and other maintenance planning elements will

ensure the provision of a forward looking asset management plan and budget that can provide a 10, 20 and potentially 30 year look ahead for major plant and equipment.

A variation to the Authority's Rail Terminal Accreditation has recently been requested by the Authority and accepted by the Office of Rail Safety. This variation provides for the inclusion of limited 'above rail' operational element to the Authority's accreditation issued by the Office of Rail Safety (ORS). This additional accreditation will allow non-accredited track maintenance providers to be used within the port rail terminal. The Authority has now taken full control of the port Rail Terminal from the previously

contracted operation arrangements. This changed arrangement has resulted in significant saving to the port rail operations.

The port owned bottom dump common use train unloader has recently undergone a major upgrade to cater for higher tonnage throughout. This project was funded and managed by a private proponent. During the upgrade a new main feeder conveyor system was installed but after installation and a period of operation it was noted that the main feeder conveyor belt life was significantly less than specified.

In consultation with the proponent, their designers and the conveyor belt supplier the port maintenance team

has overseen the assessment, identification and implementation of a series of operational improvements to prolong belt life. These improvements have covered all aspects including the introduction of operating procedures (to minimise the discharge of material onto an empty feeder belt), surge bin/chute design has been modified and conveyor belt properties and thickness have been trialled and optimised to prolong belt life. The end result has been a threefold increase in conveyor belt life, a significant increase in train unloader availability and lower maintenance costs.

Substantial maintenance works have been carried out and will continue in the Fishing Boat Harbour to ensure that the infrastructure is maintained to provide safe mooring for the commercial fishing fleet. The delivered works have involved deck and pile replacements along with electrical upgrades.

Engineering

Major sea wall repairs and improvements have been delivered during 2014/15. This has involved work on sea walls both in the main shipping harbour and in the Fishing Boat Harbour and has resulted in a significant improvement in sea wall stability and weather keeping capability. The engineering team has also been prominent in providing for remedial works to manage the structural integrity of plant that is approaching life expiry and ear-marked for replacement in the coming financial year.

The Authority is in the process of implementing a new integrated IT system. The engineering team has provided a dedicated resource to assist in the system's development and testing ahead of its roll-out later in 2015.

The port engineering team has participated in the development of five significant business cases for

capital works identified and prioritised through the Authority's strategic asset management plan. Three of these projects have obtained approval and their delivery will commence during 2015/16. These projects are;

1. CV03 & 04 gallery replacement;
2. Shiploader 4 electrical system refurbishment; and
3. Berth 3/4 structural upgrade.

The Shiploader 4 electrical system refurbishment contract has been tendered and awarded to GCo Electrical, a Geraldton based contractor.

A business case for the refurbishment of the Geraldton Fishing Boat Harbour's pens and jetties will be resubmitted for consideration during 2015/16.

Whole of Life Asset Management

The Authority's engineering team has made positive progress towards implementing the Authority's strategy to develop a whole of life asset management plan for each of the Authority's major assets. Work on this plan commenced in 2011. The beneficial outcomes from integrating a whole of life asset management plan into the Authority's maintenance planning and budgeting processes are improved performance reliability, more accurate prioritisation of maintenance and a longer term planning capability for major capital projects.

For each asset a whole of life management plan will take into account the criticality of an asset's service, its design life & current condition and the assessed rate of wear or deterioration. Maintenance and replacement options are then ranked based on a value for money measure determined through a discounted cash flow analysis.

Initially, the most important step was to establish a sound knowledge of each asset's condition. The process began with a detailed asset condition

assessment that was undertaken in 2011 and this was followed by a second assessment in 2014. The information gained from these assessments forms a 'base line' of individual asset condition and from the second assessment an understanding was established of the rate of asset wear or deterioration.

With this knowledge in combination with the criticality of each asset to the Authority's operation and its service load, the maintenance tasks and eventual asset refurbishment or replacement requirements are able to be projected from both a timing and cost perspective. This allows the Authority to 'look ahead' and manage the maintenance tasks and budget to fit within set timeframe goals and budget constraints/opportunities. Equally the Authority can also use this information to provide input into planning of different maintenance or replacement scenarios to understand the impact on asset serviceability and budget impacts.

In future, asset condition assessments conducted by the Authority's staff will be completed with a mobile device that is linked to the Authority's electronic asset management system allowing photos and comments to feed directly into an asset's history. More importantly, an assessment criteria, in a template format, has been developed and once implemented it will enable the assessor to rank an asset's condition and to highlight and prioritise any identified short term maintenance tasks. This information will be received electronically by the maintenance planner who can schedule additional maintenance or follow-up inspections within the maintenance team's daily works.

The Authority will continue to conduct detailed condition reviews of its assets at appropriate intervals to measure progress against our 'base line' and to monitor improvements as a result of the changed maintenance / capital renewal practice.

Marine

Operating objectives for the Authority's marine team are drawn from key challenges derived from the following combination of features which make Geraldton Port unique;

1. exposed pilot boarding ground;
2. single dredged channel, harbour and berth pockets;
3. only one high-tide every 24 hours; &
4. harbour surge that results in significant shipping and loading delays.

These challenges are continually balanced against the economic incentive on customers for fast loading rates, minimal delays, maximised consignment size and more recently for larger ships.

Total Marine Traffic

Shipping traffic has risen steadily from 232 ships in 2005/06 to a record 459 vessels in 2014/15. The 2014/15 result was just higher than the 457 vessels accommodated in 2013/14 and has facilitated the consolidation of pilot training and experience.

The number of pilots employed in 2005/06 was 3.5 whereas the current complement is 5. For the majority of 2014/15 the 5 pilots included 4 fully licenced pilots and one trainee. As the trainee's restricted licence has been progressively relaxed the trainee pilot has been able to increasingly participate in the roster and reduce the additional training workload on the fully licenced pilots.

The ratio of employed pilots to ship visits has changed from an average of 1:66 to 1:92. The 459 vessels calling to Geraldton resulted in 1,014 pilotage assisted movements caused by some vessels moving either to work cargo at different berths or to vacate the harbour and return later after surge events. This equates to an average of 203 ship movements per employed pilot.

Larger Vessels

The average deadweight tonnage of vessels calling to Geraldton has increased from 42,187 in 2009/10 to 53,426 in 2014/15. This is driven by the larger proportion of the larger Panamax vessels chartered by the port's iron ore export customers.

In addition, Karara Mining has targeted the use of larger post-Panamax vessels to lower their per tonne sea freight cost by achieving higher consignment size. Currently post Panamax ships of 230 m LOA x 38 m beam are being assessed and it is intended to progress the trial to ships of 250 m x 42 m.

Whilst draft cannot be increased without capital dredging works, these wider ships can lift significantly greater iron ore tonnages due to width and length increasing displacement (underwater volume), affording shippers economies of scale in the current difficult trading climate (example below).

Harbour Surge

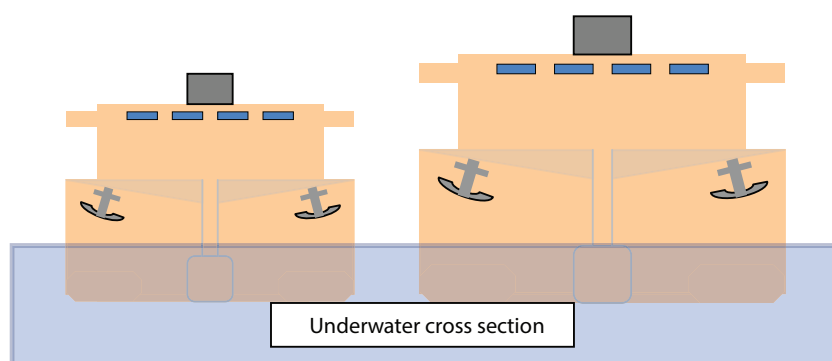
The weighted average shows that during 2014/15, berths were made unavailable due to harbour surge for 12% of total time. Fortunately, due to controlled berth utilisation actual ship delays were less than half that amount.

In May 2014 the Authority conducted a symposium to assess the causes and the remediation strategies available to deal with the harbour surge issue. The symposium identified the following potential work fronts;

1. Modify the threshold management system;
 - The current threshold system relies on clearing the port of vessels when wave height & period within the harbour is predicted to exceed safe limits identified by experience and observation.
 - There is an opportunity to improve this system and to open operating windows by implementing a surge management system based on forecast or actual mooring line tensions.
2. Assess benefits of mooring technology;
 - Investigate the use of Shore Tension units; and
 - Monitor and consider broader utilisation of vacuum mooring systems.
3. Introduction of physical barriers;
 - Optimise shape and length of Western Breakwater;
 - Shape dredging outside harbour basin; and
 - Under berth surge damping.

The introduction of physical barriers is not currently under consideration and will only be considered once any incremental benefit from modifying the threshold system or the use of mooring technology is identified and captured.

During 2015 the focus has been on data collection. Lines of pressure sensors (wave monitors) have been strategically deployed throughout the harbour. The data collected will





support the future development of a ship mooring model that will provide ship specific mooring line loads based on ship stability, buoyancy and mooring line quality. This model could be developed to use both forecast and real time data and assist in the development of mooring plans based on the ships specific reaction profile to the surge.

Several engineering and academic establishments have expressed interest in developing these concepts for the Authority.

Parted Lines

Mooring lines parted due to harbour surge have steadily fallen since 2005 when reporting of broken mooring lines first commenced. In 2005/06 there were a total of 240 mooring lines broken by the 384 vessels calling at the port. On average one line was broken for each 1.6 vessels. In 2014/15 this was reduced to an average of one broken mooring line for each 9.4 vessel calls.

Health, Safety, Environment & Quality

Our Commitment

The Authority is committed to continually improving workplace health and safety 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 participate in the monthly HSE Committee meeting and formal management reviews occur quarterly to monitor performance and review significant risks. Health, Safety and Environment are key discussion items on all staff meeting and toolbox talk agendas. The Board also hold a quarterly Risk Committee meeting that focuses on the Significant Risks identified by the organisation.

Occupational Health & Safety Management Systems

The Authority maintains its integrated management system to;

- AS/NZS 4801 Occupational Health and Safety Management Systems,
- ISO 14001 Environmental Management Systems and,
- ISO 9001 Quality Management Systems.

BSI is the Authority's current auditor and the report on their February 2015 certification audit recommended the Authority move to an annual audit cycle in 2015/16. The auditors found no major non-conformities and only one minor non-conformity at the time of audit. This minor non-conformity was actioned and closed out during March 2015.

The audit also noted the following which demonstrate the effectiveness

- Communication of policies, goals, customer needs and values are well established within the Authority.
- The organisation continues to maintain an appropriate system for the needs of their clients, workers and environment;





- Executive and Senior Management's commitment to the development and implementation of the QMS is evident; and
- All items raised at previous audits were demonstrated to have been dealt with effectively.

Key HSEQ Achievements during 2014/15

The Authority has a commitment to continual improvement. Over the 12 month period developments within the following areas have benefited the organisation:

- Refinement of a Significant Risk Register used by the Board and the Risk Committee to evaluate the existing organisation risks from each of the operational areas. This register allows the Board to better understand and comment on the significant risks identified by the organisation.
- Introduction of a new style of HSEQ Communications. Using a colour coded approach to distribute information of varying importance to a targeted audience.
 - Red (high importance - stop now and reassess),

- Amber (important - before starting next works review processes),
- Green (general information for next toolbox or prestart).

This has seen the setting up of new distribution lists for port staff and principal contractors but also new lists for port users, interested parties, and leaseholders.

- A full review has been completed on how the Authority conducts induction training. The training has been consolidated into a modular system. Initially allowing more effective face-to-face delivery but with the intention of moving to an online module based induction, accessible to all as required.
- The Authority had its Environmental Licence reissued under the new Department of Environment Regulation refile process.
- A 'ready reckoner' has been produced to give the Operations Supervisors a guide to using the information provided by the dust monitors and real time wind information.
- Completion of a Contaminated Sites investigation program. This has been planned to allow the

Authority to assess and better control any areas that could be subject to port operations, leaseholder operations or off-site factors that could see an impact on the environment. The draft report has allowed a prioritisation of scope and has shown that there are no immediate issues requiring rectification.

- Significant progress on the major software implementation. HSEQ now capture records within the Objective system and are at an advanced stage to be able to implement the integrated management software IFS when the port Phase 1 goes live in October 2015.

Rail Safety Management System

The Authority continues to operate a Rail Safety Management System under annual formal review and also inspection from the regulator (Office of Rail Safety). The Authority's rail operations continued within the terms of the initial certification during this financial year. The Authority's rail facility operates as a recognised Rail Terminal with multiple Train Operators and users.

Goals and Targets

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.

Statistics

Measure	GPA Results 2010/11	GPA Results 2011/12	GPA Results 2012/13	GPA Results 2013/14	MWPA Results 2014/15	WA State Government Target	Comment 2014/15 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	3.3	0	5.26	0	1.09	0 or 10% reduction	Not Achieved
Lost time injury severity rate No. of severe injuries (60 days or more lost) / No. of LTI/D x 100	0	0	0	0	0	0 or 10% reduction	Achieved
Percentage of injured workers returned to work within 13 weeks	100%	N/A	100%	100%	100%	Actual result to be stated	Achieved
Percentage of injured workers returned to work within 26 weeks	100%	N/A	100%	100%	100%	Actual Greater than or equal to 80%	Achieved
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	60%	97%	86%	92%	85%	Greater than or equal to 80%	Achieved

NB: Effective 1 July 2014 Geraldton Port Authority (GPA) became Mid West Ports Authority (MWPA)

Consultation and Communication

Occupational health and safety representatives are in place for each work area and participate in the monthly Health, Safety & Environment Committee as well as their own toolbox and staff meetings. Committee meetings are attended by both employee representatives and management. Items discussed include a review of all incidents, hazards reported, training compliance, amended procedures and any matters raised 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 Port Operations, Safety and Environment Working Group meet on a quarterly basis. This open forum involves port users and the Authority's management representatives and provides an information sharing opportunity to

discuss changes within the port but also to encourage sharing of best practice from the operators.

Commitment to Injury Management

The Authority prioritises a safe working environment. Should injury occur it 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 essential for all parties accessing the port. It is

supplemented using a modular induction approach focussed on giving those who access the port the information relevant for their role. Currently these modules are delivered face to face in a classroom environment but other providers are being considered to assist with getting these modules online.

There has been a significant number of VOCs (Verification of Competency) training courses run, focused on the Authority's High Risk (HR) Licence controlled items of plant and equipment. The HR licence is the minimum standard for these items of plant but due to the complexity of the port site, the VOC process adds an extra level of control in that each operator is assessed again and made aware of specific port hazards. The Authority has identified additional processes and plant that the port consider to be High Risk but are not HR licence controlled and these will be the focus of the VOC training over the next year.

Environmental Management

The Authority has in place a range of programs which aim to monitor and evaluate the Authority's environmental performance, identify areas of operation requiring review and to ensure its commitment to continual improvement is upheld. An overview of the monitoring programs and findings from the 2014/15 financial year were as follows;

- **Air quality monitoring,**

The Environmental Licence requires continual monitoring of port operations for total dust levels, background levels and also testing for specific products that could be found in airborne dust. These are measured against licence targets and limits that are set by the Department of Environmental Regulation (DER) and which follow Department of Health (DoH) guidelines.

The Authority reports results of its air quality monitoring to DER each quarter. In the event of an exceedance of a target a notification is required to be sent immediately to DER along with actions taken and planned to prevent recurrence. During 2014/15 the DER was notified eight times, four for exceeding the 24hr total dust level and four for slightly elevated product levels. This is compared to the 10 notifications issued during 2013/14 which comprised seven exceedances of the 24hr total dust level and three instances of product detection.

The incidence of 24hr total dust level exceedances has been managed through operational controls. These controls include the use of live wind speed and direction data and real time total dust recordings. These variables are monitored during shiploading operations and are used to identify 24hr total dust level exceedance risks and inform

decisions to suspend or alter shiploading operations.

The investigations into the elevated product levels that occurred during 2014/15 have shown that low velocity wind conditions are highest risk. Further operational controls are currently under consideration. The Authority's metal concentrates loading operations continue to be carefully managed and monitored to ensure compliance with air quality emission limits and targets as set out in the Environmental Licence.

- **Stormwater quality monitoring**

There are two rounds of stormwater sampling scheduled annually, planned for early winter and late winter. Sampling is undertaken following heavy rainfall with samples taken from 19 pre-determined locations around the port. These samples are collected, filtered and decanted into laboratory supplied containers. These are then chilled and couriered to the laboratory in Perth for analysis. The samples are checked for a suite of analytes that are compared against marine water quality standards.

The current Sampling Analysis Plan has been in place since 2010. Overall trends show that the analytes are at a lower level now than they have been historically but they remain present and work continues to reduce these levels in the runoff and to capture and manage stormwater.

- **Sediment monitoring**

Sediment samples were collected and analysed during June 2015. The sediments are compared against ANZECC & ARMCANZ (2000) interim low (ISQG-low) and high (ISQG-high) sediment quality guideline trigger values. The 2015 data confirms that the concentrations of total metals and metalloids in the sediments are

not materially different from the 2014 survey results.

- **Marine water quality monitoring**

The Authority continues to use the DGT (Diffuse Gradient in Thin film) methodology for assessing marine water quality. The DGTs are left in for the duration of a loading event and recovered afterwards providing a time relative result. Traditionally 'grab samples' are used which lead to high variability in results and therefore reduce confidence of accuracy. The DGTs are sent under controlled conditions to the laboratory in Perth where they are analysed and compared against the ANZECC/ ARMCANZ (2000) 95% and 99% Marine Ecosystem Protection Guidelines (EPG). The levels of metals detected in the harbour are elevated compared to the control location outside of the basin, which remains unaffected by the port's activities.

- **Marine invasive pests survey**

This biennial survey was undertaken on behalf of the Authority by Asterias. Various methodologies are used to look within the port, Fishing Boat Harbour, Champion Bay waters and in the Department of Transport's Marina for early evidence of marine pests. The draft report has been returned with no evidence of any new marine pests in the waters around Geraldton. There is a known small colony of an invasive aquatic sponge located in the Marina but this remains localised and has not spread since last surveyed and remains under surveillance.

Community

Sponsorships

The Authority plays an important support role for the Mid West

economy and on-going community understanding and support for its activities is essential for the future of port operations. In addition to the provision of employment

opportunities and its support of local businesses the Authority reaches deeper into the community by supporting specific community and fund raising events.

During 2014/15 the Authority supported the following community and fund raising events:

Event	Sponsorship Amount
Midwest Economic & Resources Summit - sponsorship	\$8,000
Production of Our Town Documentary - jointly funded with the City of Greater Geraldton and selected Geraldton businesses	\$5,000
Relay for Life (cancer research) – sponsorship of Mid West Ports Relay Team	\$6,000
PCYC Sponsorship	\$350
Dragon Boat Race Shield	\$91
Total	\$19,441

Sand by-passing

Under its Memorandum of Understanding with the City of Greater Geraldton the Authority monitors selected beach profiles and

contributes to the maintenance of these beaches by transferring sand on an annual basis from Pages Beach to the Chapman Rd Beaches immediately north of the Marina. In addition, the Authority has agreed

to supply an additional 2,500m³ to Marina Bay and is further committed to supplying sand for storm damage repairs in cooperation with the City of Greater Geraldton.

During 2014/15 the following beaches were replenished with sand provided by the Authority:

Beach	Sand Volume By-passed	Obligation
Town Beach	3,771 m ³	Storm damage repair
Marina Bay	4,050 m ³	Supplementary MOU commitment
Beresford Beaches	12,614 m ³	MOU Commitment
St Georges Beach	3,771 m ³	Supplementary MOU commitment
St Georges Beach South	4,715 m ³	Supplementary MOU commitment

Beresford Beaches Stabilisation

The Beaches north of the Batavia Coast Marina were reclaimed in the early 1990's and in recent times have experienced significant erosion due to localised events and features. The erosion has affected the standard of amenity enjoyed by the community and loss of some City of Greater Geraldton paths along the foreshore.

The Authority has teamed up with the City of Greater Geraldton, Department of Transport and the Mid West Development Commission to jointly fund a study to identify treatments to reduce on-going erosion and to return public amenity.

The project has made positive progress during 2014/15 with the parties agreeing on a treatment concept design produced by Royal Haskoning and to their further engagement to complete a detailed design of this concept. The detailed design will produce a more reliable project cost and at this point the parties, including the Authority will need to consider how much each can contribute towards construction.

The Authority has made a 2015/16 budget provision of \$4M and in addition \$5.325M of Royalties for Regions funding has been pre-approved.

Cruise Shipping

In conjunction with the Authority, the City of Greater Geraldton employs a Cruise Shipping Officer, a position that the Authority has supported over the last three years. During 2014/15 the Authority contributed \$56,672 towards supporting this position.

Joanne Brown has been appointed into this role and provides an essential focal point for the cruise companies and tour operators and coordinates the team of meet and greet volunteers that make such an important contribution to the positive experience enjoyed by the passengers disembarking at Geraldton.

During 2014/15, 10 cruise ships were scheduled to visit Geraldton with seven being successful and three aborted visits due to mechanical problems and adverse weather conditions. In 2015/16, 18 ship visits are scheduled with 12 visits scheduled for 2016/17 and beyond.

During 2014/15 the seven vessels that successfully visited Geraldton landed a total of 10,087 passengers and crew into Geraldton. This represented about 53% of all passengers and crew or 73% of all passengers.

In 2015/16, the 18 cruise vessels scheduled to visit Geraldton are expected to deliver a total of 47,000 people to our shores including 33,700 passengers and 13,300 crew. The cruise sector represents a significant opportunity for the region's economy and in particular the tour and retail sectors.

The Cruise Ship industry is multi-layered and complex with local, state, national and international stakeholders. As a consequence, the priority for 2014/15 was to continue to build strong relations with key stakeholders and to focus on improving the services that we can influence which include;

1. Our welcome to disembarking passengers and ensuring there are sufficient trained volunteers to provide all the advice and assistance that passengers need;
2. Provision of infrastructure and services both at the port and at the disembarkation point in the Marina including shelter, amenities, convenient coach parking and passenger security; and
3. Increase the number and variety of on-shore tours.

The cruise sector is engaged on what Geraldton has to offer and this interest led to Geraldton being invited to host a familiarisation tour for key Cruise Executives at the end of July 2015. Tourism Western Australia continues to work in partnership with industry and the WA Cruise Committee to capitalise on the opportunities presented by cruise shipping and to implement the Western Australian Cruise Shipping Strategic Plan 2012-2020.

Community Forums

In addition, the Authority also maintains an active role in the following local community forums;

- Cross agency Strategic Infrastructure Group, convened by the Mid West Development Commission;
- Mid West Chamber of Commerce and Industry;
- Chamber of Minerals and Energy (Geraldton branch);
- Australia China Business Council (Geraldton committee); and
- Australian Institute of Company Directors (Geraldton committee).

Consultation

By section 14A, the amended Port Authorities Act requires a port authority to establish a committee for the purpose of promoting and facilitating communication, information sharing and consultation between the port authority and members of the public who are or may be affected by port operations.

A Consultation Committee meeting was held on 15 April 2015 and meeting minutes are posted on the Authority's web page.

RECORD INFORMATION

2014/2015

LARGEST VESSEL	LARGEST SINGLE CARGO	LARGEST VESSEL	LARGEST TOTAL CARGO
MV Double Paradise	MV Double Paradise	MV Pedhoulas Commander	MV Michele Iuliano
95,712 DWT	75,349 Tonnes Iron Ore	83,685 DWT	66,729 Tonnes Iron Ore
June 2015	June 2015	December 2013	July 2013

PRE 2014/2015

LARGEST SINGLE CARGOES

MV Double Paradise	Iron Ore	75,349 Tonnes	June 2015
MV Carol	Wheat	65,954 Tonnes	June 2006
MV Alba	Canola	57,748 Tonnes	February 2006
MV Belle Masuka	Lupins	57,500 Tonnes	April 2012
MV Sunny Globe	Barley	39,672 Tonnes	May 2007
MV First Trader	Ilmenite	35,425 Tonnes	July 2008
MV North Princess	Talc	31,856 Tonnes	April 2006
MV Mikom Accord	Petroleum	29,103 Tonnes	March 2001

GERALDTON PORT AUTHORITY Comparative Trade Statistics (Tonnes)

Ending 30 June 2015

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
IMPORTS						
Fert DAP/Other	18,088	18,610	19,782	29,150	20,348	35,744
Fert MAP	5,140	6,497	11,659	4,968	-	9,574
Coal	-	10,007	10,505	-	-	-
New Phosphate (TSP+S)	6,605	4,645	-	-	-	-
Urea	47,262	35,249	34,521	37,166	55,437	49,702
Potassium Carbo	3,985	-	-	-	-	-
Petroleum Products	214,880	254,159	281,876	328,021	301,669	283,134
Mineral Sands	175,073	771,221	727,583	119,416	387,094	261,367
Soda Ash	-	-	14,133	7,016	6,951	-
General	722	40,109	107,938	106,594	-	822
Total Imports	471,756	1,140,497	1,207,998	632,330	771,499	640,342

EXPORTS						
Wheat	1,746,683	1,522,554	2,185,340	2,135,875	1,702,403	1,372,371
Barley	52,514	49,669	77,582	45,275	36,427	38,131
Lupins	243,830	180,034	244,662	297,060	213,442	140,660
Canola	89,322	76,520	147,854	140,297	128,550	194,667
Copper Cons/Ore	186,457	164,884	193,933	362,249	343,900	380,248
Zinc Cons/Ore/HPM	234,964	185,826	176,311	169,921	145,182	210,040
Nickel Cons	-	-	-	65,919	33,290	-
Mineral Sands	437,959	604,486	595,339	474,489	370,417	452,364
Bulk/Bagged Mineral Sands	150,063	112,601	214,796	297,373	281,376	311,572
Talc	56,528	73,863	119,364	78,071	90,814	85,617
Iron Ore	5,315,521	5,890,591	5,261,289	10,741,662	14,367,014	13,103,932
Stockfeed	2,816	775	255	1,502	1,865	740
Livestock	16,951	2,009	1,361	2,758	9,715	3,704
General	143	95	1,397	62	-	-
Total exports	8,533,751	8,863,908	9,219,483	14,812,513	17,724,396	16,294,045

Bunkers - Oil	3,803	2,676	10,743	2,113	1,308	6,038
Total Trade	9,009,310	10,007,081	10,438,224	15,446,956	18,497,203	16,940,425

SHIPPING						
Gross Reg Tonnage	9,024,639	8,893,174	10,412,792	12,661,941	14,429,387	14,278,723
Deadweight Tonnage	13,591,821	13,964,058	16,557,997	19,780,796	25,726,293	24,586,548
No of Vessels	347	331	384	428	458	459
Average DWT	39,170	42,187	43,120	46,217	56,171	53,565

Origin and Destination of Cargo

2014/2015

PORTS	Grains	Mineral Sands	Diesel & ULP	Ferts	General	Iron Ore	Talc	Concentrates	Livestock	Bunkers	Tonnes
Australia (Other)		261,367		14,554						6,038	281,958.55
Australia (WA)		10,000	261,429	6,021	822						278,272.26
Belgium		11,354					39,382	9,423			60,158.80
China	173,131	175,500		2,278		13,103,932		456,123			13,910,964.31
Indonesia	497,497	9,702						11,012	2,329		520,540.67
Italy		10,178									10,178.00
Japan	115,191						46,235	54,808			216,233.57
Kenya	44,000										44,000.00
Malaysia	123,405	26,886							1,087		151,377.16
Netherlands	33,000	37,593									70,592.60
Other Northern Africa	72,208										72,207.77
Philippines	64,257							5,297			69,554.30
Qatar	42,000			18,419							60,419.00
Saudi Arabia		93,427		17,026							110,452.31
Singapore			21,704	2,734							24,438.43
South Africa	44,000			7,375							51,375.00
South Korea	209,823	10,980						22,397			243,200.29
South Pacific	30,000										30,000.00
Spain		32,245									32,244.50
Sudan	87,910										87,910.02
Taiwan		29,210						9,200			38,410.00
Thailand	161,125	40,806						22,028			223,958.66
United Arab		24,509		20,030							44,539.19
USA		251,548		6,583							258,130.36
Vietnam	48,282								1,028		49,940,425.54
Total	1,745,829	1,025,303	283,134	95,020	822	13,103,932	85,617	590,288	4,444	6,038	16,940,425.54



Organisational Performance - 2014/15

Goals	Success Measures	Indicators	2014/15 Performance
To increase trade throughput in compliance with the State Government's objectives	<p>Reliable port infrastructure.</p> <p>Trade growth.</p> <p>Berth availability.</p>	<p>Measured reduction in plant breakdowns and breakdown duration.</p> <p>New trade/customers.</p> <p>Surge delays reduced.</p>	<p>Berth 5 – Plant breakdowns > 1 hr reduced 50% from 8 to 4. Average all breakdown duration reduced 67% to 40.2 minutes.</p> <p>Berth 4 – Plant breakdowns > 1 hr reduced 25% from 16 to 12. Average all breakdown duration reduced 76% to 55.2 minutes.</p> <p>Top Iron commenced iron ore export operations – overall trade down 8%.</p> <p>Surge delays 2.93% lower – average Berth 4, 5 & 6 availability 87.74%.</p>
To meet and maintain the State Government's target for return on assets	Financial targets met.	Achievement of Return on Asset (ROA) target of 8%.	ROA of 10.4% achieved (based on a \$312M deprival value of port assets and EBIT of \$32.46M).
To continuously improve the port's business processes and systems	Management systems.	<p>Certification of the Authority's integrated management system;</p> <ul style="list-style-type: none"> AS/NZS 4801 AS/NZS ISO 14001 & AS/NZS ISO 9001 	External system audit by BSI in February 2015 validates continuing certification.
Create employer of choice status	Staff satisfaction and retention.	<p>Staff retention index.</p> <p>Compliance training >80%.</p>	<p>Retention of 97.5% achieved</p> <p>>80% completed (& 398 verification of competency assessments for high risk plant & equipment).</p>



ANNUAL REPORT

2014 / 2015





ANNUAL FINANCIAL REPORT

30 June 2015



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Contents of Directors' Report

The directors present their report together with the financial report of Mid West Ports Authority ("the Authority") For the year ended 30 June 2015 and the auditor's report thereon.

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Director's Report

The Board of Directors of the Mid West Ports Authority ("the Authority") has pleasure in submitting its report for the financial year ended 30 June 2015.

1. Directors

The directors of the Authority at any time during or since the end of the financial year are:

CHAIRMAN Ian King

Occupation

Company Director and
Systems Auditor

Appointments

Appointed Non-Executive
Director, Chairman 2002/03

Background / Qualifications

- Former National Manager Oil & Gas Supply Chain Logistics
- Company Director for more than 25 years
- Diploma in Accounting
- Diploma in Transport Management
- Graduate, 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)



DEPUTY CHAIRMAN 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, 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'd

DIRECTOR **Bart Boelen**

Occupation

Company Director
– Project Director

Appointments

Appointed Non-Executive
Director October 2009

Background / Qualifications

- Managing Director B² 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 Practising Project Director
- Graduate, Australian Institute of Company Directors
- 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





1. Directors cont'd

DIRECTOR **Kim Halbert**

Occupation

Farmer

Appointments

Appointed Non- Executive
Director July 2014



Background / Qualifications

- Bcom (Dist) Curtin. Double major in Economics and Finance
- Deputy Chair, Grains Research and Development Corp
- Board Member Wheat Exports Australia (2008 - 2012)
- Former Board Member Grain Licensing Authority of WA
- Director Geraldton Port Authority (1997 - 2006)
- Graduate, Australian Institute of Company Directors
- Managing Director of Arawa Farms Pty Ltd

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	Governance Committee	Finance & Audit Committee	Risk Committee
Number of meetings held	12	3	4	4

Number of Meetings Attended by:

	Board Meetings Eligible to Attend	Board Meetings Attended	Governance Committee Meetings Attended	Finance & Audit Committee Meetings Attended	Risk Committee Meetings Attended
I King	12	12	3	4	4
N Ashcroft AM	12	11	3	3	4
B Boelen	12	11	3	4	4
S Chamarette	12	12	3	4	4
Kim Halbert	12	11	2	4	3

3. Principal activities

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

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

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

Objectives

The Authority's objectives are to link the Mid West to its markets by providing efficient, safe and sustainable port infrastructure and services, wherever provision of these services is required.

In order to meet these objectives the following targets were set for the 2015 financial year and beyond:

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

4. Dividends

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

Dividends of \$16,448,530 and \$9,150,433 was paid during 2014/2015 as final dividend for the 2013/2014 year and as interim dividend for 2014/2015 financial year respectively.

5. Operating and financial review

Review of operations

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

	2015	2014
Total trade (tonnes)	16,940,425	18,497,203
	\$'000	\$'000
Revenue from cargo	29,777	35,115
Revenue from ships	22,903	23,144
Revenue from ship services	12	18
Revenue from port enhancement charges	35,706	33,399
Other revenue and income	8,165	10,985
Total revenue and income	96,563	102,661
Less expenditure	68,949	67,312
Operating profit before tax	27,614	35,349
Income tax on operating profit	(8,072)	(10,103)
Operating profit after tax	19,542	25,246

Commentary on operating results

Operating profit before tax decreased this period by 22% due to decreased revenues associated with a downward trend in the trade of iron ore and grain exports and mineral sand imports. The Authority has recorded an increase in mineral sands, concentrates and fertiliser exports. Costs have increased mainly due to the increase in asset maintenance and the impairment of certain assets.

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.

8. Likely developments

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

Directors' Report

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	78,038	7,407	Nil	85,445
N Ashcroft AM	40,000	3,800	Nil	43,800
B Boelen	39,250	3,729	Nil	42,979
S Chamarette	39,250	3,729	Nil	42,979
K Halbert	37,500	3,563	Nil	41,063

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	285,884	25,164	6,623	317,671
Martin North	259,608	22,829	5,966	288,403
Graham Hill	246,577	21,026	7,894	275,497

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
31st August 2015



Noel Ashcroft AM
DEPUTY CHAIRMAN
31st August 2015

MID WEST PORTS AUTHORITY

Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
INCOME			
Revenue	4	95,360	98,925
Other Income	5	1,203	3,736
EXPENDITURE			
Depreciation and amortisation expense	6	(10,655)	(9,949)
Impairment of property, plant and equipment	14	(1,348)	(800)
Marine expenses		(5,616)	(5,502)
Port operations expenses		(21,265)	(22,335)
General administration		(9,548)	(6,834)
Asset maintenance		(11,239)	(6,620)
Environmental expenses		(212)	(388)
Port utilities		(954)	(1,177)
Safety and security		(1,890)	(1,675)
Finance costs	8	(5,184)	(11,272)
Other expenses	9	(1,039)	(760)
Profit before income tax		27,613	35,349
Income tax expense	10	(8,072)	(10,103)
Profit for the period		19,541	25,246
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of defined benefit liability (asset)		(336)	84
Income tax		101	(25)
Total other comprehensive income		(235)	59
Total comprehensive income		19,306	25,305

The accompanying notes form part of the financial statement

MID WEST PORTS AUTHORITY

Statement of Financial Position

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	12	33,996	41,218
Trade and other receivables	13	12,424	11,217
Total current assets		46,420	52,435
Non-current assets			
Deferred tax assets	10	2,292	1,267
Property, plant and equipment	14	132,237	141,516
Trade and other receivables	13	-	2,012
Total non-current assets		134,529	144,795
TOTAL ASSETS		180,949	197,230
LIABILITIES			
Current liabilities			
Trade and other payables	15	7,430	6,973
Interest bearing borrowings	16	8,304	7,837
Current tax payable	10	2,087	5,331
Provisions	17	2,689	2,255
Other liabilities	18	34	34
Total current liabilities		20,544	22,430
Non-current liabilities			
Interest bearing borrowings	16	83,205	91,509
Provisions	17	4,794	4,592
Total non-current liabilities		87,999	96,101
TOTAL LIABILITIES		108,543	118,531
NET ASSETS		72,406	78,699
EQUITY			
Contributed equity	19	8,436	8,436
Retained earnings	19	63,970	70,263
TOTAL EQUITY		72,406	78,699

The accompanying notes form part of the financial statement

MID WEST PORTS AUTHORITY

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Cash receipts from customers		109,368	120,362
Cash paid to suppliers and employees		(64,708)	(59,481)
Cash generated from operations		44,660	60,881
Interest paid		(5,271)	(8,208)
Interest received		1,361	2,585
Income taxes paid		(12,238)	(9,423)
Net cash from operating activities	21	28,512	45,835
Cash flows used in investing activities			
Proceeds from sale of property investment		206	6,050
Proceeds from sale of property, plant & equipment		226	-
Acquisition of property, plant & equipment	14	(2,730)	(9,659)
Proceeds from/(Investments in) term deposits		-	45,000
Net cash (used in)/from investing activities		(2,298)	41,391
Cash flows used in financing activities			
Repayment of borrowings		(7,837)	(37,996)
Dividends paid	11	(25,599)	(14,677)
Net cash used in financing activities		(33,436)	(52,673)
Net increase in cash and cash equivalents		(7,222)	34,553
Cash and cash equivalents at 1 July		41,218	6,665
Cash and cash equivalents at 30 June	12	33,996	41,218

The accompanying notes form part of the financial statement

MID WEST PORTS AUTHORITY Statement of Changes in Equity

As at 30 June 2015

	Note	Contributed Equity \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance as at 1 July 2013		8,436	59,635	68,071
Total comprehensive income:				
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
Balance as at 1 July 2014		8,436	70,263	78,699
Total comprehensive income for the year:				
Profit for the period		-	19,541	19,541
Other comprehensive income		-	(235)	(235)
Total comprehensive income		-	19,306	19,306
Transactions with owners in their capacity as owners:				
Dividends paid	11	-	(25,599)	(25,599)
Balance as at 30 June 2015		8,436	63,970	72,406

The accompanying notes form part of the financial statement

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

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 31 August 2015 by the Board of Directors of Mid West Ports 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 Authority has not adopted any of the following Australian Accounting Standards in the current reporting period. Below is a list of issued Accounting Standards that may impact the Authority in future. Where applicable, the Authority intends to apply the Australian Accounting Standards from their noted application date.

- i) AASB 9 financial Instruments - This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 Amendments to Australian Accounting Standards. The Authority has not yet determined the application or the potential impact of the Standard.
- ii) AASB 15 Revenue from Contracts with Customers - This Standard establishes the principles that the Authority shall apply to report useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Authority has not yet determined the application or the potential impact of the Standard.

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

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.

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

2. Summary of significant accounting policies cont'd

(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.

(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 2015.

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

2. Summary of significant accounting policies cont'd

(I) Employee superannuation

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.

Defined benefit plan

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.

Market Risk - The risk is that market returns are lower than anticipated, which would increase the cost of providing the defined benefits.

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.

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

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:

	2015 \$'000	2014 \$'000
Rendering of services		
Charges on cargo	29,777	35,115
Charges on ships	22,903	23,144
Shipping services	12	18
Port enhancement charge	35,706	33,399
Interest revenue	1,358	2,330
Rentals and leases	5,604	4,919
Total revenue	95,360	98,925

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:

	2015 \$'000	2014 \$'000
Service fee on sale of electricity and water	546	357
Net profit on sale of property investment	206	2,228
Net profit on sale of property, plant and equipment	12	-
Miscellaneous revenue	439	1,151
	1,203	3,736

6. Depreciation and amortisation expense

	2015 \$'000	2014 \$'000
Depreciation		
Channels and breakwaters	2,340	2,339
Buildings and improvements	124	111
Berths, jetties and infrastructure	6,012	6,003
Plant and equipment	2,179	1,496
Total depreciation	10,655	9,949

7. Employee benefits expense

	2015 \$'000	2014 \$'000
Wages and salaries (a)	10,787	10,092
Superannuation - defined benefit plans (see note 17)	423	(1)
Long service leave (b)	(36)	550
Annual leave (b)	940	865
	12,114	11,506

(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

	2015 \$'000	2014 \$'000
Interest paid	5,184	7,538
Capital premium on early settlement of fixed rate loan	-	3,734
Finance costs	5,184	11,272

9. Other expenses

	2015 \$'000	2014 \$'000
Doubtful debts expense	20	(63)
Employee on-costs (a)	794	798
Community Service Obligation (b)	224	25
Impairment of assets	1,349	800
	2,387	1,560

(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.

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

10. Income tax expense

Recognised in the income statement

	2015 \$'000	2014 \$'000
Current tax expense		
Current income tax charge	9,214	11,190
Adjustment for prior periods	(218)	(1,101)
	8,996	10,089
Deferred tax income		
Origination and reversal of temporary differences	(929)	(574)
Adjustment for prior periods	5	588
	(924)	14
Total income tax expense	8,072	10,103

Numerical reconciliation between tax expense and pre tax net profit

	2015 \$'000	2014 \$'000
Profit for the period	19,541	25,246
Total income tax expense	8,072	10,103
Profit excluding income tax	27,614	35,349
Income tax using the statutory tax rate of 30% (2014: 30%)	8,284	10,605
Non-deductible expenses	3	12
Sundry items	-	-
	8,287	10,617
(Over)/under provision in prior years	(215)	(514)
Income tax expense	8,072	10,103
Recognised in other comprehensive income	(101)	25

10. Income tax expense cont'd

Deferred income tax

	2015 Balance Sheet \$'000	2014 Balance Sheet \$'000	2015 Income Statement \$'000	2014 Income Statement \$'000	2015 Mvmt to equity \$'000	2014 Mvmt to equity \$'000
Deferred tax liabilities						
Accelerated depreciation for tax purposes	155	499	(344)	172	-	-
Others	172	689	(517)	358	-	-
Gross deferred tax liabilities	327	1,188	(861)	530	-	-
Deferred tax assets						
Employee benefits	1,132	566	(566)	672	(101)	25
Prepaid rental	6	10	4	(2)	-	-
Others	1,481	1,879	398	(1,186)	-	-
Gross deferred tax assets	2,619	2,455	(164)	(516)	(101)	25
Set-off of deferred tax liabilities pursuant to set-off provisions	(327)	(1,188)	861	(530)	-	-
Net deferred tax assets	2,292	1,267	-	-	-	-
Deferred tax benefit/(expense)	-	-	1,025	(14)	(101)	25

Current tax liabilities

The current tax payable of \$2.087 million (2014: \$5.331 million) represents the amount of income taxes receivable/payable in respect of current and prior financial periods.

11. Dividends

	2015 \$'000	2014 \$'000
Dividends paid in the financial year	25,599	14,677

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% of after tax profits. During 2014/15, Government has changed the Policy, whereby the entity is to pay 75% of its estimated dividends prior to the end of the financial year. In accordance with Australian Accounting Standards, the final dividend relating to the financial results for the year ended 30 June 2015 have not been provided as they are expected to be declared by the Board and approved by Government after balance date.

A final dividend of \$16.4 million (2014: \$6.7 million) in respect of the financial results for the year ended 30 June 2014 and an interim dividend of \$9.2m (for the year ended 30 June 2015) were paid by 30 June 2015.

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

12. Cash and cash equivalents

	2015 \$'000	2014 \$'000
Bank balances	5,871	5,829
Term deposits which matures in less than 3 months at inception	28,125	35,389
Cash and cash equivalents in the statements of cash flows	33,996	41,218

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

13. Trade and other receivables

	2015 \$'000	2014 \$'000
Current		
Receivables	12,297	11,135
Less: allowance for impairment of receivables	(40)	(40)
	12,257	11,095
Prepayments	167	122
	12,424	11,217
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	40	103
Bad debts written off against provision	(20)	-
Doubtful debts expense recognised / (derecognised) in the income statement	20	(63)
Balance at end of year	40	40

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

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

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

	2015 \$'000	2014 \$'000
Not more than 3 months	11,379	10,657
More than 3 months but less than 6 months	252	285
More than 6 months but less than 1 year	501	-
More than 1 year	125	153
	12,257	11,095

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

Non-Current

	2015 \$'000	2014 \$'000
Other receivables	-	2,012
	-	2,012

Non-current other receivables related to prepaid expenditure incurred in relation to the common user infrastructure assets expected to be constructed at the Oakajee Port. During 2015, the balance was 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 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
Additions	-	-	1	1,193	-	1,536	2,730
Transfer from work in progress	-	-	-	81	-	(81)	-
Disposal	-	-	-	(111)	-	-	(111)
Balance at 30 June 2015	98,210	6,904	3,050	44,452	99,066	4,540	256,222
Accumulated depreciation and impairment							
Balance at 1 July 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
Depreciation for the year	2,340	-	124	2,179	6,012	-	10,655
Impairment loss	-	-	-	-	1,334	14	1,348
Disposal	-	-	-	(105)	-	-	(105)
Balance at 30 June 2015	29,292	-	824	21,956	70,468	1,445	123,985
Carrying amounts							
At 30 June 2014	71,258	6,904	2,349	23,407	35,944	1,654	141,516
At 30 June 2015	68,918	6,904	2,226	22,496	28,598	3,095	132,237

The impairment loss of \$0.1 million (2014: \$0.8 million) has been provided for capitalised expenditure on projects where management has no commercial reasons to develop any further. The impairment loss on Berths of \$1.3m in the current year relates to the impairment of the white ship loader which is no further in use.

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

15. Trade and other payables

	2015 \$'000	2014 \$'000
Current		
Trade payables	1,930	2,550
Other payables	127	302
GST payable	880	782
Accrued expenses	3,491	2,290
Other accrued interest	1,002	1,049
	7,430	6,973

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.

	2015 \$'000	2014 \$'000
Current liabilities		
Direct borrowings WATC	8,281	7,816
Finance lease liabilities	23	21
	8,304	7,837
Non-current liabilities		
Direct borrowings WATC	83,190	91,471
Finance lease liabilities	15	38
	83,205	91,509
Financing arrangements		
The Authority has access to the following lines of credit from the WATC:		
Total facilities available:		
Direct and special borrowings	107,900	127,400
	107,900	127,400
Facilities utilised at reporting date:		
Direct and special borrowings	91,471	99,287
	91,471	99,287
Facilities not utilised at reporting date:		
Direct and special borrowings	16,429	28,113
	16,429	28,113

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. In addition, a schedule of interest only loans of \$55.5 million (2014: \$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 2015 was \$97.3 million (2014: \$106.5 million).

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.

2015

	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	65,154	7,460	7,131	3,535	2,044	1,761	4,386	91,471
Finance lease liabilities	-	23	15	-	-	-	-	38
	65,154	7,483	7,146	3,535	2,044	1,761	4,386	91,509

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%				

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%			

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

17. Provisions

	2015 \$'000	2014 \$'000
Current		
Sick leave	912	800
Annual leave (a)	1,288	1,085
Long service leave (b)	350	291
Superannuation (c)	139	79
	2,689	2,255
Non-current		
Long service leave (b)	607	770
Superannuation (c)	2,612	2,336
Provision for site remediation costs	1,575	1,486
	4,794	4,592

- (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:

	2015 \$'000	2014 \$'000
Within 12 months of balance sheet date	1,288	1,085
More than 12 months after balance sheet date	-	-
	1,288	1,085

- (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:

	2015 \$'000	2014 \$'000
Within 12 months of balance sheet date	350	291
More than 12 months after balance sheet date	607	770
	957	1,061

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.

	2015 \$'000	2014 \$'000
Amounts recognised in the balance sheet:		
Present value of unfunded obligations	2,751	2,415
	2,751	2,415
Reconciliation of movement in the present value of the unfunded obligations recognised in the balance sheet:		
Opening balance	2,415	2,493
Defined benefit cost	88	83
Remeasurements	335	(84)
Benefits paid (including expenses and taxes)	(87)	(77)
	2,751	2,415
Amounts recognised in the income statement:		
Interest cost	88	83
<u>Other comprehensive income</u>		
Actuarial losses/(gains)	335	(84)
	423	(1)
Historic summary:		
Defined benefit plan obligation	2,751	2,415
Plan assets	-	-
	2,751	2,415
Principal actuarial assumptions:		
Discount rate	2.74%	3.69%
Expected future salary increases	4.00%	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:

	2015 \$'000	2014 \$'000
Retirement benefit obligations		
Carrying amount at 1 July	2,415	2,493
Provisions made during the year	423	(1)
Amounts utilised in the year	(87)	(77)
Carrying amount at 30 June	2,751	2,415

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

Sensitivity Analysis

The defined benefit obligation as at 30 June 2015 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	2.74% pa	2.24% pa	3.24% pa	2.74% pa	2.74% pa
Pensions increase rate	2.50% pa	2.50% pa	2.50% pa	2.00% pa	3.00% pa
Defined benefit obligation (A\$'000s)	2,751	2,940	2,580	2,579	2,940

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	139

Maturity profile of defined benefit obligation

The weighted average duration of the Authority's defined benefit obligation is 13.4 years.

18. Other liabilities

	2015 \$'000	2014 \$'000
Current		
Prepaid rental income	34	34

19. Equity

	Notes	2015 \$'000	2014 \$'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		70,263	59,635
Profit for the period		19,541	25,246
Other comprehensive income		(235)	59
Dividends paid	11	(25,599)	(14,677)
Balance at end of year		63,970	70,263

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	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Profit for the period		19,541	25,246
Adjustments for:			
Depreciation	6	10,655	9,949
Impairment / (reversal) of assets	14	1,348	800
Impairment of Other Receivables	13	2,012	-
Finance costs	8	5,184	11,272
Interest revenue		(1,358)	(2,330)
Net profit on sale of property investment	5	(206)	(2,228)
Net profit on sale of property, plant and equipment	5	(12)	-
Income tax expense	10	8,072	10,103
Operating profit before changes in working capital and provisions		45,237	52,812
Change in trade and other receivables		(1,206)	5,828
Change in trade and other payables		187	1,656
Change in provisions and employee benefits		442	585
		(577)	8,069
Interest paid		(5,271)	(8,208)
Interest received		1,361	2,585
Income taxes paid		(12,237)	(9,423)
Net cash from operating activities		28,512	45,835

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

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 or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks.

The Authority's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations, 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 uncertainty and volatility in the market place.

The Authority closely monitors its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions and alternative financing structures. At the Statement of Financial Position date, if interest rates had moved as illustrated in the following table, with all other variables held constant, the effect would be as follows:

	Carrying Amount \$'000	+0.50% change Profit \$'000	-0.25% change Profit \$'000
Interest rate risk 2015			
Financial Assets			
Bank balances	33,996	170	(85)
Financial Liabilities			
Interest bearing borrowings			
Variable rate	65,154	(326)	163
Total (Decrease)/Increase		(156)	78

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

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 27% (2014: 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.

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

Financial liabilities	Carrying Amount \$'000	6 mths or less \$'000	Including interest			
			6-12 mths \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
2015						
Trade and other payables	7,430	7,430	-	-	-	-
Interest bearing borrowings	91,509	6,558	6,465	11,938	19,133	79,498
	98,939	13,988	6,465	11,938	19,133	79,498
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

(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.

	2015 \$'000	2014 \$'000
Financial assets		
Cash and cash equivalents	33,996	41,218
Other financial assets	-	-
Trade and other receivables	12,424	11,217
Financial liabilities		
Trade and other payables	7,430	6,973
Interest bearing borrowings	91,509	99,346

The fair value of interest bearing liabilities is \$97,348,247 (2014: \$106,488,549)

(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

	2015 \$'000	2014 \$'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	5,154	1,049
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	5,154	1,049

(ii) Lease commitments

	2015 \$'000	2014 \$'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	284	278
Later than 1 year and not later than 5 years	587	706
Later than 5 years	366	366
	1,237	1,350
Representing:		
Cancellable operating leases	1,237	1,350
	1,237	1,350

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

(iii) Operating leases receivable

	2015 \$'000	2014 \$'000
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	3,952	3,794
Later than 1 year and not later than 5 years	8,892	9,875
Later than 5 years	14,199	14,964
	27,043	28,633

Operating leases receivable are in respect of property rentals.

24. Remuneration of auditor

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

	2015 \$'000	2014 \$'000
Auditing the accounts and financial statements	63	61

MID WEST PORTS AUTHORITY

Notes to the financial statements

For the year ended 30 June 2015

25. Related parties

I King

N Ashcroft AM

B Boelen

S Chamarette

K Halbert

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. Contingent assets

The authority is in dispute with a customer regarding potential additional income arising from contractual arrangements with the customer.

The outcome of the dispute is yet to be determined and therefore no amount for this matter has been included in this financial report.

28. Events occurring after the balance sheet date

During July 2015, the State Government will be settling the loan which the Authority has drawn down to fund works on the Oakajee Port. This will be treated as an equity injection to the value of \$3.944m.

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 Mid West Ports 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 2015 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
31st August 2015



Noel Ashcroft AM
DEPUTY CHAIRMAN
31st August 2015



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

MID WEST PORTS AUTHORITY

I have audited the financial report of the Mid West Ports Authority. The financial report comprises the Statement of Financial Position as at 30 June 2015, 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 Mid West Ports Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Port Authorities Act 1999, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In my opinion, the financial report of the Mid West Ports 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 2015 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 Mid West Ports Authority for the year ended 30 June 2015 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
31 August 2015



298 Marine Terrace, Geraldton
Western Australia 6530

PO Box 1856, Geraldton
Western Australia 6531

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

Internet: www.midwestports.com.au
E-mail: mail@midwestports.com.au