

# Annual Report

2017 | 18







### Board Directors

**JOHN ELKINGTON**

Chair

**DR SUE VAN LEEUWEN**

Deputy Chair

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**STEVE LEWIS**

Chief Executive Officer (Interim)

**SANDRA PIGDON**

General Manager – Corporate Services (Interim)

**LINDSAY MORRISON**

General Manager – Operations

**VICKIE WILLIAMS**

General Manager – Workforce Development & Safety





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# From the Chair



Mid West Ports Authority in 2017-18 has recorded total trade through the Port of 15.887million tonnes, with the value of that trade exceeding \$6.1 billion.

Although the trade result was a million tonnes less than the previous year (due to reduced grain exports) it was pleasing to see that total trade was higher than expected and in the end was a very pleasing result for the year. Against this reduced trade, Mid West Ports Authority (MWPA) was able to still achieve a pre-tax profit of \$14.678m – just above last year's result. We have also produced a dividend to the State that is well above budget expectations, and the culmination of a lot of focused work across the business.

In the reporting year, the Board has overseen significant steps in the development and implementation of a clear strategy to position MWPA for future trade growth, sustainable port operations, enhanced workforce capability, and stronger financial performance. Customer service and community engagement are also key elements that the Board has given particular weight to during the year. Decisions have been made around leadership, the setting of the right culture for the next stage of growth, and to focus directly upon service delivery and business development.

Particular highlights for the Board in 2017-18 were:

- > *Strategic Planning* – the Board has been able to confirm the strategic direction it set in 2017 and has worked to embed strategy into the business and the reporting of progress and outcomes.
- > *Master Planning* – this work commenced in mid-2018 and, once completed in early 2019, will be the first time in the Port's history that a full

master planning exercise has been undertaken. The outcome will provide a solid base for a range of critical development decisions to be made over the next 30+ years.

- > *Workplace Culture* – great emphasis has been put on supporting management and staff in aligning behaviours and performance to the desired business culture set in 2017. It has been very gratifying to see the alignment occurring and to hear the positive feedback about the work that has been undertaken. Our team is proud to be judged against our values and behaviours to our customers, our community, and our colleagues.
- > *Berth Capital and Maintenance Program* – significant work was undertaken during 2017-18 to install tie rods to Berths 1 and 2 at a cost of \$1m to maintain the useful life of both berths for 20+ years. In addition, MWPA is well advanced on its \$14.8m Berth 4 refurbishment and strengthening program. These works show the commitment of the Port to sound asset management and the facilitation of trade.
- > *Larger Ships at Berth 7* – at the request of Karara Mining, MWPA has worked collaboratively on the modelling of various ship configurations to demonstrate that larger ships can use Berth 7. This led to a trial shipment in March 2018 when the MV Rising Sun loaded 85,078 tonnes of ore, breaking a port record and demonstrating that permanent approval for larger vessels will soon be achievable.





The STS Leeuwin II berthed in the Fishing Boat Harbour.  
Picture: Samuel MacLachlan

- > *Port Tour Day* – on 24 June 2018 an all-too-rare opportunity was provided to the community to tour the Port of Geraldton (noting the tighter security regulations which have applied to ports in the last 15 years). This initiative was very well received by the community and MWPA will build upon the learnings from the day to determine how further tour opportunities can be created.
- > *Business Development* – the level of enquiry from new customers and the development plans of existing customers has been very encouraging in 2017-18 and bodes well for additional trade across the next 5+ years. We are continuing to improve our business engagement and to gain a better understanding of the supply chains that customers use and where these can be improved to bring more efficiency for access to the Port of Geraldton.

Our success in 2017-18 has been a team effort. I wish to thank the committed staff of the Authority for their dedication to customer service and safe operations. I acknowledge the 12 years of service of the previous Chief Executive Officer (CEO), Peter Klein, who resigned in April 2018, and to recognise the invaluable contribution of Steve Lewis as Interim CEO while the Board undertakes the selection process for its next CEO.

To my fellow directors, including those whose terms ended during the year, I am very proud of the work that has been done by the Board to set new direction for Mid West Ports Authority, to promote a culture of high achievement and collaboration, and to continue

to strive for good governance while embracing the opportunities that we have identified. Our work will increase in 2018-19 as we continue to pursue our growth strategy, and our success will be built upon the important choices that we made in the past 12 months.

Finally, I acknowledge and thank the Minister for Transport, Hon Rita Saffioti MLA, and the Department of Transport, for their assistance and advice to MWPA in advancing strategic and governance initiatives in 2018. These relationships are critically important to the Port and add exceptional value to our success and the continued positive economic contribution MWPA makes to the State.

For the year ahead, 2018-19, we will continue our implementation of strategy, our creation of the capable, flexible, resilient port to which we aspire, and we will work with and for our customers and our community to advance the economic, social, and environmental opportunities that lie within the Mid West region.

**John Elkington**  
*Chair*



# Overview

The Port of Geraldton is the gateway for Western Australia's diverse Mid West region, facilitating \$6.1b of trade with 27 countries as well as the east coast of Australia.

The Port comprises 7 commercial berths and two approach channels, with the features identified in the following table.

Berth Box	Berth Height Over Lat	Design Depth > Lat	Declared Depth > Lat	Sounding date
Berth 1 – 47 m x 45 m	3.75	9.8m	9.8m	Jul-18
Berth 2 – 218 m x 45 m	3.75	9.8m	9.8m	Jul-18
Berth 3 – 235 m x 40 m	3.58	13.4m	12.2m	Jul-18
Berth 4 – 245 m x 40 m	3.08	13.4m	12.3m	Jul-18
Berth 5 – 250 m x 40 m	3.51	13.4m	12.7m	Jul-18
Berth 6 (limit 10 m from North end) 195 m x 40 m	3.51	12.4m	12.2m	Jul-18
Berth 7 – 300 m x 40 m	3.51	13.4m	12.6m	Jul-18

Notes: Moving ships Static UKC = 12.3m – 0.6m tide. Alongside = Berth depth – 0.5 m

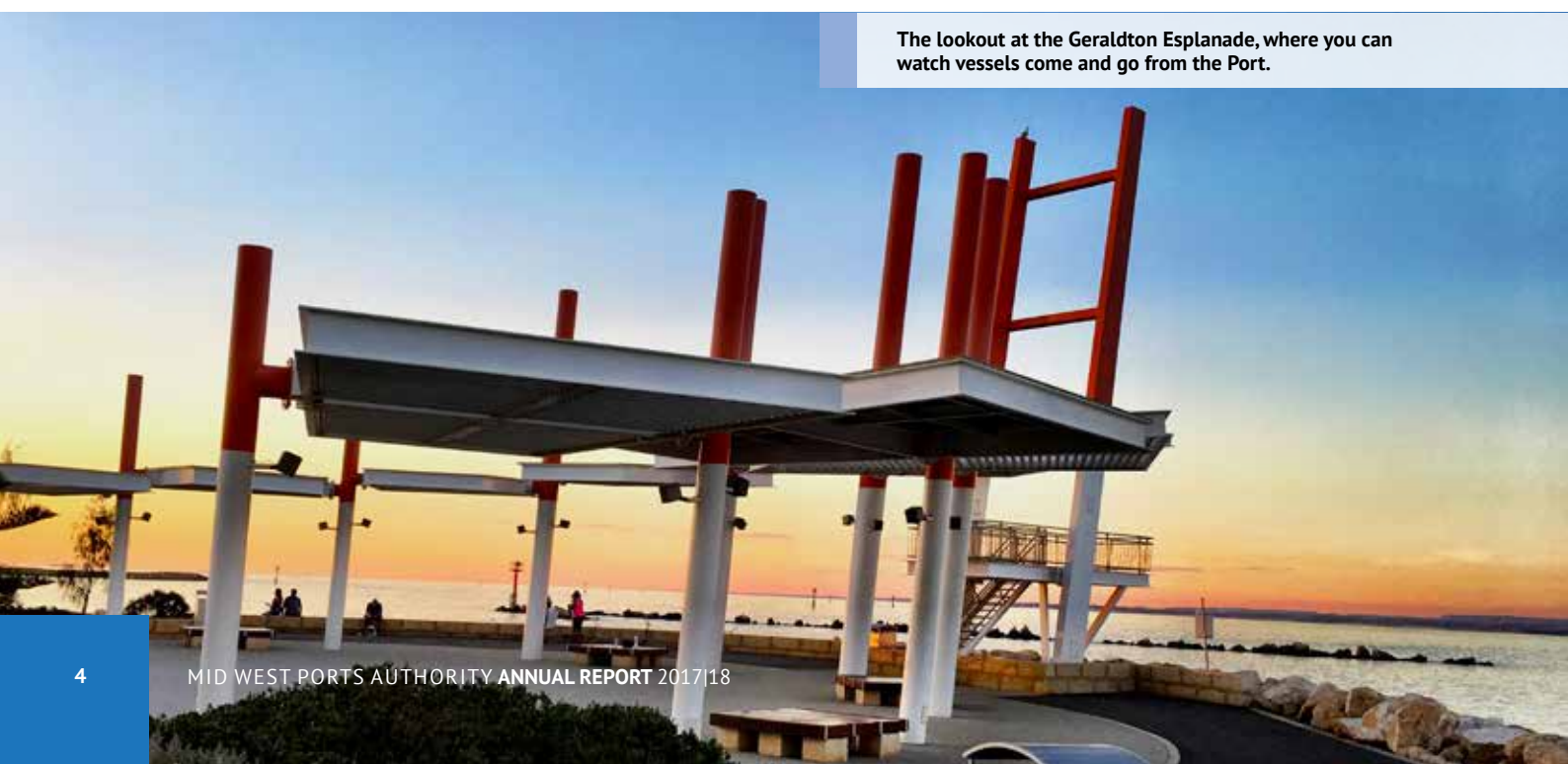
The Berth 4 and 5 shiploader are owned by the Authority and are operated by the Port. The Berth 4 shiploader has a capacity of approximately 1,800 tonnes per hour and the Berth 5 shiploader has a loading capacity of 5,000 tonnes per hour for iron ore.

MWPA also owns and manages the existing bottom-dump iron ore train unloading infrastructure. When delivering product to Mt Gibson Berth 5 the unloader has a maximum capacity of 3,000 tonnes per hour.

During 2017-18 Karara Mining exported a total of 8.3 million tonnes using their Berth 7 infrastructure.

The Port continues to facilitate a variety of trades, including iron ore, various mineral sands and industrial minerals, grain, fertiliser and fuel. In addition, MWPA is proud to have the Fishing Boat Harbour as part of the Port, supporting the important local fishing, fish processing, aquaculture, and boat building industries.

The lookout at the Geraldton Esplanade, where you can watch vessels come and go from the Port.





# Corporate Governance

## Legislation

The Authority delivered its functions and services in accordance with the *Port Authorities Act (1999)*. The Act provides the Authority's Board with the powers necessary to perform its functions which include the responsibility to;

- > facilitate trade, plan for the port's future growth and undertake or arrange the use of the port facilities for the State's economic benefit;
- > control business and other activities relating to the port's operations, including port security;
- > ensure the port's safe and efficient operation; and
- > protect and minimise the impact of port operations on the environment.

In delivering its function, the Authority is required to perform in accordance with its strategic development plan and statement of corporate intent, in compliance with its capital expenditure limits and in a manner that will achieve the financial outcomes as approved by Government.

In delivering its functions, the Authority must act in accordance with prudent commercial principles and endeavour to make a profit.

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 as outlined in the *Port Authorities Act (1999)* which include;

- > determining the policies and to control the affairs of the Authority.
- > developing the Authority's rolling five-year strategic development plan and annual statement of corporate intent
- > submitting 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 Chair, Deputy Chair and four Directors, all appointed by the Minister.

In appointing these Directors, the Minister is guided by relevant governance 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.

Directors are paid out of the funds of the Authority with 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.

## 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, including quarterly "shareholder meetings" with the Minister, and through its obligation to submit a consolidated half yearly report to the Minister within two months from the end of the reporting period, or such other time as agreed by the Minister. Copies of this report must also be provided to the Treasurer.

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





Mick Price hung-up his hard hat in 2018 after almost a 50-year career with Geraldton Port.

## 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 organisation.

## Codes of Conduct

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

The Code of Conduct complies with Public Sector Standards and is designed to assist Directors and employees to fully understand their rights, responsibilities and obligations in their respective roles.

The Code of Conduct is incorporated into the Authority's comprehensive induction program delivered to all

new Directors and 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 the Authority makes 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.

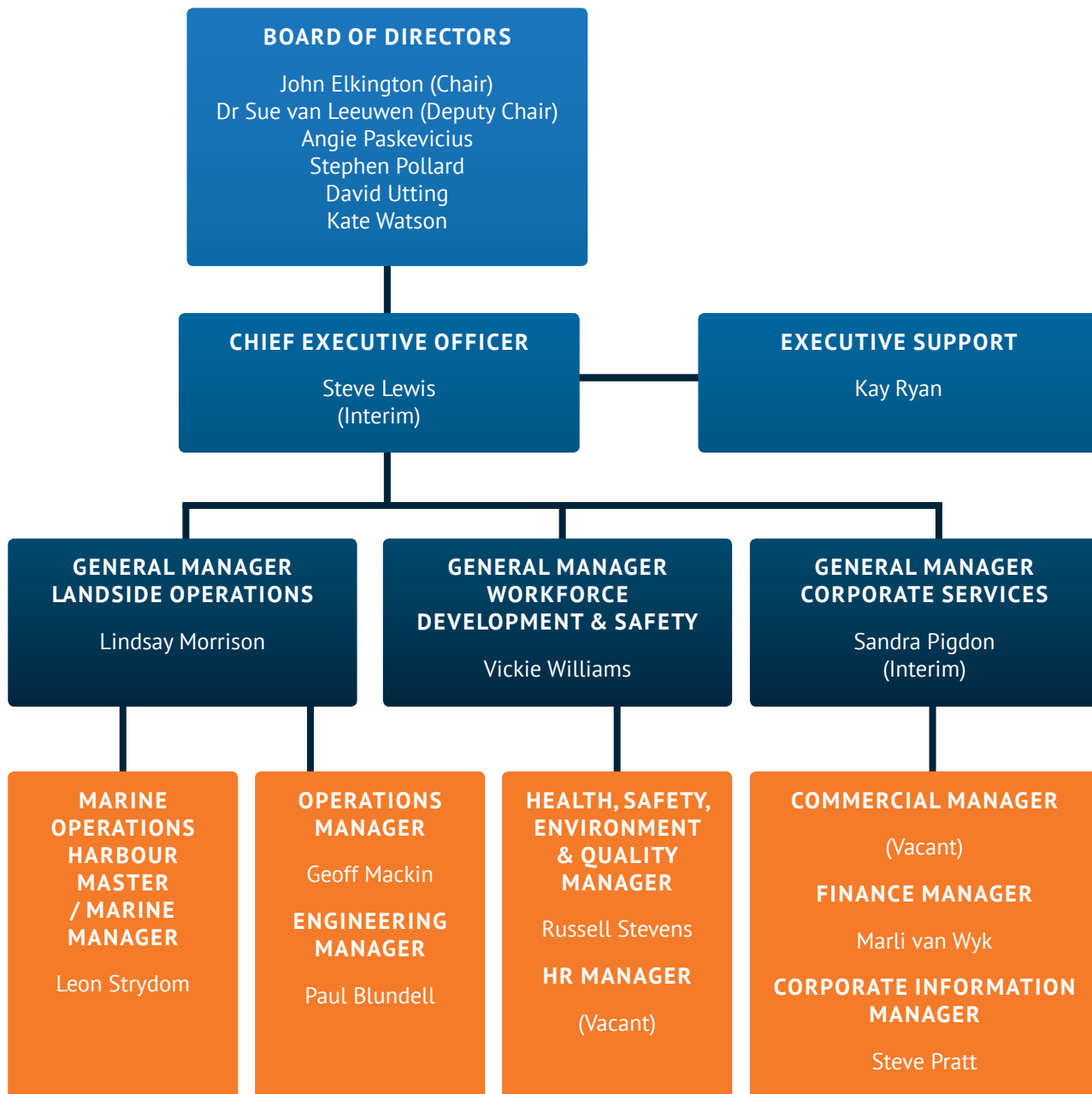
The Record Keeping Plan is lodged with the State Records Office and is reviewed at least every three years.

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





# Organisation Chart





# Our Purpose & Strategy

## Mid West Ports Authority Strategy: 2017 - 2022

Purpose				
To actively pursue trade and enable regional prosperity.				
Vision				
To be recognised as a leader in:				
<div>&gt; Innovation;</div> <div>&gt; Port service efficiency; and</div> <div>&gt; Employee, customer and community engagement</div>				
Our Values				
Accountability	Care	Innovation	Collaboration	Integrity
Themes	Goals		Initiatives	
Understand and engage customers, government and community	<div>&gt; Strong stakeholder relationships</div> <div>&gt; Customers, community, key stakeholders understand services and role in the region</div> <div>&gt; MWPA has customer knowledge and support systems to succeed in a commercial environment</div>		<div>1. Community engagement strategy</div> <div>2. Customer and stakeholder engagement strategy</div>	
Culture and workforce to support growth and change	<div>&gt; Ensure MWPA has a workforce strategy and culture that enables and supports growth, continuous improvement and customer-centricity</div> <div>&gt; Foster a culture of safety and environmental stewardship</div>		<div>3. Employee engagement strategy</div> <div>4. Values exercise and culture change program</div> <div>5. Continuous improvement of Management system based on AS/NZS4801 and ISO14001</div>	
Financial sustainability	<div>&gt; Ensure MWPA returns a 8% ROR to government and a sustainable net margin</div> <div>&gt; Ensure MWPA can financially support diversification and growth</div>		<div>6. Benchmarking for operational excellence</div> <div>7. Port pricing review</div> <div>8. Understand cost base</div> <div>9. Prepare to integrate Cape Cuvier and Useless Loop</div>	
Grow and diversify revenue	<div>&gt; Grow new revenue streams by leveraging core capabilities to new markets</div> <div>&gt; Ensure alternative capital investment options and partnerships to grow the Port</div>		<div>10. Diversify revenue streams by capturing new markets</div> <div>11. Lead Fishing Boat Harbour development</div> <div>12. Port Master Plan to 2050</div> <div>13. Port services growth</div>	
Deliver efficient and innovative services and systems	<div>&gt; Ensure Port efficiency and operational improvement</div> <div>&gt; Ensure systems architecture streamlines MWPA processes and supports growth</div> <div>&gt; Ensure responsible corporate governance and environmental and social responsibility</div>		<div>14. Management system is certified to ISO9001.</div> <div>15. Systems architecture – ERP Phase 2/3</div> <div>16. Explore alternative technologies</div> <div>17. Alternative energy and sustainability</div> <div>18. Business improvement program</div> <div>19. Asset management plan (30 years out)</div>	



# Organisational Performance 2017-18

The Board and management have developed a balanced scorecard to support the monitoring of strategy implementation and performance. The table below sets out the performance under this scorecard.

The Balanced Scorecard will continue to be adapted in 2018-19 as necessary and work is continuing on a suite of lead indicators to support the management of key processes within the port.

## 2017-18 MWPA Balanced Scorecard

Strategy	UNDERSTAND AND ENGAGE CUSTOMERS, GOVERNMENT AND COMMUNITY		
Key Result Area	Community engagement	Customer Satisfaction	Environmental Licence
Balanced Scorecard	CUSTOMER / STAKEHOLDER		
Metric	Community satisfaction score	Customer satisfaction score	Zero major non-conformances at annual environmental audit.
Unit	%	%	number
2016-17 Baseline	Not applicable	Not applicable	Zero
2017-18 Target	>60%	>60%	Zero
2021-22 Target	>80%	>90%	Zero
Owner	GM Commercial	GM Commercial	GM Workforce
FY 2017-18	52%	62%	Zero

Strategy	WORKFORCE AND CULTURE		
Key Result Area	Staff Engagement	Safety culture	Professional development
Balanced Scorecard	INNOVATION AND LEARNING		
Metric	Staff Engagement score	Lost time injury frequency rate	Training expense per employee
Unit	%	rate	\$ per employee
2016-17 Baseline	54%	13.8	\$2,028
2017-18 Target	>70%	0	\$3,045
2021-22 Target	>85%	0	\$3,163
Owner	GM Workforce	GM Workforce	GM Workforce
FY 2017-18	68%	8.2	\$2,305



## 2017-18 MWPA Balanced Scorecard (cont)

Strategy	FINANCIAL SUSTAINABILITY		
Key Result Area	Operating Margin (Profit after Tax)	Rate of Return	Capital Project Delivery
Balanced Scorecard	FINANCIAL		
Metric	Budgeted financial performance	Rate of Return	Percentage of Projects delivered within budget
Unit	\$M	%	%
2016-17 Baseline	\$9.9M	7.1%	90%
2017-18 Target	≥\$6.5M	8.6%	100%
2021-22 Target	≥\$9.8M	10.8%	100%
Owner	GM Commercial	GM Commercial	GM Commercial
FY 2017-18	<b>\$10.2M</b>	<b>20.3%</b>	<b>100%</b>

Strategy	GROW AND DIVERSIFY REVENUE	
Key Result Area	Revenue growth	SDP Trade forecast
Balanced Scorecard	FINANCIAL	
Metric	Revenue growth	Annual Strategic Development Plan Trade Forecast achieved
Unit	\$M	million tonnes
2016-17 Baseline	\$73.6M	16.9
2017-18 Target	>\$68.1M	15.8
2021-22 Target	>\$90M	>20
Owner	GM Commercial	GM Commercial
FY 2017-18	<b>\$70.6M</b>	<b>15.9</b>

Strategy	INNOVATIVE AND EFFICIENT SERVICE DELIVERY			
Key Result Area	Operational efficiency	Port limits - Seafreight cost management	Berth infrastructure availability	Maintenance management
Balanced Scorecard	INTERNAL BUSINESS PROCESSES			
Metric	Total expenditure as a % of Total revenue	Increase average tonnes shipped per iron ore vessel ex Berth 7	Availability of Berth 4 & 5 shiploading equipment when required by customers	Maintenance cost per tonne shipped
Unit	%	tonnes	%	\$
2016-17 Baseline	80.8%	61,053	99.2%	\$0.61/tonne
2017-18 Target	85.1%	>61,053	≥98%	\$0.65/tonne
2021-22 Target	<80%	>90,000	≥98%	\$0.54/tonne
Owner	GM Commercial	GM Operations	GM Operations	GM Operations
FY 2017-18	<b>79%</b>	<b>64,705</b>	<b>B4 - 88.92%, B5 - 99.94%</b>	<b>\$0.74</b>



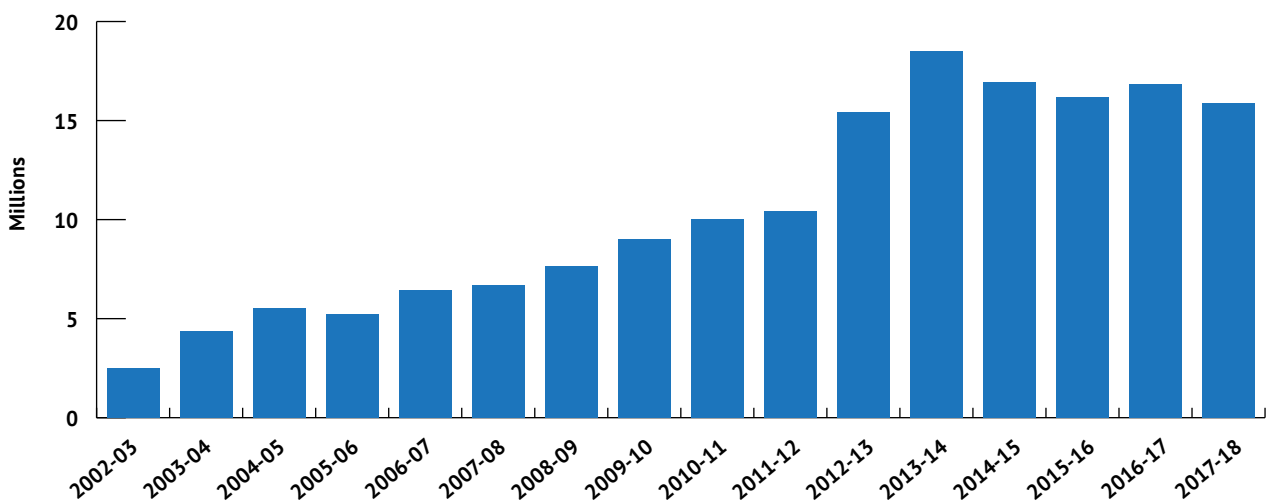
# Report on Activities

## Trade

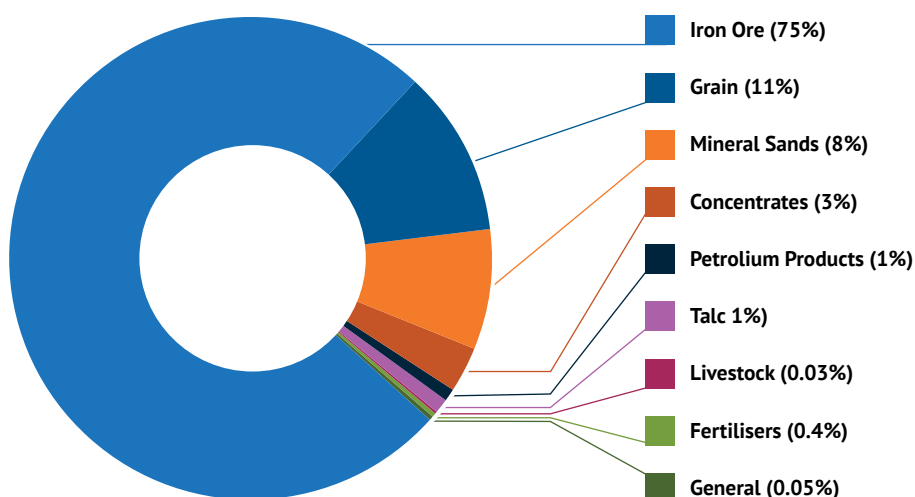
The Port achieved 15.89mt of trade in 2017-18, representing a 6% reduction from the 2016-17 year. The reduction in trade was mainly due to the normalisation of the grain trade after a year with exceptional grain throughput.

### Total Annual Trade

Trade continues to be largely driven by iron ore, which now represents 75% of our total trade. The Port continues to have strong grain exports (given seasonality) of 11% of total trade, and exports of mineral sands and concentrates has risen to 11%.



### Trade by Commodity



The continued solid export levels for iron ore, grain and mineral sands have resulted in exports of these three key products comprising 94% of total Trade. The imports component of total trade comprised predominately of mineral sands (3%) and fuel (1%).

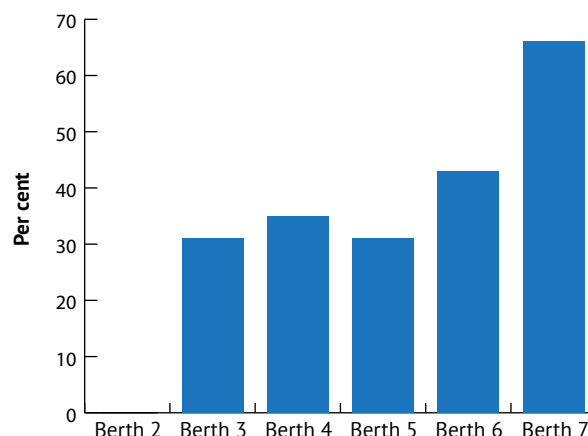
The Authority's ongoing focus on productivity improvements will result in incremental benefits to all Port stakeholders.



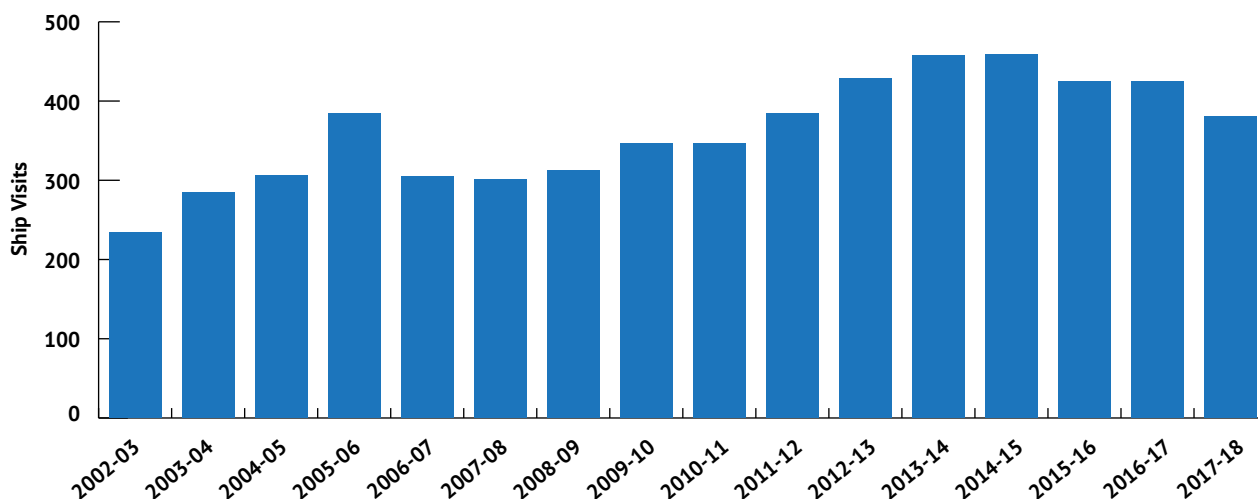
## Berth Utilisation (2018)

On the back of the strong trade performance, berth utilisation reflects a capacity for increased trade. New business opportunities are actively being pursued with many exciting projects currently in discussions. There was greater utilisation of Berths 4 and 5 in 2017-18 compared to the previous year.

A total of 381 ships visited Geraldton during the year down on the previous year by 44 ships. The number of ships was made up of 370 cargo ships, 1 rig tender and 10 cruise vessels. Larger vessels trialled at Geraldton Port in March has proved successful, and there has been a steady increase in the number of larger than usual vessels visiting the Port.



## Total Ship Visits (2018)







## Commercial Services

The Port has continued to perform well across all business streams. MWPA maintains a close working relationship with its customers, laying foundations for further growth by successful engagement and operational planning at its core.

The trade result was marginally above forecast levels and exceeded budget by 200K tonnes. Iron ore exports continued to dominate, accounting for 75% of total trade. The customer base remained steady with no new customers importing / exporting cargo despite several new projects and an extensive pipeline of potential new customers currently engaged in discussions with MWPA.

This year saw the completion of the South Pens 2 improvements in the Fishing Boat Harbour and ongoing improvements will continue throughout 2018-19.

Shore Tension Units (STUs) have been fully operational throughout 2017-18. They have enhanced the overall experience of the many cruise ship visitors to Geraldton by affording their ship's greater stability, along with cost and time savings.

MWPA have implemented a number of key tenders during 2017-18 including Stevedoring Services for Berth 4 & 5, Fuel Pipeline Internal Inspection & Condition Assessment and the Port of Geraldton Master Plan.

A Completed Master Plan in 2019 will assist with asset planning and offering strategic results for growth and future proof solutions.

## Human Resources

The 2017-18 year commenced with the insourcing of the Bulk Handling Facility (BHF) operations, and the employment of 37 people involved in that facility.

This was followed by finalising the negotiations for the Ports 3 Enterprise Agreements which were all approved in December 2017.

Work has focused on the development of our Workforce Management Strategy which outlines the implementation of several actions to support the embedding of stronger employee engagement, building on positive workforce culture and the provision of solid guidance for managers in employee management and relations. This is underpinned by the Workforce Engagement Strategy and supported by a suite of human resources procedures designed

to ensure that the actions and decisions the Authority make are transparent, impartial and unbiased.

MWPA has a focus on balancing diversity in the Board and the workforce. Balanced diversity has been achieved at Board-level, and within the Executive team of MWPA. We have implemented a Diversity and Inclusion policy which will be strengthened by the development of a Diversity and Inclusion action plan which will also include an updated Reconciliation Action Plan.

Throughout the year employees across the organisation participated in various training programs to improve skills and knowledge, ensure compliance and build the capacity of our workforce for the future.

The Port continued to maintain a low employee turnover rate of just 7%.

Throughout the year MWPA staff have been involved in supporting local charities, including:

- > A charity drive at Christmas taking non-perishable donations for Mid West Cat Shelter, Geraldton Dog Rescue and Foodbank.



- > Donating a \$1000 Bike voucher to local Mid West Charity Begins at Home
- > Hosting an *Australia's Biggest Morning Tea*





## Information Management

The year has seen some significant changes to the Information Management (IM) area to deliver efficient and innovative services to align with the Digital WA Strategy 2017-2022.

The objectives for the IM team were to improve on the service delivery to internal and external customers. To achieve this, the IM team focused on several key projects to ensure the service obligations were met:

- > Continued of expansion of the fibre infrastructure throughout the Port, to minimise the use of wireless communications. This will provide a stable communications backbone for all users and services of the Port.
- > Improvement of the configuration management for the Port maintained systems. Activities such as accurate system drawings, production of standard operating procedures, recording of current hardware and software versions were updated to reflect all changes occurring as a result of system upgrades or removal of obsolete equipment.
- > Preliminary works were conducted towards the expansion of a corporate wide Enterprise Resource Planning platform which will improve financial and asset management throughout the Port.
- > MWPA's Record Keeping Plan was approved by the State Records Commission in October 2017 which aligns to the *State Records Act 2000*. This will remain in force until it's renewal in 2020.

## Operations

### Landside

The Operations teams have over the year seen considerable change, whilst delivering the "business as usual" functions with a continual focus on safety, systems, performance and delivery.

The addition of the Marine team and the change of name from Landside Operations to that of Operations was the most significant change. This action has brought under one reporting structure all of the logistics chain, from entry gate to end of shipping channel, which is a function of MWPA. The appointment of the new Harbour Master, Captain Leon Strydom, has enhanced the marine team to focus on their core function - the safe arrival and departure of vessels within port waters.

The Engineering Team has delivered on many projects this year, while always demonstrating a wide variety of knowledge and experience and by applying this expertise have addressed all complications to a successful outcome.

The next stage in the development of the enterprise reporting program is to include the operational element and add to our asset management system. The benefits of this next stage will be a stricter alliance between the work required and the appropriate costing of the work, timeline for completion, and the final cost reporting – all elements that will further assist MWPA to improve and manage its cost efficiency and operational effectiveness.

The introduction of Shore Tension Units (STUs) to our Port operations has had an immediate impact in allowing vessels to remain alongside in greater surge conditions that would have previously seen the berth vacated. The STUs provide more certainty to customers including cruise ships and bulk carriers.

Our work continues in the development and implementation of our Strategic Asset Management Plan. Further significant effort has been undertaken to improve the framework in order to ensure the Port conducts its maintenance program and makes asset decisions in a well-informed way.

### Highlights

The combining of the operations teams has increased the understanding of other parts of the Port and better integration of the main Operating Units. The work both within and external to the operational teams to better align the workforce with the Ports requirements has been very positive.

Two apprentices have now completed their training and obtained their trade certificates and have been assisted to find placements as tradespersons in industries separate from the Port.

Operational reliability for Berth 4, Berth 5 and Rail Unloader continue at high levels.

- > Berth 4 averaged 99.6% based on significant stoppages and 99.6% on total stoppages.
- > Berth 5 averaged 99.9% based on significant stoppages and 99.8% on total stoppages.
- > Train Unloader averaged 98.0% based on significant stoppages.





Equipment to allow “pigging” of the fuel line, as part of asset management.

## Key Projects

### Berths 3 and 4 Concrete Rehabilitation

This work is being undertaken by Marine and Civil to repair degraded concrete on these berths. The work has had to be coordinated around shipping.

MWPA carried out an internal clean and ultra-sonic inspection of both fuel pipes from berth 6 to the terminal. The findings from the report show that both pipelines are in good condition with only a few minor repairs required.

Other works performed as part of this project were a Fitness-For-Service assessment which provides previous additional piping information and also a Direct Current Voltage Gradient (DCVG) survey which inspects the external pipeline coating.

### Berths 1 and 2 Dead-man Installation

An inspection of the underside of Berths 1 and 2 in 2017 highlighted that the condition of the Berths’ bottom and shear reinforcement had deteriorated to such an extent that the global lateral stability of the structures was not acceptable from a serviceability perspective.

To ensure the Berths could continue to be used safely and prevent acceleration of deterioration, 24 precast concrete “dead-men” were installed. Each dead-man, 4m x 2m x 0.5m in dimension, was installed below ground level and was attached to the deck by a 9m long tie rod.

The total cost of the maintenance project was \$780,000 and construction was completed in 6 months



Dead-man & Tieback installation – outside of workshop



Dead-man & Tieback installation – Inside of workshop





A vessel prepares to pull alongside Berth 4.  
Picture: Samuel MacLachlan

### MWPA HV and LV Arc Flash Hazard Mitigation.

Highlighting of the hazardous phenomena of electrical arc flash by a fatal incident in Perth in February 2015, MWPA has taken significant action to minimise this hazard to its staff and comply with all regulatory requirements that have been enacted by DIMRS subsequent to this incident.

The action included:

- > Immediate replacement of the HV switchgear similar to that described above at the Port,
- > An HV and LV arc flash hazard assessment at the Port covering all potentially hazardous switchgear,
- > Resetting switchgear protection to minimise the arc flash risk in the event of equipment failure,
- > Application of arc flash hazard warning labels with required access PPE specifications on all switchgear panels, and,
- > Revision of the Port electrical safe work procedures and upgrading of PPE for electricians to comply with current regulatory requirements.

### South Pens 2

Both the south and north sides of South Pens 2 have been refurbished. These works were completed in a “staged” process to minimise disruption to our Fishing Boat Harbour customers. Works completed included removing of the jetty fingers, timber piles and the old walkway, driving new steel piles and building a new main walkway, which included new utility connections.



New main walkway and pens alongside the old walkway.  
At the end of Stage 2.

## Marine

The Marine team has continued to provide customers with efficient operations whilst dealing with the unique ship handling challenges of an exposed open ocean pilot boarding, one high tide every 24 hours and the frequent occurrence of harbour surge requiring active maintenance to ensure the safety of personnel and infrastructure.

During the year, a total number of 801 pilot assisted movements occurred through the Port which was a 12.1% decrease compared to the previous year (912 movements).

In November 2017, MWPA undertook a larger vessel study to facilitate vessels of 236m (length) by 43m (width). The study involved extensive vessel simulation trials and weather modelling. The successful inaugural visit of the post Panamax vessel, the *MV Rising Sun*, proved the process and enabled larger vessels to safely navigate the shipping channel in controlled environmental conditions. This has resulted in the *MV Rising Sun* being a regular caller at the Port.

The *MV Rising Sun* uplifted 85,078 tonnes of iron ore in March, which exceeded the previous record by 9,729 tonnes.

A total of 10 cruise vessels were safely secured alongside berth 3, of which half were repeat callers. The City of Greater Geraldton and surrounding areas have benefited from passengers visiting the local shoreside attractions. MWPA has realised a 50% increase in the number of boutique vessels wishing to explore the Mid West Region. The month of February is the most popular month with 5 vessels calling during this favourable weather period. The largest vessel to call at Geraldton Port was the *MV CMB Pomerol* at 95,731 deadweight tonnes (DWT).



## Health, Safety, Environment and Quality

### Our Commitment

MWPA is committed to continually improving its provision of a healthy and safe workplace and in minimising the impact of our operations on the environment. Health, Safety, Environment and Quality (HSEQ) feature firmly on the executive management's meeting agenda. The Board reviews Significant Risks and the controls which mitigate these risks. Management participate in the monthly HSE Committee meeting and formal management reviews occur quarterly to formulate and improve our HSEQ performance. HSEQ topics are included on all staff meetings and toolbox talk agendas.

During 2017-18 the Lost Time Injury Incidence rate was 2.3, which was a decrease of 0.2 over the previous year. Over the financial year there were three lost time injuries resulting in a total of 10 lost time days.

### Integrated Management Systems

- > MWPA maintains its integrated management system (IMS) to the following standards; AS/NZS 4801 Occupational Health and Safety Management Systems,
- > ISO 14001 Environmental Management Systems and,
- > ISO 9001 Quality Management Systems.

Our systems continue to meet the requirements set out by the International and Australian Standards and our certification continues to be externally accredited.

The annual audit was conducted in July 2017 with no major non-conformances, four minor non-conformances and seven observations being identified. MWPA developed and submitted a corrective action plan which has been implemented



and will be subject to review in the 2018-19 financial year surveillance audit.





## Rail Safety Management System

MWPA continues to manage its rail terminal and rail terminal operations in accordance with its accredited Rail Safety Management System. The operations and Rail Safety Management System are subject to formal annual audit / review as well as inspection and audit by members of the Office of the National Rail Safety Regulator (ONRSR).

The Port is an accredited Rail Infrastructure Manager and 'limited' above-rail operator. The Port rail terminal accommodates multiple train operators and a variety of port and customer rail interface facilities. The Port Rail Terminal operations have continued over the year in accordance with the terms of the ONRSR accreditation.

## Statistics

Measure	MWPA Result 2013-14	MWPA Result 2014-15	MWPA Result 2015-16	MWPA Result 2016-17	MWPA Result 2017-18	WA State Gov Target	Comment 2017-18 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	0	1.09	2.27	2.5	2.3	0 or 10% improvement on the previous 3 years	Not Achieved
Lost time injury severity rate No. of severe injuries (60 days or more lost) / No. of LTI/D x 100	0	100	0	50	0	0 or 10% reduction	Achieved
Percentage of injured workers returned to work within 13 weeks	100%	100%	100%	50%	100%	Actual result to be stated	No Target
Percentage of injured workers returned to work within 26 weeks	100%	100%	100%	50%	100%	Actual ≥ 80%	Achieved
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	92%	86%	86%	91%	95%	Actual ≥ 80%	Achieved

Geraldton Port as seen from Pages Beach.







## Consultation and Communication

Safety and Health Representatives are in place for each work area, and participate in the monthly Health, Safety & Environment Committee as well as toolbox and staff meetings in their operational teams. The committee comprises of representation from management, supervisors, and elected Safety and Health Representatives in accordance with MWPA's Constitution of Health, Safety and Environmental Committee.

Committee meetings are well attended by both employee representatives and management. Items commonly discussed include a review of incidents and lessons learned, reported hazards, training compliance, relevant procedural alterations and other focus areas as required. Minutes of committee meetings are distributed to employees by email, displayed on noticeboards and are available on the intranet.

A Mineral Importers and Exporters Liaison Group is established and continues to meet on a quarterly basis. This group consists of various port users and MWPA's management representatives. It is a good forum to share information across our client base and to discuss HSEQ concerns, initiatives and remediation activities.

## Commitment to Injury Management

MWPA is committed to, and compliant with, the injury management and early return to work requirements in accordance with the *Workers' Compensation and Injury Management Act 1981*. The Port 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 MWPA as employer. MWPA works closely with the injured worker and medical practitioner to develop appropriate return to work plans to ensure a successful return to work for each employee.

## Training

MWPA continues to monitor and implement safety and environmental training for all staff. Port inductions are a requirement for all staff, and contactors who enter the site, and are currently undergoing a thorough revision of the content and delivery method in line with our focus on continual improvement. Our dedicated Workforce Development Officer continues to work with HSEQ staff to ensure all training requirements continue to be managed.

## Environmental Management

MWPA is committed to achieving best practice in respect to our environmental performance. MWPA have developed and continue to implement and improve the Environmental Policy and the Environmental Management Plan in accordance to our accreditation to ISO14001. A range of KPIs have been developed and are communicated through HSEQ monthly reports and key HSEQ meetings. Operational processes and procedures are continually audited and reviewed to ensure they remain best practice and identify how we manage potential impacts. A list of environmental aspects has been identified and they are continually reviewed to ensure as many controls are in place as possible to mitigate any effects.

MWPA has in place a range of environmental monitoring programs which include air quality monitoring, stormwater monitoring, harbour sediment monitoring and several marine water quality monitoring programs.

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 MWPA's Environmental Licence. Management practices are assessed through the collection and analysis of air, sediment and water samples. During 2017-18 there were zero ambient average target exceedances for metals targets.



## Key HSEQ Achievements during 2017-18

MWPA have a commitment to continual improvement. During 2017-18 developments within the following areas have benefited the organisation:

- > Continued support and participation in Environmental and Safety working groups coordinated by Ports Australia and Ports WA (for Environmental Management).
- > During September, the promotion of a range of activities and awards for Safety Month including Tug safety tour, a DFES emergency evacuation demonstration from Shiploader 5, 'thank you' breakfasts for operations shift crews and a staff lunch, a demonstration of vehicle prestart checks and a children's calendar drawing competition.
- > Conducted an Occupational Noise Survey across the site in accordance with the Department of Mines, Industry Regulation and Safety with all recommendations addressed.
- > Establishing a collaborative surveillance monitoring program with Department of Primary Industry and Regional Development to ensure early detection and eradication of pest bee species or disease.
- > Working collaboratively with Curtin University of Technology to establish PhD studies focusing on dust management from Port operations. The studies will allow a more thorough understanding of the impacts from port related dust, the ability to distinguish between regional (or non-port related) sources in real time along with establishing better control methods.
- > Implementation of a customised real time dust monitoring interface which allows for greater flexibility for dust control by operational supervisors in real time, whilst providing environmental practitioners with a robust reporting ability.
- > Ports WA, including Geraldton Port, have entered the Golden Gecko Awards with respect to the state-wide marine pest monitoring program that has been developed and implemented over the past few years. The program is the largest collaborative monitoring model in the world and is a collaborative approach involving the Department of Primary Industry and Regional Development (Biosecurity Branch) and all state Port Authorities.

## Community

MWPA plays an important role in facilitating industry and trade growth in the Mid West, but also strives to support the community around it.

Throughout 2017-18, the Authority has supported several community activities including:

### The Port Tour Day

During June 2018 we invited the community into Geraldton Port for a tour of its facilities.

MWPA welcomed almost 1,000 members of the community who enjoyed guided bus tours, live entertainment and attractions.

### Investing in Our Community

In addition to our role in facilitating industry and trade growth in the Mid West, we also invest in our community through a range of sponsorships and events. In 2017-18 MWPA contributed a total of \$30,986 to the community. Major benefactors included the 2017 LiveXchange conference, Road Safety Forum, Geraldton Yacht Club, Waggrakine Volunteer Bushfire Brigade, Mission to Seafarers, Geraldton Board Riders Inc, Bringing Tough Love on Drugs to Geraldton Group and the Rotary Club of Geraldton-Greenough.

Community events supported included the Wind on the Water Festival, Growing Greater Geraldton, Funtavia and the Sunshine Festival.

## Sand Bypassing

Under its Memorandum of Understanding with the City of Greater Geraldton, the Authority monitors selected beach profiles and contributes to the maintenance of certain beaches by transferring sand on an annual basis from Pages Beach to the Chapman Rd beaches that are north of the Batavia Coast Marina. In addition, the Authority is committed to supplying sand for storm damage repairs in cooperation with the City of Greater Geraldton.

The total volume of sand handled under this program between 1 July 2017 and 30 June 2018 was 8,443 m<sup>3</sup> at a cost of \$80,875.



## Record Information

2017-18		HISTORY	
Largest Vessel	Largest Single Cargo	Largest Vessel	Largest Single Cargo
<i>MV CMB Pomerol</i>	<i>MV Rising Sun</i>	<i>MV Bulk Philippines</i>	<i>MV Rising Sun</i>
95,731 DWT	85,078 Tonnes Iron Ore	95,740 DWT	85,078 Tonnes Iron Ore
January 2018	March 2018	August 2015	March 2018

An aerial shot of the tug boat pen and lay down area to the east of the Port







# Comparative Trade Statistics

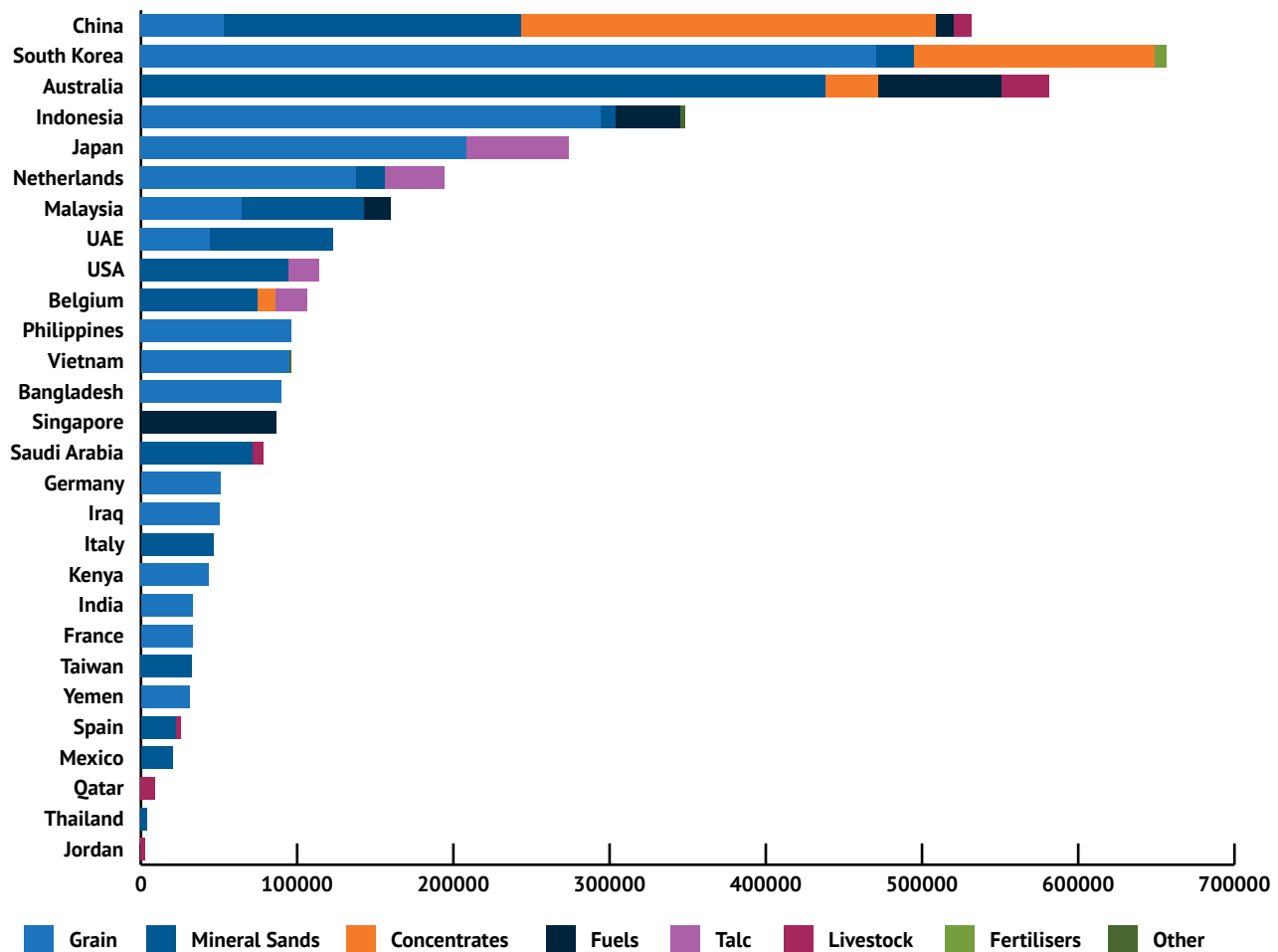
<b>IMPORTS</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
Fert DAP/Other	20,348	35,744	41,396	16,479	30,116
Fert MAP	-	9,574	19,431	22,102	17,662
Coal	-	-	-	-	-
Phosphate	-	-	-	-	-
New Phosphate (TSP+S)	-	-	-	-	-
Sulphur	-	-	-	-	-
Urea	55,437	49,702	38,656	64,747	15,687
Potassium Carbo	-	-	-	-	-
Petroleum Products	301,669	283,134	260,563	243,691	235,234
Mineral Sands	387,094	261,367	397,114	387,435	437,921
Soda Ash	6,951	-	-	-	-
General	-	822	1,320	9,697	7,617
	<b>771,499</b>	<b>640,342</b>	<b>758,481</b>	<b>744,152</b>	<b>744,236</b>

<b>EXPORTS</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
Wheat	1,702,403	1,372,371	1,612,123	2,525,982	1,298,228
Oats	-	-	-	-	-
Barley	36,427	38,131	59,860	146,015	85,323
Lupins	213,442	140,660	126,931	218,469	278,274
Canola	128,550	194,667	171,209	332,904	132,827
Copper Cons/Ore	343,900	380,248	316,765	230,193	229,023
Zinc Cons/Ore/HPM	145,182	210,040	251,591	167,677	236,545
Nickel Cons	33,290	-	-	-	-
Mineral Sands	370,417	452,364	303,847	328,377	470,461
Bulk/Bagged Mineral Sands	281,376	311,572	320,526	255,612	294,317
Talc	90,814	85,617	90,057	61,388	143,826
Iron Ore	14,367,014	13,103,932	12,129,659	11,837,083	11,968,619
Soda Ash	-	-	18,319	-	-
Stockfeed	1,865	740	1,983	1,420	963
Livestock	9,715	3,704	9,056	5,755	3,761
General	-	-	-	-	-
	<b>17,724,396</b>	<b>16,294,045</b>	<b>15,411,926</b>	<b>16,110,874</b>	<b>15,142,167</b>
Bunkers - Oil	1,308	6,038	1,244	673	842
<b>Total Trade</b>	<b>18,497,203</b>	<b>16,940,425</b>	<b>16,171,650</b>	<b>16,855,699</b>	<b>15,887,244</b>

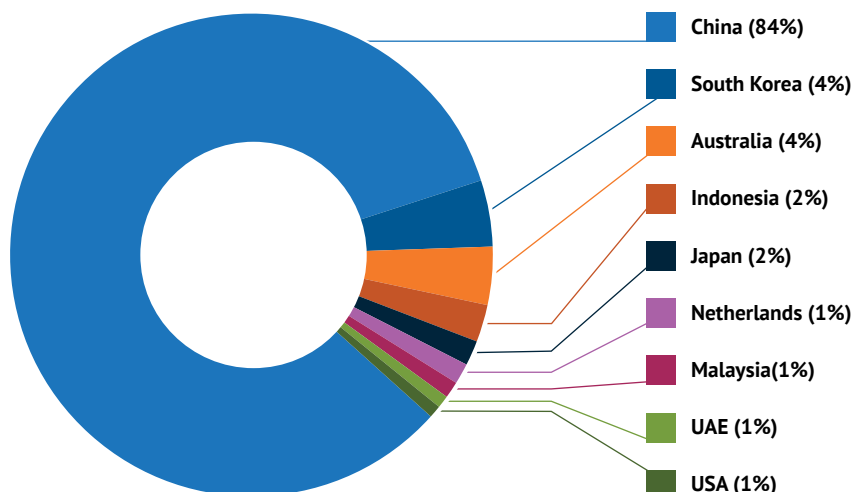
<b>SHIPPING</b>					
Gross Reg Tonnage	14,429,387	14,278,723	14,898,910	14,504,643	13,274,787
Deadweight Tonnage	25,726,293	24,586,548	24,552,334	24,452,316	21,269,195
No of Vessels	458	459	425	425	381
Average DWT	56,171	53,565	57,770	57,535	55,825

# Origin & Destination of Cargo

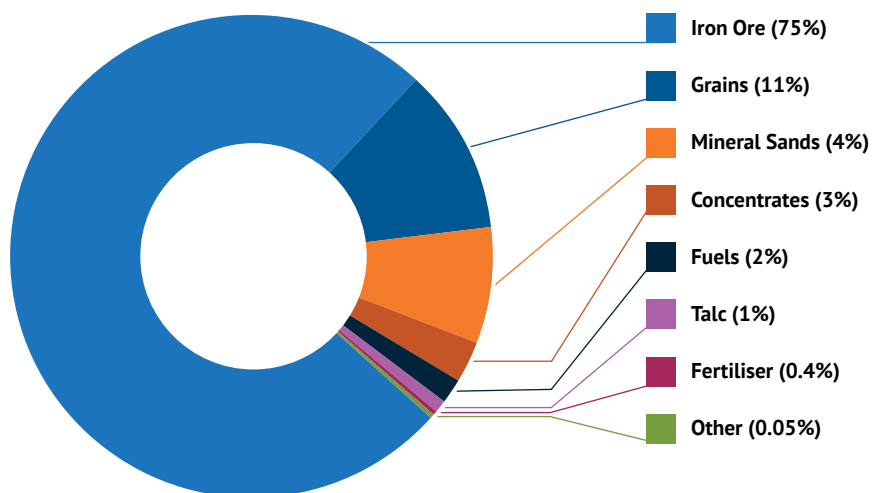
## Trade tonnage by Country & Cargo (excl. Iron Ore)



## Trade tonnage by Country



## Trade tonnage by Cargo



A view of the Fishing Boat Harbour and Point Moore.



# Annual Financial Report

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# Directors' 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 2018.

## 1 Directors

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



**JOHN  
ELKINGTON**  
Chair



**DR SUE  
VAN LEEUWEN**  
Deputy Chair

<b>Occupation</b>	Company Director and General Manager
<b>Appointments</b>	Appointed Non-Executive Director, Chair February 2017
<b>Background/Qualifications</b>	<ul style="list-style-type: none"> <li>&gt; MSc (Mineral Economics) Western Australian School of Mines, Curtin University</li> <li>&gt; Executive Consultant - Southern Mining Consultants</li> <li>&gt; Director of a mining financial advisory consultancy</li> <li>&gt; Former General Manager - Mining Corporate Services, Snowden UK and Australia</li> <li>&gt; Former Managing Director of an ASX listed company</li> <li>&gt; Former Mine Manager</li> <li>&gt; Former Non-Executive Director and Chair of the Audit and Risk Committee of Horizon Power</li> <li>&gt; Former Technical Director of mineral assay and metallurgical testwork laboratories</li> <li>&gt; Fellow of the Australasian Institute of Mining and Metallurgy</li> <li>&gt; Fellow of the Australian Institute of Company Directors</li> </ul>

<b>Occupation</b>	Company Director and Consultant
<b>Appointments</b>	Appointed Non-Executive Director January 2016
<b>Background/Qualifications</b>	<ul style="list-style-type: none"> <li>&gt; DBA (Curtin)</li> <li>&gt; MBA (Curtin)</li> <li>&gt; Owner - Amity Leadership and Consulting</li> <li>&gt; Chair - The Pat Giles Centre</li> <li>&gt; Former CEO - Leadership WA</li> <li>&gt; Former Associate Professor, Assistant Dean and Assistant Provost - UNDA</li> <li>&gt; Former CEO - Swanleigh</li> <li>&gt; Former Board Member in a number of Community and Education Organisations</li> <li>&gt; Former Panel Member - Perth Freight Link, Social Enterprise Fund, Governance Review of Metropolitan Local Government, Social Innovation Grants</li> <li>&gt; Company Directors Diploma, Australian Institute of Company Directors</li> <li>&gt; Mastering the Boardroom Program, Australian Institute of Company Directors</li> <li>&gt; Fellow of the Australian Institute of Company Directors</li> <li>&gt; Fellow of Leadership WA</li> </ul>



# Directors' Report



**ANGIE  
PASKEVICIUS**  
Director



**STEPHEN  
POLLARD**  
Director

<b>Occupation</b>	Company Director and Chief Executive Officer
<b>Appointments</b>	Appointed Non-Executive Director February 2018
<b>Background/Qualifications</b>	<ul style="list-style-type: none"> <li>&gt; CEO - Holyoake Executive</li> <li>&gt; Director - Holyoake</li> <li>&gt; Director - WA Network of Alcohol &amp; Drug Agencies (WANADA)</li> <li>&gt; Chair - Interchange WA</li> <li>&gt; Owner - Angie P Coaching, Partner in Quartette Coaching</li> <li>&gt; Former State Director - Mission Australia WA</li> <li>&gt; Former CEO - Therapy Focus</li> <li>&gt; Masters in Business Leadership</li> <li>&gt; Bachelor of Applied Science</li> <li>&gt; Graduate of the Australian Institute of Company Directors</li> <li>&gt; Fellow of the Australian Institute of Company Directors</li> <li>&gt; Fellow of the Australian Institute of Management</li> <li>&gt; Fellow of the Institute of Public Administration Australia (WA)</li> <li>&gt; WA Telstra Business Woman of the Year (2015) and National Finalist</li> </ul>

<b>Occupation</b>	Company Director and Chief Executive Officer
<b>Appointments</b>	Appointed Non-Executive Director July 2016 Resigned June 2018
<b>Background/Qualifications</b>	<ul style="list-style-type: none"> <li>&gt; CEO - All Earth Group Pty Ltd</li> <li>&gt; Director - Leadership WA</li> <li>&gt; Director - Down Syndrome WA</li> <li>&gt; Bachelor of Commerce</li> <li>&gt; Fellow Certified Public Accountant</li> <li>&gt; Fellow Institute of Public Accountants</li> <li>&gt; Fellow of the Australian Institute of Management</li> <li>&gt; Member of the Australian Institute of Company Directors</li> </ul>





# Directors' Report



**DAVID  
UTTING**  
Director



**KATE  
WATSON**  
Director

<b>Occupation</b>	Company Director and Chief Executive Officer
<b>Appointments</b>	Appointed Non-Executive Director February 2018
<b>Background/Qualifications</b>	<ul style="list-style-type: none"> <li>&gt; Principal - David Utting Corporate - services in mining, oil and gas, infrastructure, transport, wave energy (and other renewables), IT, technology and other sectors</li> <li>&gt; Secretary / CEO - Yilgarn Iron Producers Association Inc.</li> <li>&gt; Former Communications Manager</li> <li>&gt; Former Ministerial and Lord Mayoral Advisor</li> <li>&gt; Former Journalist - The West Australian - Technology Editor, Business Journalist, General News and Columnist</li> <li>&gt; Former University Lecturer and Researcher, including member of the Murdoch Academic Council and Research Board at Curtin University</li> <li>&gt; Former Indigenous Education Lecturer (Abstudy Program at the University of Western Australia)</li> <li>&gt; Master of Arts in Literature &amp; Communication - Murdoch University</li> <li>&gt; Bachelor of Science in Psychology - University of Western Australia</li> <li>&gt; Graduate Diploma in Journalism - Murdoch University</li> <li>&gt; Member of the Australian Institute of Company Directors</li> </ul>

<b>Occupation</b>	Company Director and Project Manager
<b>Appointments</b>	Appointed Non-Executive Director February 2018
<b>Background/Qualifications</b>	<ul style="list-style-type: none"> <li>&gt; G Co Electrical Executive Team</li> <li>&gt; Board Chairperson - ATC Midwest</li> <li>&gt; Project Management and Consulting experience in Electrical Contracting, HSE, Engineering and Construction, Mining, Haulage Operations, Utilities, Banking and Insurance</li> <li>&gt; Higher National Diploma in Computer Science</li> <li>&gt; Former Member of the Australian Computer Society</li> <li>&gt; Health, Safety and Environment Certification</li> <li>&gt; Graduate of the Australian Institute of Company Directors</li> <li>&gt; Member of the Australian Institute of Company Directors</li> </ul>

## Resigned Directors

Director Noel Ashcroft AM resigned on 31 January 2018 (Completed 5½ years on the board)

Director Kim Halbert resigned on 31 January 2018 (Completed 3½ years on the board)

# Directors' Report

## 2 Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Authority during the financial year are:

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

Number of Meetings Attended by:

	Board Meetings Eligible to Attend	Board Meetings Attended	Governance Committee Meetings Attended	Risk, Finance & Audit Committee Meetings Attended
J Elkington	12	12	1	1
Dr S van Leeuwen	12	12	3	1
A Paskevicius	Appointed 1 February 2018 5	5	1	1
D Utting	Appointed 1 February 2018 5	5	1	1
K Watson	Appointed 1 February 2018 5	5	1	1
N Ashcroft, AM	Resigned 31 January 2018 7	5	1	0
K Halbert	Resigned 31 January 2018 7	6	0	2
S Pollard	Resigned 30 June 2018 12	9	0	4

## 3 Principal activities

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

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

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



# Directors' Report

## 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 2018 financial year and beyond:

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

## 4 Dividends

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

Dividends of \$9,941,000 were declared and paid during 2017/2018 as full dividend for the 2016/2017 year. The Authority's interim dividend for 2017/2018 of \$8,175,000 was declared and paid to WA State Government in June 2018.

## 5 Operating and financial review

### Review of operations

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



# Directors' Report

	2018	2017
Total trade (tonnes)	15,887,245	16,855,698
	<b>\$000</b>	<b>\$000</b>
Revenue from cargo	27,201	28,205
Revenue from ships	36,421	38,524
Revenue from ship services	6	12
Revenue from port enhancement charges	-	155
Other revenue and income	6,984	6,708
Total revenue and income	70,612	73,604
Less expenditure	56,095	59,332
Operating profit before tax	14,517	14,272
Income tax on operating profit	(4,328)	(4,331)
Operating profit after tax	10,189	9,941

## Commentary on operating results

Operating profit before tax increased this period by 2% even though throughput decreased by 6%. This was mainly due to a significant increase in mineral sands and concentrates throughput, and marginal increase in iron ore trade. Following the exceptional grain trade during 2016/17, the 2017/18 trade has decreased significantly, but is still higher than what was expected. Livestock, fertilisers and petroleum trade continue its lower trend. Expenditure trended lower due to lower than expected maintenance spend.

## 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

# Directors' Report

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.

## 9 Directors' emoluments

In accordance with Section 13(c)(ii) 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 officers who received the highest remuneration are:

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

Name	Short Term Benefits (1) \$	Post Employ- ment Benefits (2) \$	Long Term Benefits (3) \$	Total \$
J Elkington	63,152	5,801	Nil	68,953
Dr S van Leeuwen	36,912	3,507	Nil	40,419
A Paskevicius	13,236	1,257	Nil	14,493
D Utting	13,236	1,257	Nil	14,493
K Watson	13,236	1,257	Nil	14,493
N Ashcroft, AM	21,797	2,055	Nil	23,852
K Halbert	21,976	2,011	Nil	23,987
S Pollard	33,857	3,216	Nil	37,073

- 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

# Directors' Report

(b) The top three remunerated officers of the Authority are:

Name	Short Term Benefits (1) \$	Post Employ- ment (2) \$	Long Term Benefits (3) \$	Total \$
Peter Klein	286,957	26,249	6,908	320,113
Shannon Nicholson	269,475	23,462	8,686	301,623
Ross Halsall	267,869	23,453	8,854	300,176

## 10 Environmental regulation

The Authority's activities are subject to environmental regulation under both Commonwealth and State legislation as applicable to any Australian commercial entity. Specific to Ports, the Authority's activities are also regulated by the Port Authorities Act (1999) which requires Authorities to 'protect the environment of the port and minimise the impact of port activities on that environment'. Through implementing a continually evolving Environmental Management System, the Authority maintains a high standard of performance and is able to advance various environmental initiatives.

To comply with the Environmental Protection Act (1987) the Authority is required to hold an Environmental Licence which allows Category 58 Bulk material loading or unloading activities to occur. The department of Water and Environmental Regulation administers the licence and monitors the Authority's compliance with the condition pertaining to its activities within the prescribed area.

## 11 Environmental management

To ensure excellence in environmental management, the Authority maintains an Environmental Management System which is externally certified to ISO14001:2004 and forms part of the Integrated Management System. This system ensures all activities are legally compliant, controlled, subject to pollution and waste minimisation strategies, monitored and subject to continual improvement. The Authority routinely and actively monitors and reports on water quality, air quality, marine sediments and marine pests amongst other aspects of its environmental footprint.

The Authority plan to upgrade its certification to ISO14001:2015, the newest standard, during the 2018/19 financial year.

## 12 Safety management

The Authority recognises safety as a priority across all of its operations. To ensure adequate and safe systems are developed, implemented and monitored the Authority has established an Integrated Management System which has a strong focus on Health and Safety. The Safety Management System is externally certified to AS/NZS4801:2001. The Authority has also established core values and company behaviours which include CARE, with supporting behaviours being 'commitment to wellbeing and safety' and 'promoting safe work practices'. The Authority considers its current safety performance and strong incident reporting as measures of a mature and robust safety culture.





# Directors' Report

## 13 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:

Chair

15 August 2018

Deputy Chair



# Statement of Comprehensive Income

For the year ended 30 June 2018

		2018	2017
	Note	\$'000	\$'000
<b>Income</b>			
Revenue	4	68,559	71,765
Other income	5	2,053	1,839
<b>Expenditure</b>			
Depreciation and amortisation expense	6	(11,048)	(10,735)
Impairment of property, plant and equipment	15	-	(127)
Marine expenses		(5,605)	(5,763)
Port operations expenses		(14,655)	(18,499)
General administration		(8,541)	(7,272)
Asset maintenance		(11,806)	(10,124)
Environmental expenses		(213)	(204)
Port utilities		(862)	(800)
Safety and security		(1,715)	(1,410)
Finance costs	9	(557)	(944)
Other expenses	10	(1,093)	(3,454)
<b>Profit before income tax</b>		<b>14,517</b>	<b>14,272</b>
Income tax expense	11	(4,328)	(4,331)
<b>Profit for the period</b>		<b>10,189</b>	<b>9,941</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in Defined Benefit Cost	18	161	(150)
Income tax	11	(48)	45
<b>Total other comprehensive income</b>		<b>113</b>	<b>(105)</b>
<b>Total comprehensive income</b>		<b>10,302</b>	<b>9,836</b>

The accompanying notes from part of the financial statement



# Statement of Financial Position

As at 30 June 2018

		2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	39,557	45,033
Trade and other receivables	14	7,493	8,686
Current tax receivable	11	1,206	1,446
<b>Total current assets</b>		<b>48,256</b>	<b>55,165</b>
<b>Non-current assets</b>			
Deferred tax assets	11	2,148	2,317
Property, plant and equipment	15	124,404	131,737
<b>Total non-current assets</b>		<b>126,552</b>	<b>134,054</b>
<b>TOTAL ASSETS</b>		<b>174,808</b>	<b>189,219</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	7,922	12,608
Interest bearing borrowings	17	1,774	3,260
Provisions	18	3,558	3,083
Other liabilities	19	59	76
<b>Total current liabilities</b>		<b>13,313</b>	<b>19,027</b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	17	10,910	11,484
Provisions	18	3,930	4,239
<b>Total non-current liabilities</b>		<b>14,840</b>	<b>15,723</b>
<b>TOTAL LIABILITIES</b>		<b>28,153</b>	<b>34,750</b>
<b>NET ASSETS</b>		<b>146,655</b>	<b>154,469</b>
<b>EQUITY</b>			
Contributed equity	20	76,857	76,857
Retained earnings	20	69,798	77,612
<b>TOTAL EQUITY</b>		<b>146,655</b>	<b>154,469</b>

The accompanying notes from part of the financial statement





# Statement of Changes in Equity

For the year ended 30 June 2018

	Note	Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000
Balance as at 1 July 2016		79,380	73,069	152,449
<b>Total comprehensive income:</b>				
Profit for the period		-	9,941	9,941
Other comprehensive income		-	(105)	(105)
Total comprehensive income		-	9,836	9,836
<b>Transactions with owners in their capacity as owners:</b>				
Dividends paid	12	-	(5,293)	(5,293)
Equity injection*		555	-	555
Return of equity injection*		(3,078)	-	(3,078)
<b>Balance as at 30 June 2017</b>		<b>76,857</b>	<b>77,612</b>	<b>154,469</b>
Balance as at 1 July 2017		76,857	77,612	154,469
<b>Total comprehensive income for the year:</b>				
Profit for the period		-	10,189	10,189
Other comprehensive income		-	113	113
Total comprehensive income		-	10,302	10,302
<b>Transactions with owners in their capacity as owners:</b>				
Dividends paid	12	-	(18,116)	(18,116)
<b>Balance as at 30 June 2018</b>		<b>76,857</b>	<b>69,798</b>	<b>146,655</b>

The accompanying notes from part of the financial statement

\* These amounts were disclosed under the heading "Total comprehensive income" in the prior year financial statements. The transactions are transactions with owners and have been moved to be included under the correct heading.



# Statement of Cash flows

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		81,228	82,332
Cash paid to suppliers and employees		(59,440)	(49,150)
Cash generated from operations		21,788	33,182
Interest paid		(577)	(1,036)
Interest received		1,083	1,193
Income taxes paid		(3,968)	(6,056)
<b>Net cash from operating activities</b>	<b>22</b>	<b>18,326</b>	<b>27,283</b>
<b>Cash flows used in investing activities</b>			
Proceeds from sale of property, plant & equipment		14	-
Acquisition of property, plant & equipment		(3,640)	(13,609)
<b>Net cash (used in)/from investing activities</b>		<b>(3,626)</b>	<b>(13,609)</b>
<b>Cash flows used in financing activities</b>			
Equity injection		-	(3,078)
Drawdown of loans		1,200	2,039
Repayment of borrowings		(3,260)	(6,877)
Dividends paid	<b>12</b>	(18,116)	(5,293)
<b>Net cash used in financing activities</b>		<b>(20,176)</b>	<b>(13,209)</b>
Net increase/(decrease) in cash and cash equivalents		(5,476)	465
Cash and cash equivalents at the beginning of the year		45,033	44,568
<b>Cash and cash equivalents at 30 June</b>	<b>13</b>	<b>39,557</b>	<b>45,033</b>

The accompanying notes from part of the financial statement



# Notes to the Financial Statements

For the year ended 30 June 2018

## 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 15 August 2018 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.





# Notes to the Financial Statements

For the year ended 30 June 2018

## (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 18.

### **Estimating useful life and residual value of key assets**

Various assumptions 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 14).

## (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 the future. Where applicable, the Authority intends to apply these Australian Accounting Standards from their noted application date.

### (i) **AASB 9 Financial Instruments**

AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.



# Notes to the Financial Statements

For the year ended 30 June 2018

The Authority has not assessed the impact of this standard and does not plan to adopt it early.

## (ii) **AASB 15 Revenue from Contracts with Customers**

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

The Authority has not assessed the impact of this standard and does not plan to adopt it early.

## (iii) **AASB 16 Leases**

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

This Standard is applicable to annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

The Authority has not assessed the impact of this standard and does not plan to adopt it early.

## (iv) **AASB 1058 Income of Not-for-Profit Entities**

AASB 1058 replaces the income recognition requirements relating to private sector not-for-profit entities, as well as the majority of income recognition requirements relating to public sector not-for-profit entities previously reflected in AASB 1004 Contributions. AASB 1058 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

The Authority has not assessed the impact of this standard and does not plan to adopt it early.

## 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:



# Notes to the Financial Statements

For the year ended 30 June 2018

## (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) 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.



# Notes to the Financial Statements

For the year ended 30 June 2018

## **(d) Receivables**

### **(i) Trade receivables**

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face 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.

### **(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.

Crown land vested to the Authority is recognised at fair value on the date of the vesting.





# Notes to the Financial Statements

For the year ended 30 June 2018

## (ii) Subsequent costs

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

## (iii) Depreciation

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

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

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

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

## (f) Impairment

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

## (g) Leases

Leases in terms of which the Authority assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Authority's Statement of Financial Position.

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.



# Notes to the Financial Statements

For the year ended 30 June 2018

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 23 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. Subsequent measurement is not required as the effect of discounting is not material.

## **(i) Payables**

Payables, including trade payables, other payables and accrued expenses, are recognised for amounts to be paid in the future for goods and services received prior to the reporting date. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

## **(j) Borrowings**

All borrowings are initially recognised at cost, being the fair value of the consideration received less directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised, as well as through the amortisation process.

Borrowing costs are expensed as incurred unless they relate to qualifying assets.

## **(k) Employee benefits 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



# Notes to the Financial Statements

For the year ended 30 June 2018

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.

## (I) 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, have been 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 2018.

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 became 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.



# Notes to the Financial Statements

For the year ended 30 June 2018

## 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.





# Notes to the Financial Statements

For the year ended 30 June 2018

## (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 20). The amount received is recognised directly as a credit to contributed equity.

## 3. Expenses by nature

Operating expenses are presented on the face of the Statement of Comprehensive Income using a classification based on the nature of expenses (see note 1(b)). Marine expenses include those expenses derived from water based activities; port operations expenses include those expenses related to land based support activities, whilst general administration expenses includes expenditure of an administrative nature.



# Notes to the Financial Statements

For the year ended 30 June 2018

## 4. Revenue

Revenue consists of the following items:

	2018	2017
	\$'000	\$'000
Rendering of services		
Charges on cargo	27,201	28,205
Charges on ships	36,421	38,524
Shipping services	6	12
Port enhancement charge	-	155
Rentals and leases	4,931	4,869
Total revenue	68,559	71,765

The Port enhancement charge relates to a reversal of an impairment made in a prior financial year.

## 5. Other income

Other income consists of the following items:

	2018	2017
	\$'000	\$'000
Interest	1,094	1,144
Service fee on sale of electricity and water	531	282
Net profit/(loss) on sale of property, plant and equipment	(22)	24
Miscellaneous revenue	450	389
	2,053	1,839

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



# Notes to the Financial Statements

For the year ended 30 June 2018

## 6. Depreciation and amortisation expense

	2018	2017
	\$'000	\$'000
<b>Depreciation</b>		
Channels and breakwaters	2,323	2,329
Buildings and improvements	108	121
Berths, jetties and infrastructure	5,730	5,777
Plant and equipment	2,887	2,508
<b>Total depreciation</b>	<b>11,048</b>	<b>10,735</b>

## 7. Employee benefits expense

	2018	2017
	\$'000	\$'000
Wages and salaries (a)	14,915	10,659
Superannuation - defined benefit plans (see note 18)	64	63
Superannuation	1,504	1,152
Long service leave (b)	333	257
Annual leave (b)	1,378	936
	<b>18,194</b>	<b>13,068</b>

(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 10 'Other expenses'. The employment on-costs liability is included at note 18 'Provisions'.

## 8. Compensation of Key Management Personnel

The Authority has determined that key management personnel include Cabinet Ministers, directors and senior officers of the Authority. However, the Authority is not obligated to reimburse for the compensation of Ministers and therefore no disclosure is required. The disclosures in relation to the Ministers' compensation may be found in the Annual Report on State Finances.

Total compensation of key management personnel of the Authority for the reporting period is presented within the following bands:



# Notes to the Financial Statements

For the year ended 30 June 2018

Compensation Band (\$)	2018	2017
350 001 - 360 000	-	1
320 001 - 330 000	1	-
210 001 - 220 000	1	-
60 001 - 70 000	2	-
40 001 - 50 000	1	4
30 001- 40 000	2	1
20 001- 30 000	2	1
10 001- 20 000	3	-
1 - 10 000	-	1
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	<b>609</b>	539
Post-employment benefits	<b>73</b>	46
Other long-term benefits	<b>9</b>	7
Termination benefits	<b>196</b>	-
<b>Total compensation of senior officers</b>	<b>887</b>	<b>592</b>

Compensation includes all employee benefits that are defined in AASB 119 'Employee Benefits'. Employee benefits are all forms of consideration paid, payable or provided by the Authority. Compensation includes fees, salaries, superannuation, non-monetary benefits (including motor vehicle benefits, housing and parking) and other benefits (including leave entitlements and redundancy payments). Total compensation is disclosed on an accrual accounting basis, which may not necessarily represent the cash paid to a senior officer in a reporting period.

## 9. Finance costs

	2018	2017
	<b>\$'000</b>	<b>\$'000</b>
Interest paid	<b>557</b>	944
Finance costs	<b>557</b>	<b>944</b>





# Notes to the Financial Statements

For the year ended 30 June 2018

## 10. Other expenses

	2018 \$'000	2017 \$'000
Doubtful debts expense	11	-
Employee on-costs (a)	1,082	1,028
Community Service Obligation (b)	-	2,426
	<b>1,093</b>	<b>3,454</b>

(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 18 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employee on-costs.

(b) Costs incurred by the City of Greater Geraldton for the remediation of the Beresford Foreshore coastal erosion to the benefit of the regional economy and the reversal of a provision for the Eastern Breakwater project not utilised.

## 11. Income tax expense

### Recognised in the income statement

	2018 \$'000	2017 \$'000
Current tax expense		
Current income tax charge	4,446	4,807
Adjustment for prior periods	(239)	47
	<b>4,207</b>	<b>4,854</b>
Deferred tax income		
Origination and reversal of temporary differences	(39)	(523)
Adjustment for prior periods	160	-
	<b>121</b>	<b>(523)</b>
Total income tax expense	<b>4,328</b>	<b>4,331</b>



# Notes to the Financial Statements

For the year ended 30 June 2018

## Numerical reconciliation between tax expense and pre tax net profit

	2018 \$'000	2017 \$'000
Profit for the period	10,189	9,941
Total income tax expense	4,328	4,331
Profit excluding income tax	14,517	14,272
Income tax using the statutory tax rate of 30% (2017: 30%)	4,355	4,282
Non-deductible expenses	4	2
Sundry items	-	-
	4,359	4,284
(Over)/under provision in prior years	(31)	47
Income tax expense	4,328	4,331
Recognised in other comprehensive income	48	(45)

## Deferred income tax

	2018 Balance sheet \$'000	2017 Balance sheet \$'000	2018 Income statement \$'000	2017 Income statement \$'000	2018 Mvmt to equity \$'000	2017 Mvmt to equity \$'000
Deferred tax liabilities						
Accelerated depreciation for tax purposes	142	165	(23)	(80)	-	-
Others	166	171	(5)	(153)	-	-
Gross deferred tax liabilities	308	336	(28)	(233)	-	-
Deferred tax assets						
Employee benefits	1,252	1,264	12	(74)	(48)	45
Prepaid rental	-	-	-	2	-	-
Others	1,204	1,389	185	(262)	-	-
Gross deferred tax assets	2,456	2,653	197	(334)	(48)	45
Set-off of deferred tax liabilities pursuant to set-off provisions	(308)	(336)	(28)	(233)	-	-
Net deferred tax assets	2,148	2,317	-	-	-	-
Deferred tax benefit/(expense)	-	-	169	(567)	(48)	45



# Notes to the Financial Statements

For the year ended 30 June 2018

## Current tax assets/liabilities

The current tax receivable of \$1.206 million (2017: \$1.446 million) represents the amount of income taxes receivable/payable in respect of current and prior financial periods.

## 12. Dividends

	2018 \$'000	2017 \$'000
Final dividends in respect of the previous financial year (i)	9,941	5,293
Interim dividends in respect of the current financial year (ii)	8,175	-
	<b>18,116</b>	<b>5,293</b>

In accordance with the Government Financial Policy, WA Ports are required to pay dividends of 100% (2017: 100%) of after tax profits.

(i) A final dividend of \$9.9 million (2017: \$5.3 million) was declared in respect of the financial results for the year ended 30 June 2017. An interim dividend of \$8.2 million was paid for the year ended 30 June 2018 (2017: Nil).

(ii) In accordance with Government Financial Policy, WA Ports are now required to pay a dividend of 100% of after tax profits. Due to amendments in the Government Financial Policy, an interim dividend was not paid for the financial year ended 30 June 2017. Instead, a full final dividend at the revised dividend rate of 100% of after tax profit, being \$9.9 million was paid in the financial year ended 30 June 2018. In July 2017, Cabinet approved a change in the dividend policy, increasing the dividend payout ratio for MWPA to 100% of net operating profit after tax and abnormal items, with 75% of the forecasted dividend payable before 30 June 2018, being \$8.2 million. A final dividend based on the audited financial statements for the year ended 30 June 2018 is to be paid by 31 December 2018.

## 13. Cash and cash equivalents

	2018 \$'000	2017 \$'000
Bank balances	<b>4,116</b>	10,346
Term deposits which matures in less than 3 months at inception	<b>35,441</b>	34,687
Cash and cash equivalents in the statements of cash flows	<b>39,557</b>	<b>45,033</b>

The Authority's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 23.



# Notes to the Financial Statements

For the year ended 30 June 2018

## 14. Trade and other receivables

	2018 \$'000	2017 \$'000
<b>Current</b>		
Receivables	4,816	5,991
Allowance for impairment of receivables	(40)	(40)
Accrued revenue	1,327	712
GST receivable	683	1,166
Prepayments	487	410
	<b>7,273</b>	<b>8,239</b>
<b>Loans and advances:</b>		
Other debtors	220	447
	<b>7,493</b>	<b>8,686</b>
<b>Total Current</b>		
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	40	40
Bad debts written off against provision	(11)	-
Doubtful debts expense recognised / (derecognised) in the income statement	11	-
Balance at end of year	<b>40</b>	<b>40</b>

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.

Revenue from two customers of the Authority represents approximately 47% (2017: 45%) of the Authority's total revenue.

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

	2018 \$'000	2017 \$'000
Not more than 3 months	6,299	7,011
More than 3 months but less than 6 months	24	70
More than 6 months but less than 1 year	-	3
More than 1 year	-	26
	<b>6,323</b>	<b>7,110</b>

The balance for more 3 months but less than 6 months consists mainly of the amounts due from the Geraldton Yacht Club for relocations.





# Notes to the Financial Statements

For the year ended 30 June 2018

## 15. Property, plant and equipment

	Channels and Breakwa- ters \$'000	Land \$'000	Buildings and improve- ments \$'000	Plant and equip- ment \$'000	Berths, Jetties and Infra- structure \$'000	Work in Progress \$'000	Total \$'000
<b>Cost or deemed cost</b>							
Balance at 30 June 2016	98,210	6,904	3,056	47,146	99,066	8,330	262,712
Additions	-	555	90	1,816	4	12,054	14,519
Transfer from work in progress	-	-	-	16,040	134	(16,174)	-
Disposal	-	-	-	(27)	-	-	(27)
Balance at 30 June 2017	98,210	7,459	3,146	64,975	99,204	4,210	277,204
Additions	-	-	15	1,072	-	2,638	3,725
Transfer from work in progress	-	-	112	2,210	-	(2,322)	-
Disposal	-	-	-	(79)	-	-	(79)
Balance at 30 June 2018	98,210	7,459	3,273	68,178	99,204	4,526	280,850
<b>and impairment</b>							
Balance at 30 June 2016	31,650	-	948	24,131	76,452	1,445	134,626
Depreciation for the year	2,329	-	121	2,508	5,777	-	10,735
Impairment loss	-	-	121	6	-	-	127
Disposal	-	-	-	(20)	-	-	(20)
Balance at 30 June 2017	33,979	-	1,190	26,625	82,229	1,445	145,468
Depreciation for the year	2,323	-	108	2,887	5,730	-	11,048
Impairment loss	-	-	-	-	-	-	-
Disposal	-	-	-	(70)	-	-	(70)
Balance at 30 June 2018	36,302	-	1,298	29,442	87,959	1,445	156,446
<b>Carrying amounts</b>							
At 30 June 2017	64,231	7,459	1,956	38,350	16,975	2,765	131,736
At 30 June 2018	61,908	7,459	1,975	38,736	11,245	3,081	124,404



# Notes to the Financial Statements

For the year ended 30 June 2018

## 16. Trade and other payables

	2018 \$'000	2017 \$'000
<b>Current</b>		
Trade payables	5,303	9,926
Other payables	239	188
GST payable	608	574
Accrued expenses	1,713	1,840
Other accrued interest	59	80
	<b>7,922</b>	<b>12,608</b>

The Authority's exposure to liquidity risk related to trade and other payables is disclosed in note 23(i).

## 17. 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 23.

	2018 \$'000	2017 \$'000
<b>Current liabilities</b>		
Direct borrowings WATC	1,774	3,260
<b>Non-current liabilities</b>		
Direct borrowings WATC	10,910	11,484
	<b>12,684</b>	<b>14,744</b>
<b>Financing arrangements</b>		
The Authority has access to the following lines of credit from the WATC:		
Total facilities available:		
Direct and special borrowings	16,300	17,300
	<b>16,300</b>	<b>17,300</b>
Facilities utilised at reporting date:		
Direct and special borrowings	12,684	14,744
	<b>12,684</b>	<b>14,744</b>
Facilities not utilised at reporting date:		
Direct and special borrowings	3,616	2,556
	<b>3,616</b>	<b>2,556</b>



# Notes to the Financial Statements

For the year ended 30 June 2018

## 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.

All interest bearing borrowings are unsecured.

The fair value of these loans as at 30 June 2018 was \$12.7 million (2017: \$14.7 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.

	2018		Fixed interest rate					Total
	Varia- ble 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	
<b>Interest bearing borrowings:</b>								
Direct borrowings	-	1,774	1,431	1,421	1,238	677	6,143	12,684
	-	<b>1,774</b>	<b>1,431</b>	<b>1,421</b>	<b>1,238</b>	<b>677</b>	<b>6,143</b>	<b>12,684</b>
<b>Weighted average interest rate:</b>								
Direct borrowings		3.9%	2.9%	2.9%	2.9%	3.1%	3.0%	

# Notes to the Financial Statements

For the year ended 30 June 2018

	2017		Fixed interest rate					
	Varia- ble 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
<b>Interest bearing borrowings:</b>								
Direct borrowings	-	3,260	1,710	1,364	1,352	1,167	5,892	14,744
	-	<b>3,260</b>	<b>1,710</b>	<b>1,364</b>	<b>1,352</b>	<b>1,167</b>	<b>5,892</b>	<b>14,744</b>
<b>Weighted average interest rate:</b>								
Direct borrowings		5.7%	4.5%	2.9%	2.9%	2.9%	3.0%	

## 18. Provisions

	2018 \$'000	2017 \$'000
<b>Current</b>		
Employee benefits provision	-	220
Sick leave	1,095	905
Annual leave (a)	1,643	1,353
Long service leave (b)	677	463
Superannuation (c)	143	142
	<b>3,558</b>	<b>3,083</b>
<b>Non-current</b>		
Employee benefits provision	-	56
Long service leave (b)	824	837
Superannuation (c)	2,531	2,771
Provision for site remediation costs	575	575
	<b>3,930</b>	<b>4,239</b>

(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:



# Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
Within 12 months of balance sheet date	1,643	1,353
More than 12 months after balance sheet date	-	-
	<b>1,643</b>	<b>1,353</b>

(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:

	2018 \$'000	2017 \$'000
Within 12 months of balance sheet date	677	463
More than 12 months after balance sheet date	824	837
	<b>1,501</b>	<b>1,300</b>

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 10 '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.

	2018 \$'000	2017 \$'000
Amounts recognised in the balance sheet:		
Present value of unfunded obligations	2,674	2,913
	<b>2,674</b>	<b>2,913</b>
unfunded obligations recognised in the balance sheet:		
Opening balance	2,913	2,841
Defined benefit cost	64	63
Remeasurements	(161)	150
Benefits paid (including expenses and taxes)	(142)	(141)
	<b>2,674</b>	<b>2,913</b>





# Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
<b>Amounts recognised in the income statement:</b>		
Interest cost	64	63
<u>Other comprehensive income</u>		
Actuarial losses/(gains)	(161)	150
	(97)	213
<b>Historic summary:</b>		
Defined benefit plan obligation	2,674	2,913
Plan assets	-	-
	2,674	2,913
<b>Principal actuarial assumptions:</b>		
Discount rate	2.60%	2.26%
Expected future salary increases	3.70%	3.50%
Expected future pension increases	2.50%	2.50%
Anticipated return on plan assets	0.00%	0.00%

## 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:

	2018 \$'000	2017 \$'000
<b>Retirement benefit obligations</b>		
Carrying amount at 1 July	2,913	2,841
Provisions made during the year	(97)	213
Amounts utilised in the year	(142)	(141)
Carrying amount at 30 June	2,674	2,913

## Sensitivity Analysis

The defined benefit obligation as at 30 June 2018 under several scenarios is presented below.



# Notes to the Financial Statements

For the year ended 30 June 2018

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% pa lower expected pension increase rate assumption

Scenario D: 0.5% pa higher expected pension increase rate assumption

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-0.5% pa discount rate	+0.5% pa discount rate	-0.5% pa pension increase rate	+0.5% pa pension increase rate
Discount rate	2.60% pa	2.10% pa	3.10% pa	2.60% pa	2.60% pa
Pensions increase rate	2.50% pa	2.50% pa	2.50% pa	2.00% pa	3.00% pa
Defined benefit obligation (A\$'000s)	2,674	2,855	2,512	2,517	2,848

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

Expected employer contributions

\$'000  
30 June 2019  
143

## Maturity profile of defined benefit obligation

The weighted average duration of the Authority's defined benefit obligation is 13.1 years.

## 19. Other liabilities

	2018 \$'000	2017 \$'000
<b>Current</b>		
Prepaid rental income	59	76



# Notes to the Financial Statements

For the year ended 30 June 2018

## 20. Equity

	Note	2018 \$'000	2017 \$'000
<b>Contributed equity</b>			
Balance at start of the year as previously reported		<b>76,857</b>	79,380
Capital contributions		-	555
Return of capital contributions		-	(3,078)
Balance at end of year		<b>76,857</b>	76,857
<b>Retained earnings</b>			
Balance at start of year		<b>77,612</b>	73,069
Profit for the period		<b>10,189</b>	9,941
Other comprehensive income		<b>113</b>	(105)
Dividends paid	12	<b>(18,116)</b>	(5,293)
Balance at end of year		<b>69,798</b>	77,612

## 21. Non current assets held for sale

There are currently no non current assets held for sale.

# Notes to the Financial Statements

For the year ended 30 June 2018

## 22. Reconciliation of cash flows from operating activities

	Notes	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
Profit for the period		10,189	9,941
Adjustments for:			
Depreciation	6	11,048	10,735
Impairment / (reversal) of assets	15	-	127
Finance costs	9	557	944
Reversal of provision		-	-
Interest revenue	5	(1,094)	(1,144)
Net (profit) / loss on sale of property, plant and equipment	5	22	(24)
Income tax expense	11	4,328	4,331
<b>Operating profit before changes in working capital and provisions</b>		<b>25,050</b>	<b>24,910</b>
Change in trade and other receivables		1,193	3,390
Change in trade and other payables		(4,686)	4,753
Change in provisions and employee benefits		231	129
		<b>(3,262)</b>	<b>8,272</b>
Interest paid		(577)	(1,036)
Interest received		1,083	1,193
Income taxes paid		(3,968)	(6,056)
<b>Net cash from operating activities</b>		<b>18,326</b>	<b>27,283</b>

## 23. 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.



# Notes to the Financial Statements

For the year ended 30 June 2018

## 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:

		<b>+0.50%</b>	<b>-0.25%</b>
	<b>Carrying Amount</b>	<b>change</b>	<b>change</b>
	<b>\$'000</b>	<b>Profit</b>	<b>Profit</b>
		<b>\$'000</b>	<b>\$'000</b>

### Interest rate risk

2018

#### Financial Assets

Bank balances	39,557	198	(99)
---------------	--------	-----	------

#### Financial Liabilities

Interest bearing borrowings			
Variable rate	-	-	-
<b>Total (Decrease)/Increase</b>		<b>198</b>	<b>(99)</b>





# Notes to the Financial Statements

For the year ended 30 June 2018

	Carrying Amount \$'000	+0.50% change Profit \$'000	-0.25% change Profit \$'000
<b>Interest rate risk</b>			
<b>2017</b>			
<b>Financial Assets</b>			
Bank balances	45,033	225	(113)
<b>Financial Liabilities</b>			
Interest bearing borrowings			
Variable rate	-	-	-
<b>Total (Decrease)/Increase</b>		225	(113)

## Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis. With respect to credit risk arising from cash and cash equivalents, the Authority's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents.

The Authority operates predominantly within the shipping and cargo handling industry and accordingly is exposed to 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.

	2018 \$'000	2017 \$'000
<b>Loans and receivables</b>		
- Trade receivables	4,816	5,991
- Other receivables	1,547	1,159
<b>Cash and cash equivalents</b>		
	39,557	45,033
	45,920	52,183

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 14 'Trade and other receivables'.



# Notes to the Financial Statements

For the year ended 30 June 2018

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.

Financial liabilities	Including interest					
	Carrying amount	6 mths or less	6 - 12 mths	1 - 2 years	2 - 5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>						
Trade and other payables	7,314	7,314	-	-	-	-
Interest bearing borrowings	12,684	1,115	1,020	1,749	4,017	6,979
	19,998	8,429	1,020	1,749	4,017	6,979
<b>2017</b>						
Trade and other payables	12,034	12,034	-	-	-	-
Interest bearing borrowings	14,744	2,330	1,351	2,035	4,590	6,751
	26,778	14,364	1,351	2,035	4,590	6,751

## (ii) Categories of financial instruments

Set out below are the carrying amounts of the Authority's financial instruments. With the exception of interest bearing borrowings, the directors consider the carrying amounts of the financial instruments represent their net fair values.



# Notes to the Financial Statements

For the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
<b>Financial assets</b>			
Cash and cash equivalents		39,557	45,033
Trade and other receivables		6,363	7,150
<b>Financial liabilities</b>			
Trade and other payables		7,314	12,034
Interest bearing borrowings		12,684	14,744

The fair value of interest bearing liabilities is \$12,713,041 (2017: \$14,747,742)

## (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.

## 24. Commitments

### (i) Capital expenditure commitments

	Notes	2018 \$'000	2017 \$'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:			
Within 1 year		2,043	486
Later than 1 year and not later than 5 years		-	-
Later than 5 years		-	-
		<b>2,043</b>	<b>486</b>



# Notes to the Financial Statements

For the year ended 30 June 2018

## (ii) Lease commitments

	2018	2017
Notes	\$'000	\$'000
Lease commitments in relation to leases contracted for at the balance sheet date but not recognised in the financial statements as liabilities are payable as follows:		
Within 1 year	382	240
Later than 1 year and not later than 5 years	477	357
Later than 5 years	102	-
	961	597
Representing:		
Cancellable operating leases	961	597
	961	597

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

## (iii) Operating leases receivable

	2018	2017
Notes	\$'000	\$'000
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	3,343	3,335
Later than 1 year and not later than 5 years	9,616	9,031
Later than 5 years	12,294	11,505
	25,253	23,871

Operating leases receivable are in respect of property rentals.



# Notes to the Financial Statements

For the year ended 30 June 2018

## 25. Remuneration of auditor

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

	2018	2017
Notes	\$'000	\$'000
Auditing the accounts and financial statements	68	66

## 26. Related Party Transactions

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

J Elkington  
Dr S van Leeuwen  
N Ashcroft, AM  
K Halbert  
A Paskevicius  
S Pollard  
D Utting  
K Watson

The Authority is a wholly-owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Authority include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including their related bodies, that are included in the whole of government consolidated financial statements;
- associates and joint ventures of an entity that are included in the whole of government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

### Significant transactions with related entities / (parties)

Outside of general citizen type transactions, the Authority had no other related party transaction with key management personnel or their close family members or their controlled or jointly controlled entities.





# Notes to the Financial Statements

For the year ended 30 June 2018

## Significant transactions with Government related entities

	2018	2017
	\$'000	\$'000
Dividends	18,116	5,293
Loan and interest paid (WATC)	3,837	7,913
Loan drawdown (WATC)	1,200	2,039
Superannuation	142	141
Equity transfers	-	(3,078)
	<b>23,295</b>	<b>12,308</b>

## 27. Contingent liabilities

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

## 28. Contingent assets

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

## 29. Events occurring after the balance sheet date

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



## Directors Declaration

In the opinion of the directors of 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 2018 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:

**JOHN ELKINGTON**  
**Chair**  
15 August 2018

**SUE VAN LEEUWEN**  
**Deputy Chair**  
15 August 2018



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

#### MID WEST PORTS AUTHORITY

##### **Opinion**

I have audited the financial report of Mid West Ports Authority (the Authority), which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion, the financial report of 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 2018 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

##### **Basis for Opinion**

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Financial Report* section of my report. I am independent of the Mid West Ports Authority in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Responsibility of the Directors for the Financial Report**

The directors of the Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and schedule 5 of the *Port Authorities Act 1999*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

##### **Auditor's Responsibility for the Audit of the Financial Report**

The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

***Matters Relating to the Electronic Publication of the Audited Financial Report***

This auditor's report relates to the financial report of Mid West Ports Authority for the year ended 30 June 2018 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 these financial report. If users of the financial report are concerned with the inherent risks arising from publication on 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  
20 August 2018







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# DOMESTIC PORTS AUTHORITY

## ANNUAL REPORT 2017-18