

Annual Report

2018-2019

Celebrating 50 years

Celebrating 50 years



BEGINNING-1860'S

Maritime industry begins (1840)
Geraldton Town site begins (1849)



1900-1910'S

Fishing industry begins (1900-1939)



1940-1950

Crayfishing Boom begins (1940)



1960-1970

Became Geraldton Port Authority (1969)
Berth 3 built and extended
Fishing Boat harbour built
Berth 4 built (first iron ore shipment)



1990-2000

Various land reclamation
& maintenance projects (1994 - 96)
Berth 6 developed. Berth 3 expanded.
Berth 1 & 2 - increased shipping access.
Berth 4 - extended.



2010-CURRENT

Karara Mining Ltd commence
exports at Berth 7 (2012)
Third Tug Boat
Geraldton Port renamed
as Mid West Ports (2014)



1890-1900

Railway Jetty built (1893)



1920-1930'S

Main breakwater built (1924 - 1926)
Berth 1 & 2 built (1928 - 1931)
Export of 2 million bags of wheat



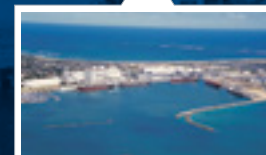
1950-1960

Formation of Fisherman Corporation
highlighting needs for the Rock
Lobster industry



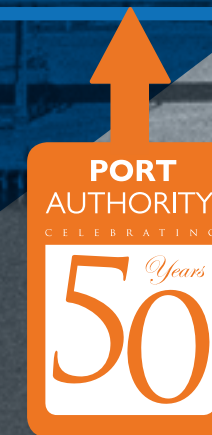
1970-1980

Berth 5 built
(Iron Ore Ship-loading Facility)



2000-2010

Port Enhancement
Project \$103 million (2003)
Two Tug Boats (2005)



ANNUAL REPORT

Welcome

The aim of this report is to inform our customers, our community and other stakeholders about our organisation, its strategy, performance and governance for the 2018/19 year.

An online version of this report is available at
www.midwestports.com.au

For any inquiries, please contact us at
mail@midwestports.com.au

ANNUAL REPORT

Statement of Compliance

For the year ended 30 June 2019

**To the HON Alannah MacTiernan MLC**

Minister for Regional Development, Agriculture and Food, Ports, Minister assisting the Minister for State Development, Jobs and Trade.

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of Mid West Ports Authority for the reporting period ended 30 June 2019.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*, *Port Authorities Act 1999* and other relevant legislation.

**John Elkington**

Chair
Mid West Ports Authority

ANNUAL REPORT

Acknowledgement of Country

Mid West Ports Authority acknowledges and respects the Nhanagardi People of this land and waters we stand on. Elders past and present, the Youth and Yamaji People of the Mid West region who hold the stories and hopes for the future leaders.

Leroy Shiosaki playing the didgeridoo at Mid West Ports Authority's welcome event for the Azamara Quest; our first overnight cruise ship visit.



Our 2019 Highlights

History

50 YEARS
of the GPA
MWPA

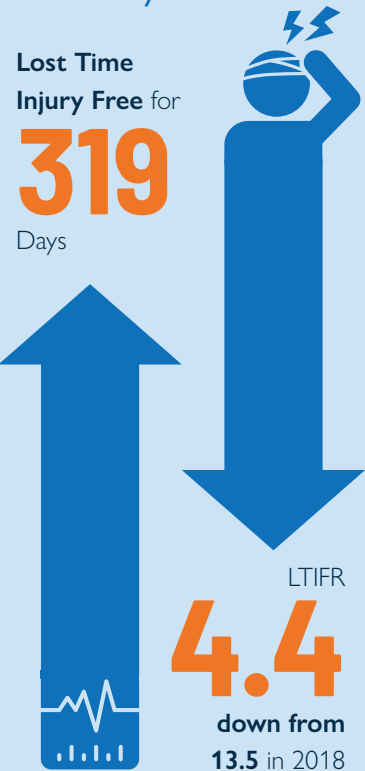


Safety

Lost Time
Injury Free for

319

Days



Shipping



407

ship visits



896

of safe vessel movement



82,416T

Largest Shipment for the year

Trade

\$71.5m
in revenue



Estimated
\$4.4Bn
Total Value of
Trade Facilitated



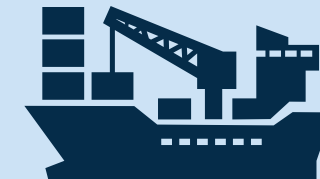
Positive trade
results enabled
\$12.4M
of dividends to the
State Government



15.9Mt
Total Trade
Throughput



Tonnage by Product



15,905

TONNES '000

Total Trade Throughput



2,712
TONNES '000
Grain



923
TONNES '000
Mineral Sands



6
TONNES '000
Livestock



10,949
TONNES '000
Iron Ore



457
TONNES '000
Concentrates



1
TONNES '000
General Cargo



115
TONNES '000
Fertilisers



532
TONNES '000
Mineral Sands



210
TONNES '000
Petroleum
Products

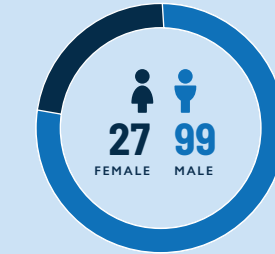
Total Trade
Exports

15,048
TONNES '000

Total Trade
Imports

857
TONNES '000

Employees



421

Training sessions attended

Cruises



8

Cruise Visits

8939

Cruise passengers and
crew ashore



First
overnight
cruise visit -
Azamara Quest



Shortlisting
in **Cruise**
destination of
the Year

ANNUAL REPORT

Our Chair



JOHN ELKINGTON

Mid West Ports Authority (MWPA) had a slight increase in tonnage throughput compared to 2017/18, recording 15.905 million tonnes. With the estimated value of trade exceeding \$4.4 billion. Significant improvement on safety performance with 319 days injury free and a reduction in Loss Time Injury Frequency Rate from 13.5 to 4.4.

Our performance results reflect favourably on the quality of our service offering, the clarity of our strategy and the commitment of the Board and the capability of our management teams. I am proud to see MWPA continuing to reconnect the Port with the community, customers and government.

MWPA has continued to deliver a consistent service offering to our customers and returns to our shareholders, despite the uncertainties and market confidence over the past year. In these circumstances, I am pleased to present the financial results of another strong year of performance, achieving an operating profit before tax of \$20.8 million. These results reflect the dedication by the Board, management and staff at MWPA to improving all aspects of the efficient operation, strategy and culture of the Port.

The Board and management took the opportunity during 2018 to complete a strategy reset with a vision to be

bold supply chain enablers for the sustainable long-term future of regional Australia, providing a sustainable gateway for trade and tourism. The new Executive and Leadership team, under the leadership of the Board and Chief Executive Officer (CEO) Dr Rochelle Macdonald, have continued to focus on organisational culture, development of our people and an outward looking approach to build a resilient port of the future.

Key highlights for the Board in 2018/19 include:

50th Birthday - 2019 marked the 50th year of the Port Authority. Geraldton Port Authority (GPA) was established January 1969 after commencing operations in the 1890s as a single railway jetty. In 2014 GPA was rebranded Mid West Ports Authority. The 50 year milestone was celebrated with a community open day, whereby some 1,500 local people attended a Community Hub on Shepherds Park. Approximately 450 took advantage of guided tours of the port by bus. This event was followed by a VIP sundowner event in the evening in recognition of the 50 year achievement.

15 year Strategic Plan - MWPA has started its journey toward a sustainable future by shaping its 15 Year Strategic Plan in alignment with the United Nations Global Goals for Sustainable Development which aim to address the global challenges that face the planet. MWPA has identified nine of the 17 goals to focus its efforts including those related to poverty, inequality, climate, environmental degradation, prosperity, peace and justice.

Structure Follows Strategy - Following the MWPA Strategy Reset, an organisational restructure was embarked on to support and deliver the revised Strategy. The restructure has a strong focus on developing our people for the future and upskilling our workforce to meet organisational demand as we grow and diversify.

Mid West Chamber of Commerce and Industry (MWCCI) Community Spirit Award - MWPA won the MWCCI Community Spirit Award at the annual awards evening. This is a testament to the Board and management to ensure a greater engagement with all our stakeholders and in particular the Geraldton and Mid West community.

First overnight cruise vessel into the Port - MWPA's Maintenance workshop was transformed into a pop-up cruise terminal on Monday 17 December to welcome the arrival of the Mid West's first overnight cruise ship. Azamara Quest made its inaugural call to Geraldton just after 1pm before setting sail for Bunbury at 5pm the next day. To welcome the 541 passengers and 405 crew, MWPA teamed up with the City of Greater Geraldton and Tourism WA to host a special welcome event showcasing food, businesses and entertainment from the region.

Further development to Port Master Plan - The MWPA Port Master Plan (PMP), including a Port Maximisation Plan is progressing well from last year, concept options have been developed which have recognised the untapped potential of the existing harbour and infrastructure in Geraldton. In addition the Port Maximisation Project (PMP) explored the maximisation of the current Port and surrounding area. The draft PMP is currently in the stakeholder and community consultation phase which will see the final plan produced before the end of 2019.

Efficient Systems - The implementation of Phase II of the Enterprise Resource Planning (ERP) software systems commenced in July 2018 to bring Safety, Sustainability,

Human Resources, Asset Management, and Operations in to an integrated platform. The focus of the project is to provide the workforce with mobile applications to complete everyday tasks, improving efficiencies on how business is conducted and to provide contemporary reporting tools. To enable the operation of efficient systems in the Port, the Board has directed that all staff be offered significant upskilling and training opportunities and it is pleasing to see that 132 of our staff have taken advantage of these opportunities in the past year.

Refinement of Procurement Policies - The Procurement Function was expanded to create value from the supply base by not only focusing on price but also increasing operational performance. The focus has been on driving efficiencies, working collaboratively and implementing the Western Australian Industry Participation Strategy (WAIPS) and Aboriginal Procurement Policies. Procurement is managing the supplier base and developing and maintaining long term relationships with those suppliers who will deliver value and alignment with MWPA business strategies. Local Procurement is key to developing the region in which we operate.

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Our Chair

Our success has been the result of a team effort and I would like to thank all of the staff at MWPA for their dedication to improving the service offering for the Port and the commitment to safe operations. I would like to thank Steve Lewis for his valuable contribution as interim Chief Executive Officer (CEO) prior to the appointment of Dr Rochelle Macdonald as CEO in September 2018. In particular, the Board wishes to thank Dr Macdonald for her dedication and tireless approach to developing a high performing port and also to the Executive Team and staff for their support of Dr Macdonald to ensure that the direction for MWPA that the Board has set achieves outstanding results.

As we look forward to another year of challenge and success at MWPA in 2019, I would like to thank my fellow Directors, including those whose terms ended. I am proud of the work that has been done by the Board to continue to promote a port culture of high achievement, collaboration and support for each other and to continue to strive for good governance and embracing opportunities to unlock the Mid West Region.



John Elkington
Chair

I would also like to acknowledge and thank both the Minister for Transport, Hon Rita Saffioti MLA, the Minister for Ports, Hon Alannah MacTiernan MLC and the Department of Transport for their assistance and advice to MWPA. 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.

Our work in 2019/20 will continue to implement our strategy reset and to deliver on our purpose to be the Sustainable Gateway to Trade and Tourism for Regional Australia. We will work with our community and our customers to advance the economic, social and environmental opportunities that are afforded by our Region.



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Our CEO



DR ROCHELLE MACDONALD

The Port of Geraldton (the Port) is one of the most diverse commodity ports in Australia. To build on our base of diversified trades, our purpose is to be the sustainable Gateway to Trade and Tourism, providing our customers with efficient supply chain from the Mid West region to the World.

Stronger commodity prices and a more favourable exchange rate for exporters resulted in a slight increase in trade tonnage compared with 2017/18, with several major milestones laid in the path to a stronger and brighter future for the Mid West Region. Shipments totalled 15.905 million tonnes, just exceeding the 15.886 million tonnes recorded in 2017/18, up ~496,000 tonnes (3.2%) above budget.

As a Government Trading Enterprise (GTE), we are expected under legislation to operate commercially and profitably. We achieved an operating profit before tax of \$20.8 million, \$3.5 million above budget of \$17.3 million. The result was driven by an increase in trade throughput against the budget, as well as a focus on cost management across all aspects of our business. We contributed \$18.6 million to the State Government in tax and dividends, signifying the value the Port generates for Western Australia.

These strong financial results were delivered while continuing to invest \$10.8 million of capital in enabling infrastructure, including Berth 3 and 4 deck repairs, Information Technology and Communication (ITC) Projects and Port-wide firefighting system design. In addition, we spent \$11.8M in maintaining our critical and high importance assets.

We delivered on our commitment to unlocking the Mid West Region by attracting new trade sectors, expanding existing trade and investing in our infrastructure to provide reliability, capacity and future planning of our port. The planned new trade has the potential to significantly increase both the volume and variety of minerals exported through the Port in the future.

The Port also facilitated eight cruise ship visits and one submarine vessel, welcoming 8,939 passengers and crew ashore, which provided a significant boost to the local economy of the Mid West region.

The development of the Port Master Plan, in particular the Port Maximisation Plan has enabled the port to identify how much trade can be accommodated through the Port within its current harbour footprint and what the constraints and opportunities are to development. This planning has also helped inform the lifecycle asset planning





ANNUAL REPORT

Our CEO

and investment in critical and high importance assets, which is also underway.

The investment in modernising our ITC systems has led to increased efficiencies and reduced cost through replacing legacy paper-based systems, with a simplified electronic user interfaced system, developed with the user in mind.

An organisational restructure was undertaken following the strategy reset which has enabled us to build capability in key areas across the business, including many opportunities created for internal candidates to grow and develop. It is pleasing to see the level of engagement and cultural transformation that has occurred across our business, with our team on board and committed to our reset vision, purpose and living our values.

Regional job creation and developing our workforce is another area of focus.

We have also committed to several community service initiatives, including:

- Sand by-passing program to supply sand to the northern beaches. This commitment is ongoing and during 2018/19 MWPA spent \$0.354 million on the sand bypassing project;

- Co-funded with the City of Greater Geraldton the Cruise Officer Position; and
- Community consultation group in Geraldton, which will ensure improved communication between the community and MWPA.

In addition to MWPA's ongoing commitment to the established Port of Geraldton, MWPA continues to intensify efforts to expand across the geographical boundaries of responsibility, within the sphere of influence of the Mid West Region. This includes future vesting of sea bed at Useless Loop (Shark Bay Resources) and Cape Cuvier (Dampier Salt) and for MWPA to assume Harbour Master and marine safety functions. The overall intent is to use our expertise and experience to add value to the State and provide proponents with a level of certainty that enables the Mid West Region to continue to fulfil its role as an agricultural and mineral resource gateway to Regional Western Australia.

In conclusion, I would like to thank the Chair John Elkington and Directors of the Board for their guidance, strategic contribution and support during this year of business transformation. The support and guidance on many complex matters has been invaluable. I would also

like to thank my newly-formed Executive for eagerly stepping into the roles and being open to the challenges and opportunities that arose. We would not be in the position we are without your commitment, dedication and optimism, and I thank you for your support.

Thank you also to all our employees, it has been a year of change and redefining of who and what MWPA stands for. I am proud of how the whole team has embraced the Port reconnecting with the community, being open to doing things differently and being committed to improving the way we do business. In the coming year we will be making further steps towards our Vision of being BOLD Supply Chain enablers for the sustainable long-term future of regional Australia, through the development of strategic partnerships, embracing innovation and most importantly our people ... You!

Dr Rochelle Macdonald
Chief Executive Officer



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Our Port

The Mid West Ports Authority is strategically located at Geraldton in the Mid West and contributes significantly to the current and future development of the region.

MWPA plays an essential role in planning, facilitating trade and striving to future-proof growth of the Mid West region for current and future generations.

The Geraldton Port Authority was established in 1969 and on 1 July 2014 was renamed Mid West Ports Authority, as part of the Western Australian Ports Reform. We are a Government Trading Enterprise (GTE) and operate under the Port Authorities Act 1999 and associated regulations.

The Port of Geraldton is the gateway to trade and tourism for the Mid West and is key to economic stabilisation and growth. The long-term viability of the region is therefore dependent on our ability to attract trade and tourism.

As one of WA's most diverse operations, the Port of Geraldton facilitates the export of grain, minerals and livestock, and imports of fuel, fertiliser and general cargo, whilst also welcoming cruise ships, oil rig tenders and other exhibition craft. We provide an essential service for regional Australia and Australia's economy by providing inter-modal facilities that connect the regions to national and international markets. MWPA is responsible for the efficient, safe, and effective operation of the Port of Geraldton (soon to include the ports of Useless Loop and Cape Cuvier); and planning for the future of, and maintenance of facilities whilst operating in balance with the environment.

We have recorded solid export tonnages and shipping movements in recent years and are experiencing heightened enquiries relating to potential new customers and the growth of existing trades. The recent increase in the market price of bulk commodities has led to increased interest in export opportunities in the Mid West.

We also support the region's largest fishing industry, providing berthing facilities, maintenance, waste disposal and security to the commercial Fishing Boat Harbour (FBH). There is also the opportunity to develop the FBH to support local industries, tourism, diversify revenue streams and to demonstrate our leadership as a supply chain enabler across the region.

As part of the Tranche 2 Ports Reform, in 2020 we will have an expanded role, with the provision of Harbour Master and marine safety services at the privately-operated ports of Useless Loop and Cape Cuvier.

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Our Successes



50th Anniversary Cake

PORTS AUTHORITY MARKS 50 YEARS

In 2019, the Ports Authority marked 50 years of operation. Geraldton Port Authority was established in January 1969 and forty-five years later was rebranded the Mid West Ports Authority (MWPA).

The 50-year milestone was celebrated with a community open day in Shepherd's Park, next to MWPA's Marine Terrace administration office.

Around 1,500 local community members enjoyed the day, with more than 450 people taking the opportunity to tour our port operations to find out more about the workings of the port that is such a vital part of the local community.

The evening ended with the cutting and sharing of the delicious 50th Anniversary cake.



L to R: Peter Duplex, Marli van Wyk, Vickie Williams, Julie Pilsneniks, Geoff Mackin, Jo Brown

OUR COMMUNITY FOCUS RECOGNISED

We took out the Mid West Chamber of Commerce and Industry (MWCCI) Community Spirit Award at the Chamber's annual awards evening in 2019.

This is testament to our greater engagement with our stakeholders, and, the Geraldton and Mid West community.



Golden Gecko Award – The Statewide Array Surveillance Program

AUSTRALIAN BIOSECURITY AWARDS

Western Australian port authorities, including MWPA, working with DPIRD received a Golden Gecko Award in 2018, for the state-wide marine pest monitoring program. The program is the largest collaborative monitoring model in the world. The program pioneered a new method of marine pest detection. Samples of marine growth are collected on settlement arrays with DNA extracted and compared against a reference library of DNA from known marine pest species. If a match is found, this would indicate the potential presence of that species. With a network of 11 port locations spanning 11,000 km of the Western Australian coastline, the program allows ports and regulators to rapidly identify and respond to a potential marine pest invasion.



Tug boats bringing the Azamara Quest alongside Berth 2

OUR FIRST OVERNIGHT CRUISE VISIT - AZAMARA QUEST

The maintenance workshop on Berth 1 was transformed into a pop-up cruise ship terminal on Monday 17 December 2018, as we welcomed the arrival of the Mid West's first overnight cruise ship, Azamara Quest. The cruise ship made its inaugural call to Geraldton just after 1pm before setting sail for Bunbury at 5pm the next day.

To welcome the 541 passengers and 405 crew, we teamed up with the City of Greater Geraldton and Tourism WA, to host a special welcome event in the totally transformed maintenance shed.

The pop-up cruise ship terminal was packed with local businesses showcasing local products from the region including food, fresh seafood, pearl jewellery, entertainment and even local wildlife, including a young joey much to the delight of the cruise ship passengers.

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Our Successes



PORT MASTER PLAN TAKES SHAPE

2018/19 was a busy year for the development of the Port Master Plan, with the following milestones completed:

- Initial stakeholder and community engagement was undertaken, including a community survey which received 230 responses. Our stakeholders have had direct input into shaping our future direction, as the feedback we received has informed the design of the Master Plan.
- Market demand scenarios, Port capacity modelling and infrastructure needs analysis were completed to more accurately forecast potential trade growth over the next 30 years and identify gaps in the Port's current infrastructure provision.
- A range of development concepts were produced and assessed through a Multi-Criteria Analysis workshop to determine a preferred development pathway. In the short-to-medium term, this pathway will focus on maximisation of the existing Port footprint.



This can be achieved by unlocking latent capacity in the Port through operational improvements, identifying and protecting critical transport and infrastructure corridors connecting the Port to the wider freight network, and ensuring there is sufficient land supply in proximity to the Port to meet customer needs.

- A draft Port Master Plan has been prepared, and the initial stages of a robust community and stakeholder engagement program have commenced with a series of internal staff workshops and presentations to key stakeholders including local and state government and Port customers. Broader public consultation is set to occur in October 2019, including public information sessions in Geraldton and Perth, and a feedback period of 42 days.
- We have also been working closely with other stakeholders in our region to compile a short list of supply chain priorities to seek state and Commonwealth investment, and are pleased that both Port Maximisation and the creation of an inland Port at Narngulu that is connected to an enhanced infrastructure corridor have been included as critical logistics infrastructure.



Our Strategy

SUSTAINABLE DEVELOPMENT GOALS



Reference: UN Sustainable Development Goals
(Sustainabledevelopment.un.org)

Our strategic focus in recent years has had an inward focus, and with the changing global landscape, we need to move towards becoming more outwardly looking.

During 2018/19 a strategy reset was undertaken to clearly define our aspirations for our Ports to enable growth and development of our region.

MWPA has started its journey towards a sustainable future by shaping its 15 Year Strategic Plan in alignment with the United Nations Global Goals for Sustainable Development. The Sustainable Development Goals aim to address the global challenges that face the planet including those related to poverty, inequality, climate, environmental degradation, prosperity, peace and justice.

MWPA's Enterprise Objective are to:

1. Facilitate, protect and grow efficient trade and tourism;
2. Be supply chain enabled;
3. Have development strategies realised;
4. Have engaged customers, community and stakeholders; and
5. Operate in balance with the environment.

To deliver on our objectives we have two enabling strategies:

1. Systems, innovations and technology; and
2. Workforce and culture.

The 2019/20 priorities will be centred around **'Foundation Setting and Stabilisation'**, with five Enterprise Objectives being pursued.

These Enterprise Objectives are externally focused and will be realised through enabling strategies around Systems, Innovation and Technology together with developing the Workforce, Culture and Organisational Capacity. This has resulted in 26 Strategic Goals that have been identified to deliver the Strategic Objectives

OUR VISION

To be BOLD supply chain enablers for the sustainable long-term future of regional Australia.

The Vision recognises the key role and potential of the Mid West Region, and the strategic importance of its geographical location to commodity origins and proximity to Asian Markets. All our planning, operations, decision making and influence, are directed towards sustainable operations, trade and regional development.

OUR PURPOSE

To provide a sustainable gateway for trade and tourism.

The purpose reflects why MWPA exists and the importance to our region and the functions under the *Port Authorities Act 1999*.

OUR VALUES

Accountability
Caring
Courage
Collaboration
Integrity

Our Values continue to define how the Board, management and employees behave, communicate and conduct themselves.

The five Enterprise Priorities and two Enabling Strategies

2019-2020

Foundation Setting and Stabilisation

2020-2022

Substantial Visible Progress & Building Credibility

2022-2024

Gaining Momentum “the Resilient Port”

ENTERPRISE PRIORITIES

ENABLING STRATEGIES

MWPA OBJECTIVE 1 Facilitate, Protect & Grow Efficient Trade & Tourism <ul style="list-style-type: none">A Efficient operationsB Trade and Tourism Protection and Growth (inc. new starters)C Safety, Security and Emergency Management LeadershipD Proactively Expand and Integrate Service Offering - Chase rather than waitE Support Regional Tourism By Facilitating the Cruise Industry	MWPA OBJECTIVE 2 Supply Chain Enabled <ul style="list-style-type: none">A Key Supply Chains Understood, Optimised and ProtectedB New Supply Chains Identified and RealisedC Navigable Depths Maintained (inc. Maintenance Dredging) and Expanded Based on Customer Needs and Economic Drivers	MWPA OBJECTIVE 3 Development Strategies Realised <ul style="list-style-type: none">A Identify and Implement Efficiencies to Future Proof Port Operating ModelB Development Strategies Identified (Master Plan) and Scoped (inc. Capital Dredging Strategy)C Enabling Infrastructure Pipeline Determined and FundedD Integration of Asset Management Plans (AMPs) with Business PlansE Identify Capital Investment Options and Partnership for Port Growth	MWPA OBJECTIVE 4 Engaged Customers, Community & Stakeholders <ul style="list-style-type: none">A Build High Trusted Relationships and PartnershipsB Customer, Community and Key Stakeholder Engagement Process Established and ImplementedC Advocacy and TransparencyD Push the Positives and Promote Port	MWPA OBJECTIVE 5 Operate in BALANCE with the Environment <ul style="list-style-type: none">A Expand Environmental Licences to Suit Customer NeedsB Develop and Implement a Sustainability StrategyC Environmental Leadership Panel Established and Engaged (Influencing and Monitoring Outcomes)D Hold Customers Accountable	MWPA ENABLER 6 Systems, Innovation and Technology <ul style="list-style-type: none">A Implement Innovation and Technology Improvements Enabling Port Efficiency and Operational ImprovementsB Enable Strategic Risk Management, Supporting Systems and ProcessesC Configure and Implement an Integrated Geographic Information SystemD Close the Loop - Continuous Improvement	MWPA ENABLER 7 Workforce and Culture <ul style="list-style-type: none">A Future Proof Our Workforce (Apprentices and Traineeships)B Develop Drivers of Change (People), to Focus Beyond Business as UsualC Build Organisational CapabilityD Lead the Way in Safety
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Our 2018/19 Strategic Initiatives

THEMES	GOALS	INITIATIVES	BY WHEN	ACHIEVEMENTS
Understand and engage customers, Government and community	<ul style="list-style-type: none">Strong stakeholder relationshipsCustomers, community, key stakeholders understand services and role in the regionMWPA has customer knowledge and support systems to succeed in a commercial environment	1. Community engagement strategy 2. Customer and stakeholder engagement strategy	Ongoing Ongoing	1. Developed and Implemented 2. Developed and Implemented. Stakeholder forums held each quarter
Culture and workforce to support growth and change	<ul style="list-style-type: none">Ensure MWPA has a workforce strategy and culture that enables and supports growth, continuous improvement and customer centricity	3. Employee engagement strategy 4. Values exercise and culture change program	Ongoing Ongoing	3. Developed and Implemented 4. Revised Vision, Purpose and Values, bring the team along the journey. Significant culture reset work completed.
Financial Sustainability	<ul style="list-style-type: none">Ensure MWPA returns a 8% ROR to government and a sustainable net marginEnsure MWPA can financially support diversification and growth	5. Benchmarking for operational excellence 6. Port pricing review 7. Understand cost base 8. Prepare to integrate Cape Cuvier and Useless loop	Ongoing 30 June 2019 30 June 2019 01 July 2019	5. Underway – working with other WA Ports 6. Completed and informing future prices 7. Completed and efficiencies being realised 8. In progress, Legislation delayed – working with DOT on transition
Grow and diversify revenue	<ul style="list-style-type: none">Grow new revenue streams by leveraging core capabilities to new marketsEnsure alternative capital investment options and partnerships to grow the Port	9. Diversify revenue streams - capture new markets 10. Lead Fishing Boat Harbour development 11. Port Master Plan to 2050 12. Port services growth	Ongoing 30 June 2019 2018/19 Ongoing	9. In progress – looking at all opportunities 10. In progress – forms part of the Port Maximisation Plan 11. Developed and being communicated to all stakeholders and community 12. Services optimisation in progress with new cargo's being attracted
Deliver efficient and innovative services and systems	<ul style="list-style-type: none">Ensure Port efficiency and operational improvementEnsure systems architecture streamlines MWPA processes and supports growthEnsure responsible corporate governance and environmental and social responsibility	13. Systems architecture - ERP Phase 2/3 14. Explore alternative technologies 15. Alternative energy and sustainability 16. Business improvement program 17. Asset management plan (30 years out)	31 Dec 2019 Ongoing 2019/20 Ongoing Ongoing	13. ERP Phase 2 kicked off and expected completion Dec 2019 14. In progress – major IT projects addressing port and cyber security and business processes. Various stages of completion. 15. Sustainability plan in progress, scheduled for completion in December 2019 16. Key processes redesigned and implemented 17. Strategic asset plan developed and implementation in progress

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Our Directors



L to R: Sue van Leeuwen, Kate Watson,
Susan Barrera, John Elkington
Absent: Angie Paskevicius, David Utting

CHAIR

John Elkington
MSc (Mineral Economics)

Mr Elkington was appointed as a Non-Executive Director and Chair of the MWPA in February 2017. He brings extensive knowledge and experience in the mining field to his role on the Board as Non-Executive Director and Chair; and also as Non-Executive Director of TNG Limited, Executive Consultant with Southern Mining Consultants and Director of a mining financial advisory consultancy.

He has a MSc (Mineral Economics) from the Western Australian School of Mines, Curtin University and is a Fellow of both the Australasian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.

DEPUTY CHAIR

Dr Sue van Leeuwen
DBA, MBA

Dr van Leeuwen has been Deputy Chair of MWPA since January 2016. She is the owner of Amity Leadership and Consulting and is an authorised Marriage Celebrant.

She holds a Company Director’s Diploma, AICD Mastering the Boardroom Program, a graduate of AICD, a Fellow of the Australian Institute of Company Directors and a Fellow of Leadership WA. Additionally, she has a Doctor of Business Administration from Curtin University and a Master of Business Administration from Edith Cowan University.

DIRECTOR

Kate Watson

Ms Watson was appointed to the Board as a Non-Executive Director in February 2018. She is a company director and project manager. Ms Watson brings a wealth of experience in project management and consulting in electrical contracting; HSE; engineering and construction; mining; haulage operations; utilities; and banking and insurance.

She holds a Higher National Diploma in Computer Science and is a former member of the Australian Computer Society; and has a Health, Safety and Environment Certification and is a graduate of the AICD.

DIRECTOR

Susan Barrera
MBA, Bed, BSc Hons

Ms Barrera took up appointment as a Non-Executive Director in July 2018. She is a consultant for The Nexus Network and is a part time lecturer at the School of Management and Governance at Murdoch University.

She holds a Foundation of Directorship Certificate from the Australian Institute of Company Directors; a Master of Business Administration through the University of WA; a Bachelor of Education, University of Melbourne; and Bachelor of Science Hons, through the University of Melbourne.

DIRECTOR

Angie Paskevicius
MBA (Business Leadership), BASc

Ms Paskevicius was appointed as a non-executive Director in February 2018. Ms Paskevicius is a company director and chief executive officer. She is CEO of Holyoake Executive and a Director of WA Network of Alcohol and Drug Agencies (WANADA) and Chair of Interchange WA and also owns Angie P Coaching and is a partner in Quartette Coaching.

She holds a Masters in Business Leadership; a Bachelor of Applied Science and is a graduate of the AICD. Furthermore she is a Fellow of the AICD, Fellow of the Australian Institute of Management and Fellow of the Institute of Public Administration Australia (WA).

DIRECTOR

David Utting
MBA (Business Leadership), BASc

Mr Utting was appointed as a non-executive director in February 2018. He is the Principal of David Utting Corporate, servicing the mining, oil and gas, infrastructure, transport, wave energy (and other renewables), IT, technology and other sectors.

He holds a Bachelor of Science in Psychology (UWA), a Graduate Diploma in Journalism, a Master of Arts in Literature & Communication, a Diploma in Small Business and is a member of the AICD.

ANNUAL REPORT

Our Executive



L to R: Sandra Pigdon, Geoff Mackin,
Rochelle Macdonald, Anne De Soyza, Peter
Duplex, Vickie Williams

LEADERSHIP TEAM

The Mid West Ports Authority Executive Team brings a diverse range of skills, backgrounds and experience to the table. The team is responsible for steering MWPA to achieve our Strategic Plan and embedding our organisational values into the workforce. All four General Managers and general Counsel report directly to the Chief Executive Officer, who in turn is governed by the MWPA Board of Directors.

CHIEF EXECUTIVE OFFICER

Dr Rochelle Macdonald

Rochelle is an accomplished strategy and development executive with extensive experience in the resources, energy and transport industries.

Rochelle was appointed Chief Executive Officer of Mid West Ports Authority in 2018, having previously led the strategic planning and organisational change of some of Australia's leading Ports. As the fourth female Port CEO in Australian history, Rochelle is also a strong advocate for gender equality in the workplace.

Rochelle holds several academic achievements, having completed her PhD, Masters in Engineering Management, Bachelor of Science with honours; and a graduate of the AICD.

She is also internationally educated after completing the Program of Leadership Development (accelerated MBA equivalent) at Harvard Business School.

GENERAL MANAGER - TRADE AND CORPORATE SERVICES

Sandra Pigdon

Sandra is a senior finance executive with a wealth of experience in the mining and resources sector, having led operational and cultural change through the application of a proactive management style, strategic leadership and innovative problem-solving skills.

As a member of the Executive Leadership Team, Sandra is responsible for delivering value for money for Port customers, ensuring a culture of good governance and controllership and providing appropriate technology and systems infrastructure to support our operations.

Sandra brings with her numerous academic accomplishments including a Master's Degree in Business Administration (MBA), a Bachelor's Degree in Business, and a graduate of the AICD Company Director's Course. She has also completed the AICD Chair's Mentoring Program and is a Fellow of CPA Australia.

GENERAL MANAGER – OPERATIONS

Geoff Makin

With over 20 years' experience at the Geraldton Port, General Manager - Operations, Geoff has a sound knowledge of the Port of Geraldton's landside and marine operations.

Having first commenced in the position of Port Services Superintendent in 1999, Geoff rose through the ranks gaining experience and knowledge in all facets of port operations.

He has played an integral role in several strategic developments at the MWPA. This included helping the organisation embrace a forward- thinking direction with the development of the Port's first Port Security Plan and the management of the organisation's first state-wide marine oil spill emergency response exercise.

Geoff's years of local knowledge and understanding of the Port's people, customers and operations has assisted MWPA in becoming a proactive and engaged organisation.

ANNUAL REPORT

Our Executive

GENERAL MANAGER – ASSET DEVELOPMENT AND STRATEGY

Peter Duplex

Commencing with MWPA in 1998 in the role of Port Engineer, Peter has assisted and often led the delivery of major projects, port operations and strategic planning before being offered a new position on the Executive Team in early 2019.

He holds a range of academic achievements including a Master's Degree in Business Administration, Graduate Diploma of Management, Graduate Diploma in Municipal Engineering and a Bachelor's Degree in Civil Engineering.

Diversifying the Port of Geraldton's trade base in order to expand and reinforce our infrastructure are Peter's main goals in his role as General Manager - Asset Development and Strategy.

GENERAL MANAGER- SUSTAINABILITY, CULTURE AND PEOPLE

Vickie Williams

Commencing with MWPA in 2018 as the General Manager Sustainability, Culture and People, she oversees the strategic direction of the Human Resources, Community Engagement, Communications and Cruise, Health and Safety, Environment and Sustainability, and Quality at the Port of Geraldton.

Prior to this she has worked in both the corporate and government sectors where she utilised her organisational development skills to lead organisational and cultural change. Her experience also includes communications and public relations, human rights and community development and learning and development.

Vickie's academic achievements include a Bachelor of Arts, majoring in Sociology from Deakin University, an MBA with a focus on Human Resource Management, and the AICD Company Director's Course.

GENERAL COUNSEL

Anne DeSoyza

Anne is an experienced legal professional who has also worked in executive management and leadership positions. Her past work includes serving as key adviser to government and in the private sector providing legal advice and strategic direction on a range of issues relating to major development projects, including project approvals, inter-governmental agreements, state agreements, land tenure and stakeholder consultation.



Back L to R: Geoff Mackin, Vickie Williams, Sandra Pigdon, Tracy Fitzpatrick, Peter Duplex, Anne De Soyza.
Front L to R: Kate Watson, Rochelle Macdonald, John Elkington, Susan Barrera, Sue van Leeuwen

ANNUAL REPORT

Our Performance

In 2018/19 the Port of Geraldton achieved a total of 15.905 million tonnes, just exceeding the 15.886 million tonnes recorded in the last financial year. Our total trade for 2018/19 was 3.2% (496,000 tonnes) above budget.

MWPA was on target to exceed 16.0 million tonnes, however late in June, the Port experienced 3 days of environmental conditions, which temporarily suspended all cargo operations and the port did not achieve usual berth occupancy.

Our 2018/19 financial year trade facilitated and estimated \$4.4 billion of exports from the region, up from \$3.6 billion the previous year, due to stronger commodity prices and a more favourable exchange rate for exporters.

The more favourable investment climate has resulted in some increased development of new projects in the Mid West. Over the past 12 months, MWPA has seen a move in the investment climate with more potential projects being discussed which will significantly benefit the Mid West.

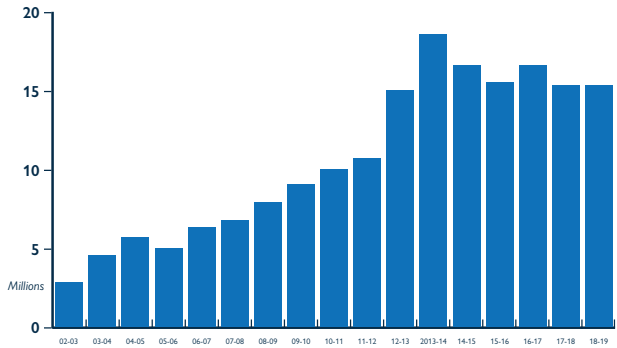
Planned new trade has the potential to significantly increase both the volume and variety of minerals exported through the Geraldton Port in the future.

MWPA also facilitated eight cruise ship visits into the Port, welcoming 8,939 passengers and crew ashore. All these visits were full day visits, with one overnight stay, providing a significant boost to the Mid West's local economy.

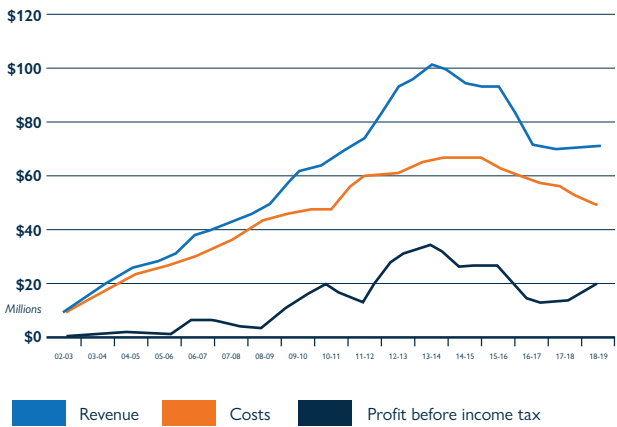
With similar total trade volume to 2017/18, the make-up of the 2018/19 trade was somewhat different, with more grain and less iron ore. The Mid West grain season for 2018/19 was the second highest ever (beaten only by the record harvest of 2016/17), resulting in exports of 1.79 million tonnes (917,000 tonnes higher than 2017/18). Iron ore exports for 2018/19 were 10.95 million tonnes (1.02 million tonnes lower than 2017/18), largely due to the closure a local Mid West mine after the ore reserves were exhausted. Other trade throughput included mineral sands, base metal concentrates, fuel and fertiliser were largely stable.

In 2018/19 MWPA achieved an operating profit before tax of \$20.8 million, \$3.5 million above the SCI budget of \$17.3 million. The result was driven by an increase in trade throughput against the budget, as well as focus on cost management across all aspects of our business.

Annual trade



Annual financial performance



ANNUAL REPORT

Our Trade Destinations



ANNUAL REPORT

Our Safety

The safety and health of every person who works at or visits the Midwest Ports Authority (MWPA) remains our highest priority. The safety performance of the Port is regularly analysed by the Board, the Executive and Leadership Team.

This scrutiny helps provide the direction and has helped shape the way in which health and safety is managed across the Port in consultation with all employees. This collaborative approach, reinforced by clear and heightened levels of behavioural expectations for all staff and contractors engaged to work with MWPA, has seen continuous improvement.

In line with MWPA's restructure, the preceding HSEQ team has been separated into Safety, Sustainability and Quality teams, with experienced and dedicated teams recruited to support each function. This change has allowed for a more holistic and attentive management style focusing on the delivery of the relevant departmental objectives in line with the MWPA vision and purpose and long-term strategic plan ensuring:

- Occupational Health and Safety Management system complies with AS/NZS 4801:2001 which was recertified in April 2019;
- Systems and processes are continuously reviewed and improved to provide a safe work environment;

- Risk assessment processes adequately identify hazards and unsafe practices;
- Lead indicators assist to eliminate work related injury and illness;
- Safety leadership is a core responsibility of all employees;
- Employees are provided with the appropriate work environment, equipment and training, and all staff understand hazards and controls associated with the workplace;
- A safety culture that inspires awareness of and personal responsibility for safety; and
- Employees are consulted in safety matters.

INDICATOR	2017	2018	TARGET
Number of fatalities	0	0	0
Lost Time Injury and disease (LTI/D) incidents rate	13.5	4.4	0
Number of Lost Time Injury and Disease	3	1	0
Percentage of injured workers returned to work within 13 weeks and 26 weeks	100%	100%	Greater than or equal to 80% return to work within 26 weeks
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	-	85%	Greater than or equal to 80%

INJURY MANAGEMENT/ WORKERS COMPENSATION

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. Return to work plans were developed by the Injury Management Coordinator, associated medical professionals and the injured employees, assisting and helping them return to pre-injury duties.

INCIDENTS/INJURIES

In 2018/19 our Lost Time Injury Frequency Rate decreased by 67% to 4.4 compared to 13.5 in 2017/18 with one LTI recorded, and MWPA's Total Recordable Injury Frequency Rate finishing at 30.9 at year end.

An increase in low severity sprain and strain type injuries was noted with six Medical Treated injuries reported and managed. Although they were not injuries that had fatal or serious potential, numerous programs and initiatives have been implemented to prevent reoccurrence, post

refinement in process. incident and investigation, with the mooring of vessels continuing to be a high-risk activity that requires further scrutiny and continued refinement in the process.

EMERGENCY EXERCISE DRILL

MWPA tested our emergency response preparedness by conducting an emergency response exercise. With the help of independent assessors, over 20 of our staff members came together to manage a fuel spill scenario staged inside the Geraldton Harbour.

The exercise was based around the Master of the tug Bunbury having a medical episode resulting in the tug running aground as it was entering the boat harbour. A full Incident Management Team (IMT) and Incident Control Centre (ICC) was established and some oil spill response boom, skimmers etc. were deployed. St John Ambulance responded on site and attended to the gravely ill Tug Master who was played by one of our cruise ship volunteers, Murray Blyth.



Our Sustainability



OPERATING IN BALANCE WITH THE ENVIRONMENT

We have revised our Environmental Management Plan to align with the Strategic Plan and **Objective 5: Operate in Balance**

with the Environment. We have committed to developing a detailed Sustainability Strategy in 2019, to facilitate and implement this process; and key personnel have been appointed including the General Manager - Sustainability, Culture and People and the Sustainability Manager.

In delivering the strategic plan, we aim to achieve best practice in environmental management across all port services and activities, effectively managing environmental risks to minimise impacts to the environment. Initiatives to further integrate environmental management into business processes and promote continual improvement have been incorporated in the Strategic Development Plan.

“Environmental Leadership” will be a key element of our Balanced Scorecard with metrics and targets set to drive performance towards:

- Improved whole of Port environmental outcomes;
- Increased environmental advocacy and transparency;

- Integrated Management System;
- Sustainability at the centre of all decision making;
- Real-time data capture and publishing; and
- Low carbon footprint.



ENVIRONMENTAL MANAGEMENT

To ensure excellence in environmental management, we maintain an Environmental Management System which

was externally certified to the new ISO14001:2015 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 continually improved.

We routinely and actively monitor and report on water quality, air quality, marine sediments and marine pests amongst other aspects of our environmental footprint.



Northern Beaches Stabilisation Program- Sand Bypassing Activities:

BEACH	SAND VOLUME BY-PASSED	OBLIGATION
St Georges Beach	4,241 m3	MOU Obligation
Foreshore North	9,920 m3	MOU Obligation
Kempton Street	3,194 m3	Supplement to MOU
The Dome dune system stabilisation	3,845 m3	Supplement to MOU



CLIMATE CHANGE AND COASTAL STABILITY

MWPA recognises that the forecast impacts of climate change and projected sea level rise will require careful management and

planning. Predicted effects include an increased risk of coastal erosion and inundation along the Mid West coastline.

We have identified these risks as part of our Master Planning activities. We will seek opportunities to make port design and expansion decisions that will enhance and complement existing coastal protection structures within, and adjacent to the Port precinct. MWPA maintains coastal protection structures and berth areas that provide hard protection against coastal erosion for all infrastructure landward of the Port of Geraldton.

We are committed to providing ongoing support to the City of Greater Geraldton (CGG) as part of a Memorandum of Understanding (MOU) and the associated Northern Beaches Stabilisation Program. The CGG Coastal Hazard Risk Management and Adaptation Planning (CHRMAP) project identifies the jointly managed sand nourishment program as a key, ongoing requirement for sediment supply to the Geraldton town centre and Beresford and Bluff Point coastal management units.

We conduct annual beach surveys from Point Moore to Chapman River to maintain a historical record of the beach profiles to further assist in the assessment of longer-term coastal stability.

We have targeted sand accretion near the Fishing Boat Harbour entrance in our program to supply sand to the Beresford foreshore at Kempton Street. This has a dual benefit of providing additional sand to the CGG, while minimising the risk to the commercial fishing fleet by removing sand and preventing the migration of sediments into the Fishing Boat Harbour.



ENVIRONMENTAL MONITORING

In June 2018, MWPA implemented a customised dust monitoring interface, EnvirosuiteTM. This software has provided

operational supervisors access to data on dust levels in the Port in real time. This enables the source of dust emissions to be proactively identified and immediate action taken to address dust levels during operations. We have set pre-determined thresholds for automated alerts which are sent by email and SMS to notify key personnel that dust levels are increasing and action must be taken.

ANNUAL REPORT

Our Sustainability



Waste Free on Wheel trailer



WASTE MANAGEMENT

In a bid to encourage our staff to reduce office waste, we implemented a staff initiative called Sustainability Packs.

Staff were issued with reusable coffee cups, water bottles and calico shopping bags to encourage them to do their bit in reducing plastic waste both in the workplace and at home.

In addition, we sponsored the Northern Agricultural Catchments Council (NACC) in developing their Waste Free on Wheels Trailer. This free-to-borrow trailer is designed to make community events more sustainable. It is

kitted out with display boards; recycling bins; chairs; tables; gazebo; crockery; cutlery; aprons; caps; and hot water. The trailer acts as a self-contained dishwashing station to reduce the amount of plastic waste generated at fund raising and community events.



BIOSECURITY

In accordance with the Biosecurity Act 2015, MWPA undertook a rigorous program of auditing and education to ensure the Port was compliant with the Biosecurity

Standards for ports. This resulted in a new Biosecurity (First Point of Entry - Port of Geraldton) Determination being issued in June 2019.

Biosecurity is recognised as a critical part of the Port's operations and commitment to the Mid West region and communities. We play a key role in ensuring pests and diseases that could threaten the economy and environment are prevented from entering Australia. We support the Department of Primary Industry and Regional Development (DPIRD) in its efforts to detect pests to initiate an immediate response to minimise impacts.

MWPA houses a collaborative bee surveillance monitoring

program to ensure early detection and eradication of pest bee species or disease.

CONSULTATION

Our Environmental, Health and Safety Committee consists of elected Safety and Health Representatives (SHRs) - management representatives who meet monthly to discuss emerging issues, review hazard and incident reports, and evaluate the progress of initiatives to improve safety across MWPA.



OCCUPATIONAL MONITORING

Qualified staff conducted an Occupational Noise Survey during December 2018 across the site landside restricted zone

in accordance with the Department of Mines, Industry Regulation and Safety (DMIRS). All recommendations arising from the survey were reviewed and under consideration and implementation.

Occupational Monitoring in accordance with the Occupational Hygiene Plan was lodged with DMIRS with all recommendations addressed.

ANNUAL REPORT

Our Quality



INTEGRATED MANAGEMENT SYSTEM

We maintain our Integrated Management System (IMS) to the following standards, being recertified by Bureau Veritas to: AS/

NZS 4801 Occupational Health and Safety Management Systems; ISO 14001 Environmental Management Systems; and ISO 9001 Quality Management Systems.

During the audit in April 2019, there were three minor non-conformances, eight recommendations and eight observations identified. All have been reviewed and corrective actions in progress.



ANNUAL REPORT

Our People



5 GENDER EQUALITY

GENDER BALANCE

27 Females
99 Males
0 Intersex/Undetermined

FLEXIBLE WORKING

4 working part-time average FTE of 0.6 – Return to work following Maternity Leave and Parental Care needs

LOCAL EMPLOYMENT

During the 2018/19 financial year 75% of our recruitment was sourced locally from within the Geraldton region.

4 QUALITY EDUCATION

EMPLOYEE DEVELOPMENT

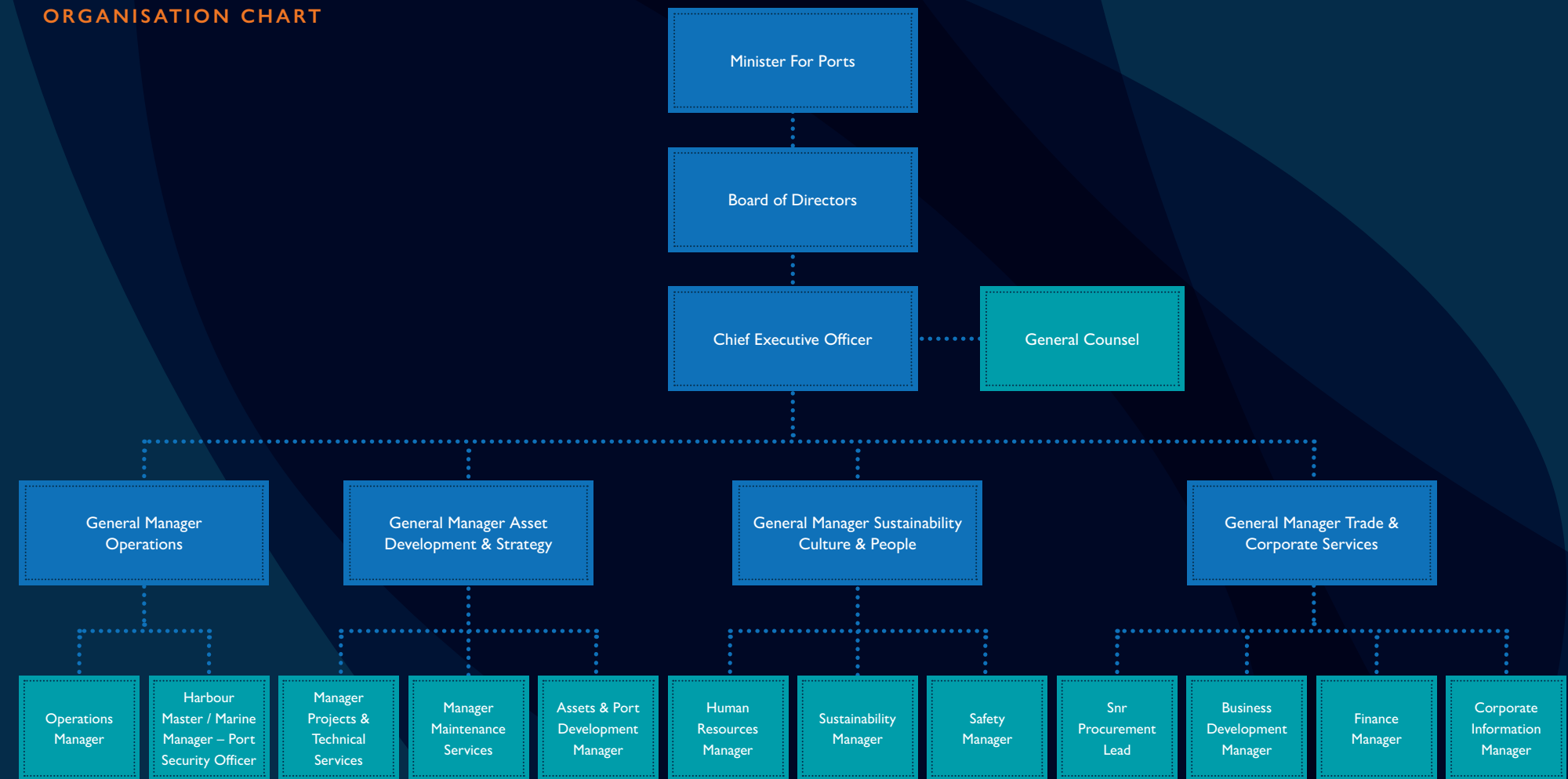
We place a strong focus on workforce development and encourage our staff to undertake training courses. Over the past 12 months, employees attended 421 training sessions. The training sessions consisted of a mixture of compliance, soft skills and culture improvement.

Some of the training highlights included:

- Positive Culture Day;
- Operation of Survival Craft;
- Skid Steer;
- Basic Traffic Management and Traffic Controller;
- Working at Heights;
- VOCs;
- First Aid;
- Mental Health First Aid;
- Cert IV TAE full and upgrade;
- Business Case Writing;
- Financial Investment;
- Electrical Responsibilities for Managers;
- HVSO assessments;
- Global Maritime Distress and Safety System; and
- Diploma of Leadership and Management.

In addition to this, staff have undertaken many internal training sessions learning new programs relevant to MWPA including our ERP and associated systems.

ORGANISATION CHART



Our People



17

PARTNERSHIPS
FOR THE GOALS

OUTSTANDING STAFF ACHIEVEMENTS

MWPA held our inaugural Evening of Values and Excellence during the year, where staff were nominated for awards on their ability to demonstrate and “live” MWPA’s values.

We were pleased to award and congratulate the following five people for their commitment to upholding our recognised values: Kathryn Wade; Geoff Mackin; Nathan Gummery; Mike McQuie; and apprentice Anthony Conway who took out the Safety Award.

AWARDS EVENING

At the awards evening, long-serving employees were recognised for their dedication to the Authority. The following recognitions were made during the year:



AWARDS			
Retrospective 2018		2018	
5 years	49	5 years	18
10 years	9	10 years	6
20 years	2	20 years	1
30 years	2	30 years	1
40 years	1		

10

REDUCED
INEQUALITIES

INCLUSION & DIVERSITY

13 employees declared born outside of Australia
1 employee declared Aboriginal
2 employees declared to be living with a disability



Our Infrastructure

The port comprises seven commercial berths and two approach channels, with the features identified below:

- 1. Berth 1
- 2. Berth 2
- 3. Berth 3
- 4. Berth 4
- 5. Berth 5
- 6. Berth 6
- 7. Berth 7
- 8. Main Harbour
- 9. Fishing Boat Harbour



ANNUAL REPORT

Our Infrastructure

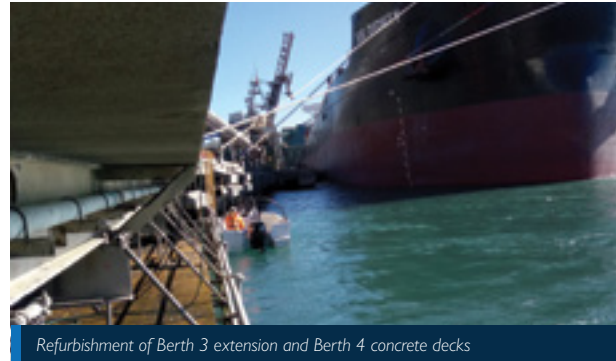
Key Projects 2018/19

BERTH 3&4 CONCRETE REMEDATION PROJECT

Works were substantially completed on the multimillion-dollar refurbishment of Berth 3 extension and Berth 4 concrete decks. The works involved detailed inspection and mapping berth defects, development of specifications for repair, breakout of damaged areas and reinstatement to original condition.

Over 7500 anodes for cathodic protection and 50,000 litres of repair mortar have been installed. The next generation of cathodic protection for reinforced concrete was incorporated in to the project by the use of fusion technology on Berth 3 extension, extending the life of repairs further. The project also involved the replacement of 200m of sheetpile wall concrete capping beam at the back of the Berth.

Most of the repair works occurred under the decks. The high risk hydro demolition work was undertaken on various platforms, around shipping, without substantial delays or serious incident.



Refurbishment of Berth 3 extension and Berth 4 concrete decks



The 1600kg 'boke back' gangway was specifically designed to allow for access to the lower shell doors on cruise ships visiting the Port of Geraldton.

CRUISE SHIP GANGWAYS

After many months of design and engineering, MWPA took ownership of a new "broke back" gangway. The 1600kg gangway was specifically designed to allow for access to the lower shell doors on cruise ships visiting our Port. With the gangway set at less of an incline, it's more accessible for passengers with disabilities or who face mobility challenges. This means a more inclusive experience for our passengers visiting our region.

PORT WIDE FIRE FIGHTING DESIGN

In 2018/19 MWPA began the design phase of the port wide firefighting solution. The solution introducing firefighting safety system upgrades to meet MWPA, national and international regulatory standards and objectives by addressing three main categories namely: (i) fire detection & alarm; (ii) fire suppression; and (iii) ventilation and egress.

EAST END GENERATOR

A high capacity generator was installed Shepherds Park, on the corner of Ian Bogle Road and Marine Terrace. The generator will provide emergency power capabilities for the Ports administration building, as well as tug pens and several other areas across the Port.

INFORMATION TECHNOLOGY INFRASTRUCTURE

MWPA had a busy year with the upgrades to information technology infrastructure to enable the port to become more mobile and increase efficiencies. The year focused on the ERP Phase II project progressing well with the focus on employee self-service kiosk, incident, hazard and risk management, asset management, procurement and operational components. Other project either underway or completed at year end included an upgrade to the bulk handling facility infrastructure, video conferencing and a geographic information system.



Newly installed east end Generator

ANNUAL REPORT

Our Infrastructure



PORT MASTER PLAN

Late in 2017, MWPA embarked on the development of the Port Master Plan (PMP) and implemented a three stage process of:

- 1. Establishing a baseline;
- 2. Developing and accessing draft options; and
- 3. Documenting a preferred plan.

To get started, we conducted a staff and external stakeholder pre-planning survey. Incorporating feedback from these surveys, and with the help of the GHD Advisory Team, we were able to establish market demand scenarios, undertake port capacity modelling and identify and evaluate infrastructure needs.

We developed concept options incorporating the baseline data, which were then costed and assessed through a Multi Criteria Analysis (MCA) Workshop to establish preferred development options on which to base the PMP.

The options analysis recognised the untapped potential of the existing harbour and infrastructure in the Port of Geraldton. It also explored the maximisation of the

potential of the current Port and surrounding “Port Industry” zoned land over the short to medium term (0-15 years). To cater for the higher growth, longer term (15-30+ years) scenarios, expansion options were explored including the development of the Oakajee Industrial Estate and the possible development of an outer harbour at the Geraldton Port site.

The Draft PMP is currently in the stakeholder and community consultation phase which will see feedback gathered up until November 2019. After this we will release the PMP and sub-plans, once the Board and Minister for Ports have given their approval. This is expected to be around December 2019.

In alignment with our Corporate Strategy, the implementation of the PMP will initially focus on Port Maximisation over the short to medium term, once the relevant technical studies, detailed area plans, development plans, feasibility studies, business cases and approvals are finalised.

We continue to work with the community, state and local agencies, industry and other stakeholder partners to sustainably develop and grow the Port of Geraldton.



Berth 1 overlooking the Port



ASSET MANAGEMENT FRAMEWORK

We have initiated a drive towards developing a Strategic Asset Management Framework (SAMF) which is aligned with

the ISO 55000 series of asset management standards. The core elements of MWPA's SAMF are the Asset Management Policy, the Strategic Asset Management Plan (SAMP) and the Asset Management Plans (AMP) for each asset class.

The Port uses a wide range of facilities and infrastructure to support the delivery of our services and functions. Our fixed assets are categorised by type and method of management and/or operation. These categories are rolled up into the following main asset classes:

- Berths
- Land
- Buildings
- Infrastructure

- Bulk handling facilities
- Jetties, pens and wharfs
- Main harbour and channels
- Rail
- Breakwaters and rock walls
- IT equipment and software
- Equipment and vehicles

With our AM Policy and SAMP in place, we have concentrated our efforts this year - with the aid of a restructured team - to produce the AMPs for the most critical asset classes and for those asset classes which require the most capital and operational investment.

The outcomes of this work will be improved management of MWPA's asset portfolio and whole-of-life asset investment which is aligned with our strategic objectives and long-term development plans.

ANNUAL REPORT

Our Infrastructure



Berth 5 ship loader in action



SERVICE DELIVERY

Our Service Delivery Objective is to provide safe, efficient, reliable and sustainable gateways for trade and tourism, that contribute to the economic growth of regional Australia and that optimises the service potential of our assets in a manner which is consistent with State Government strategic objectives.

We provide governance through our Board of Directors who are accountable to the State Minister for Ports and ensure that the Port performs its functions in accordance with the Port Authorities Act (1999).

We provide security, marine safety and cargo loading services in alignment with our corporate strategic objectives, to meet the service delivery priorities of our stakeholders including government, customers, community and workforce.

Our service delivery goals are aligned with the Port's strategic objectives which include:

- 1. Facilitate, protect and grow trade and tourism;
- 2. Supply chain enabled;
- 3. Development strategies realised;
- 4. Engaged customers, community and stakeholders; and
- 5. Operate in balance with the environment.

Which in turn, are aligned with the WA Planning Commission's State Planning Strategy 2050. The WA Government strategic goals include:

- Global competitiveness
- Strong and resilient regions
- Infrastructure planning and coordination
- Sustainable communities
- Conservation

ANNUAL REPORT

Our Operations

PORT ASSETS USED TO FACILITATE TRADE

The Port of Geraldton has seven (7) commercial berths and associated marine assets including the harbour basin and channel.

The Berth 4 and 5 shiploaders are owned, operated and maintained by MWPA. The stevedoring service is currently provided by Qube Bulk for a period of three years from 1 January 2018. The Berth 4 shiploader has a design capacity of approximately 1,800 tonnes per hour and the Berth 5 shiploader a loading capacity of 5,000 tonnes per hour of iron ore.

MWPA also owns and manages the existing bottom dump iron ore train unloading infrastructure. This infrastructure was recently upgraded to create a faster more efficient linkage between the train unloader and Mount Gibson's Berth 5 storage facility. When delivering product to this facility the upgraded train unloader has a design receival rate of 3,000 tonnes per hour. However, when delivering to the existing storage facilities at Berth 4 the discharge rate is 1,800 tonnes per hour.

In addition to the traditional trade in grain, mineral sand, livestock, fertiliser and fuels, the Port of Geraldton regularly welcomes cruise ships, oil rig tenders, the navy and many different exhibition craft.

MWPA manages Geraldton's Fishing Boat Harbour (FBH). This involves leasing pens to vessel owners, maintaining the pens and surrounding walkways, jetties and berths and provision of power and water to each pen. The FBH comprises approximately 160 boat pens and a significant landholding with sites leased principally to businesses that support the local fishing and mining industry. The harbour also supports several tourist-based operations.

Geraldton supports WA's cruise-ship tourism industry by acting as a transit port and aims to retain its Tier 2 status and grow its position to become a Tier 1 cruise destination port. The growth of the cruise-ship tourism industry in Geraldton is largely reliant on the general West Australian cruise ship market (which appears to be driven by demand for cruise visits to Exmouth and Broome) and the development and promotion of tourist activities in Geraldton by local operators supported by the City of Greater Geraldton's Cruise Working Group who aim to promote overnight stays allowing for day trips to nearby attractions.

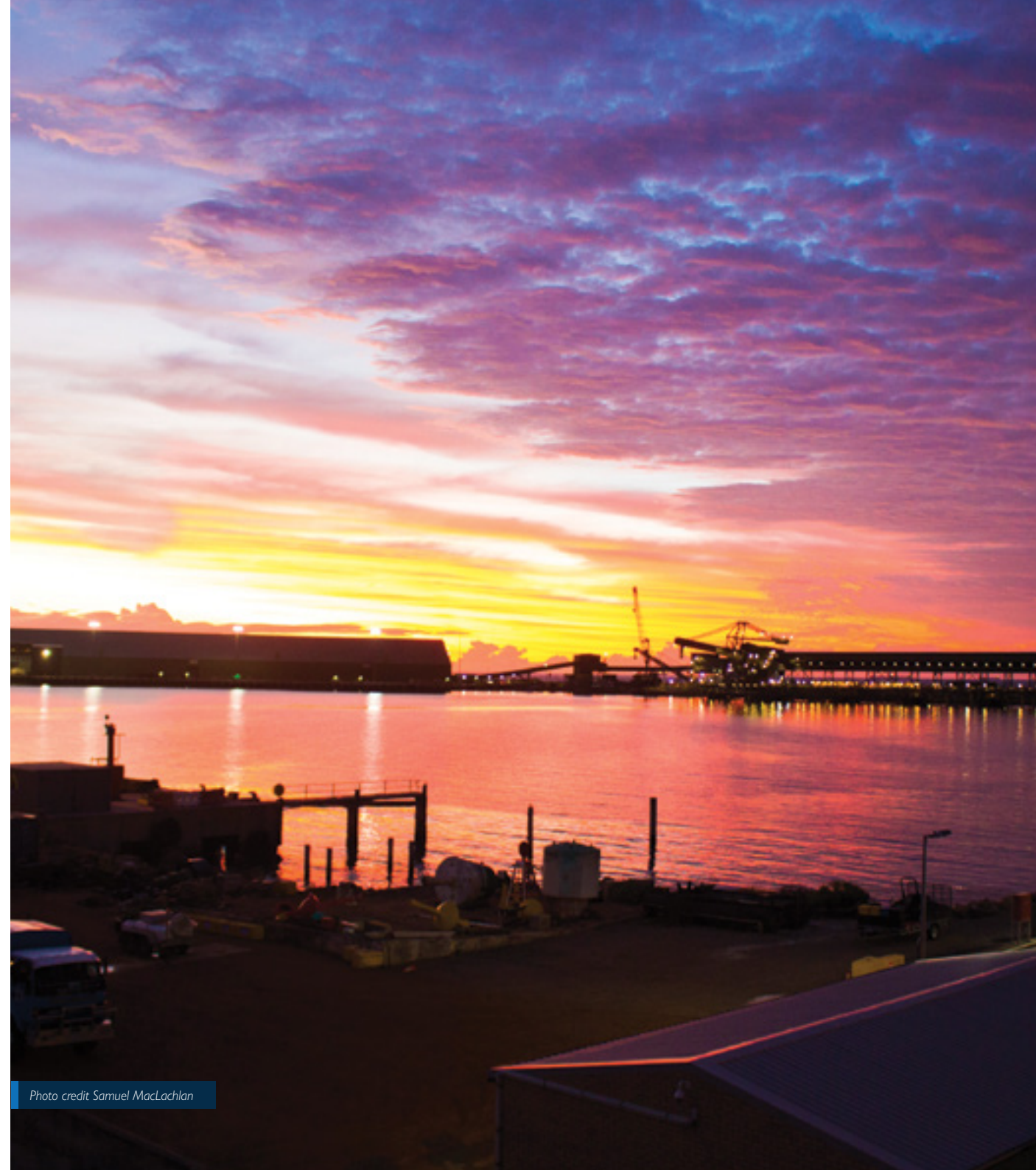


Photo credit: Samuel MacLachlan

LANDSIDE OPERATIONS

MWPA owns and manages the operation and reliability of a bulk materials handling facility consisting of three main circuits namely:

- a) BHF Berth 5 Ship loading Circuit, dedicated to iron ore exports;
- b) BHF Train Unloading Circuit, dedicated to receival of iron ore; and
- c) BHF Berth 4 Circuit, a multi-user facility servicing MWPA's mineral sands, talc and heavy metal concentrates customers.

These circuits comprise of over 1,100 sub assets falling under the following main categories:

- Conveyors
- Towers
- Shiploaders
- Unloaders (Train/Truck)
- Materials Handling Equipment
- Feeders
- Dust Collectors
- Critical Spares

Ship loading infrastructure forming the Berth 3 Circuit is operated and maintained by Co-Operative Bulk Handling (CBH) and is dedicated to the loading of grain.

MWPA also owns and manages environmental licences for commodities exported through the Port of Geraldton.

ANNUAL REPORT

Our Security

The Mid West Ports Authority is a recognised Maritime Security Identification Card (MSIC) Issuing Body. Recently, we updated our MSIC Plan to include the Aviation Maritime Security (AMS) division of Home Affairs' requirements regarding MSIC applications and security data audits.

The AMS division of Home Affairs requested that all Issuing Bodies (IB) amend their MSIC Plans to include the new MSIC application form and confirmation that the IBs had conducted an audit to protect all MSIC data by 30 June 2019 and our MSIC Plan has been updated accordingly.

MWPA arranged an external audit of the MSIC Plan in October 2018, and the AMS division conducted a desk top audit in January 2019. Our staff continue to attend the MSIC Issuing Body Forum meetings to ensure we are aligned with industry best practice. The MWPA Maritime Security Plan (MSP) has been recently updated to include new Maritime Industry Participants (MIPs) and regulatory requirements. We held two security meetings during the 2018/19 financial year which included two exercises, and the MSP was externally audited in October 2018. Our staff continue to contribute and participate in national security meetings such as the Ports Australia Security Working Group and the Maritime Industry Consultative Forum.



MWPA Gate 4 entering secure zone

ANNUAL REPORT

Our Customers

During 2018/19, MWPA customer base largely remained stable with the same group of core customers as in recent years. However, the composition of trade varied slightly, with an increase in grain exports offsetting a decline in iron ore exports.

MWPA did however see a significant increase in the number of enquiries from potential port customers, with favourable commodity prices and exchange rates supporting the potential development of new Mid West projects in iron ore, base metals, mineral sands, rare earths, lithium and sulphate of potash. MWPA worked collaboratively with these potential exporters to identify cost effective and environmentally sustainable logistics solutions to assist in the successful development of these projects. The eventual commissioning of these projects in coming years will underpin the future growth of the port, create local jobs and generate additional royalties for Western Australia.



STAKEHOLDER CONSULTATION COMMITTEE

In 2019, MWPA re-established a Stakeholder Consultation Committee to provide a formal forum for discussion between MWPA and representatives of the local community and key stakeholder groups on issues directly relating to the current operations and future development associated with Geraldton Port.

Volunteers were sought from the local community and the first meeting was held on 21 May 2019 comprising representatives from large port grain and mineral customers; the professional fish and processing industry, marine rescue, local shires, business owners and heritage groups.

The Committee will assist MWPA to establish good working relationships and facilitate two-way communication and information sharing on issues associated with strategic planning, new and emerging projects, community concerns, the reporting and resolution of community complaints, and any community initiatives or events.

These established committees held two meetings in the 2018/19 financial year with minutes available on the MWPA website.

HINTERLAND TOUR

MWPA's management team toured some of the mining operations that are important to the Geraldton Port. The team visited Karara, Mount Gibson, Extension Hill and Imerys talc mining operations as well as a tour of the CBH grain receival facility at Mingenew. It was certainly very busy at Mingenew as harvest was in full swing. The tour of the Imerys talc mine at Three Springs was also very impressive. It was certainly a much bigger operation than the team expected. We also met with the Acting CEO and Deputy Shire President from the Shire of Perenjori. They presented an interesting perspective on the importance of mining, grain production and the Geraldton Port to Perenjori and the Midwest in general.



Leadership team at CBH Mingenew Tour

SOME OF OUR VALUED CUSTOMERS



ANNUAL REPORT

Our Community



BERESFORD BEACH DEVELOPMENT

MWPA has a Memorandum of Understanding (MOU) with the City of Greater Geraldton, which outlines the commitment to supply sand to the northern beaches for beach nourishment.

This commitment is ongoing and during 2018/19 we spent \$0.354 million on the sand bypassing project. MWPA has spent \$1.1 million in beach nourishment works over the past 5 years.

CRUISE SHIPS - 2018/19

We continue to welcome cruise ships to our beautiful city and they can now come alongside the wharf since the successful introduction of Shore Tension Units (STU) in the last financial year.

Sun Princess started off the season in October with two visits followed by return calls from Seabourn Sojourn, Regatta, Maasdam and Amadea.

Some of the tours offered to passengers included day visits to Kalbarri; a visit to the replica WWI Leane's Trench; flights to the beautiful Abrolhos Islands; and getting up close and personal with animals at Greenough Wildlife Park.

Volunteers at HMAS Sydney II Memorial, Museum of Geraldton and St Francis Xavier Cathedral welcomed hundreds of passengers during each visit.

Local jewellers, clothing stores and chemists reported spikes in sales on cruise ship days, with the local delicacy Western Rock Lobster a drawcard at restaurants and cafés.



Sun Princess coming into Port

Next cruise ship season we can look forward to 10 visits, Geraldton's first "two ships in one day" in February 2020 and the potential for about 18,000 passengers and crew coming ashore.



Sandra Pigdon, Vickie Williams, Rochelle MacDonald, Marli Van Wyk, Letitia Busniak



WOMEN INSPIRING BETTER BUSINESS (WIBB) EXPO

As part of the Women Inspiring Better Business (WIBB) initiative in Geraldton - a monthly breakfast networking group for women - MWPA participated in the WIBB Expo in October 2018, where breaking with the breakfast tradition, a day-long expo was held.

The extremely successful expo featured local businesswomen showcasing their companies and products and extending their networking reach. We participated in the expo and it was a wonderful opportunity for us to showcase women in a non-traditional business model, and promoting the women who work for the Port.



WIBB on the wharf breakfast – MWPA staff in hi-vis and WIBB staff in red



WIBB ON THE WHARF

In February 2019, MWPA hosted 120 WIBB attendees for breakfast in our maintenance shed on the wharf, where the WIBB group promoted and welcomed MWPA as their major sponsor for the 2019 calendar year.

The breakfast networking group meets once a month at a different local venue each time and over breakfast an invited female guest speaker addresses participants.

MWPA's CEO Dr Rochelle Macdonald was guest speaker in February and our men cooked up a magnificent full breakfast, as the BTG Olympos was piloted alongside the berth and then performed a tug boat "ballet" in the harbour, much to the delight of the visiting ladies.



Attendees at the Business After Hours event



BUSINESS AFTER HOURS WITH MWCCI

As a diamond sponsor of the Mid West Chamber of Commerce and Industry (MWCCI), MWPA, together with port towing services company, Svitzer, hosted the October Business after Hours event.

We held the sundowner on the grassed area in front of MWPA's Marine Terrace administration building and included tours of the port and presentations from both MWPA and Svitzer.

ANNUAL REPORT

Our Community



Port Open Day – March 2019. Rochelle MacDonald, Nic Thomas, Paddy Thomas, Dulcie Fawcett and Lenore Thomas. It was a delight for Dulcie, aged 106 to see where her grandson, Nic worked.

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DECENT WORK AND ECONOMIC GROWTH

PORT OPEN DAY

MVPA celebrated its 50th anniversary with a community open day on Shepherd’s Park, next to the Port administration building on Marine Terrace, in November 2018.

It was warmly embraced by the community, attracting more than 1,500 local people with 450 taking advantage of a tour of the Port enjoying the opportunity to learn more about the Port’s operations and facilities.



Community Respect & Equality featured with Back L to R: Debra Kenny, David Jackson, Julie Higgins, Peter Jones. Front L to R: Kylie Reynolds, Paula Hopkins

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REDUCED INEQUALITIES

COMMUNITY RESPECT EQUALITY AGREEMENT

MVPA was the first local business to sign the Community Respect and Equality Agreement, an initiative of a group of Geraldton organisations, government agencies, businesses, service providers and community leaders.

The aim of the agreement is to inspire, innovate and work together on creative and sustainable strategies for the prevention of family violence in our community. We are committed to supporting this agreement by engaging in improved workplace practices, providing information and enabling support to prevent family violence.

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PARTNERSHIPS FOR THE GOALS

GEORGE ROAD ENTRY - HELPING GERALDTON GRAMMAR SCHOOL

Due to resident complaints about dust problems at one of Geraldton’s local schools, the City of Greater Geraldton instructed Geraldton Grammar to close one of its school entries, which was unsealed gravel. The school had heard about our recent asphalt project at Berth 6, and during the course of the northern beaches sand bypassing works, our engineers arranged to swing one truck cycle from sand delivery to profiling delivery to the school; and provided 250 tonnes of sand to the school entry site.

The school had a water truck and front-end loader already working at the site, so the coordination resulted in a quick, cost effective and sustainable solution to a community issue.



MVPA Executives wearing pink shirts

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GOOD HEALTH AND WELL-BEING

PINK SHIRTS

In recognition of October 2018 as Breast Cancer Awareness Month, we turned pink. Well, some of our staff turned pink, embracing the option of wearing pink hi-vis work shirts in support of the “Who will you turn pink for?” It was pleasing to see how many staff took up the option and also made a donation to the National Breast Cancer Foundation.



ANNUAL REPORT

Our Suppliers



REFINEMENT OF PROCUREMENT POLICIES

Local procurement is key to developing the region in which we operate. To this end our procurement function was expanded to create value from the supply base by not only focusing on price, but also increasing operational performance, driving efficiencies and working collaboratively.

The Procurement Strategy was also expanded by implementing the Western Australian Industry Participation Strategy (WAIPS) and Aboriginal Procurement Policies.

Successful procurement comes with managing the supplier base and developing and maintaining long term relationships with those suppliers who deliver value and align with our overall business strategies.

All future opportunities for external contracted goods and service requirements of MWPA will include:

- Inviting qualified local businesses to participate in tenders for the supply of goods and services.
- Structuring tenders to provide a preference for local businesses.
- The offer to work with local businesses to develop best practice business solutions that will benefit all parties.

Additionally, and recognising the value of local knowledge and local supply, where a shortfall in local skills is identified, MWPA will work closely with businesses to provide opportunities to upskill so that these services may eventually be sourced locally.

At all times, MWPA procurement will work with suppliers in an honest, open and transparent manner to ensure fair and equitable processes are followed.

ANNUAL REPORT

Our Governance



LEGISLATION

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

- (a) to facilitate trade within and through the port and plan for future growth and development of the port; and
- (b) to 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 the port and related facilities; and
- (c) to control business and other activities in the port or in connection with the operation of the port; and
- (d) to be responsible for the safe and efficient operation of the port; and
- (e) to be responsible for maintaining port property; and
- (fa) to be responsible for port security; and
- (f) to protect the environment of the port and minimise the impact of port operations on that environment.

In delivering its function, MWPA 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, MWPA must act in accordance with prudent commercial principles and endeavour to make a profit. The Act confers exclusive control of the port to MWPA, subject to any direction by the Minister for Transport.

ROLE OF THE BOARD

The Board of MWPA 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:

- The board of a port authority is its governing body.
- The board, in the name of the port authority, is to perform the functions, determine the policies and control the affairs of the port authority.

BOARD COMPOSITION

MWPA 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 MWPA with remuneration as determined by the Minister.

CONFLICTS OF INTERESTS

A Director who has a notifiable interest in a matter involving MWPA, 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

MWPA 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.

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

FINANCIAL ADMINISTRATION

MWPA must comply with sections 81 & 82 of the Financial Management Act 2006 (WA) 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

MWPA 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 MWPA'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

ANNUAL REPORT

Our Governance

procedures designed to ensure that the actions and decisions MWPA makes are made in a transparent, impartial and unbiased way.

A comprehensive review was undertaken of the Code of Ethics and Conduct to ensure it met the Public Sector Commission requirements, this is reviewed by the Board biannually.

RECORD KEEPING

MWPA is required to comply with the terms of the *State Records Act 2000 (WA)* 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.

ENTERPRISE RISK MANAGEMENT

MWPA has recently developed a new Risk Management Framework consistent with AS NZ ISO 31000 principles to assist in the identification of strategic, operational and corporate risks and is in the process of integrating new risk and opportunity assessment practices into its planning and decision making processes.

COMPLAINTS PROCESS

Complaints are lodged through our incident management system “STEMS” and tracked to ensure follow up and feedback is provided to the complainant. Complaints are treated as opportunities to improve Port services.

INTERNAL AUDITS

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

All internal audits were conducted by William Buck Consulting (WA) Pty Ltd (“William Buck”) as an independent review.

William Buck’s internal audit methodology complies fully with the mandatory elements of the Institute of Internal Auditors’ International Professional Practices Framework.

Internal Audits completed during 2018/19 were:

- Procurement and Contract Management;
- Revenue and Accounts Receivable;
- Strategic and Operational Planning; and
- Emergency Management





Annual Financial Report

2018-2019

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 2019.

Directors' Report

1. DIRECTORS

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

BOARD MEMBER	TITLE	APPOINTMENT
Dr Sue van Leeuwen	Deputy Chair & Non-Executive Director	Appointed January 2016
John Elkington	Chair & Non-Executive Director	Appointed February 2017
Kate Watson	Non-Executive Director	Appointed February 2018
Angie Paskevicius	Non-Executive Director	Appointed February 2018
Susan Barrera	Non-Executive Director	Appointed July 2018

Directors whose terms expired during the financial year were:

BOARD MEMBER	TITLE	APPOINTMENT
David Utting	Non-Executive Director	Appointed February 2018, term expired 30 June 2019

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:

Number of meetings held

BOARD MEETINGS	GOVERNANCE COMMITTEE	RISK, FINANCE & AUDIT COMMITTEE	RISK COMMITTEE	FINANCE & AUDIT COMMITTEE
11	4	1	2	3

Number of Meetings Attended by:

	BOARD MEETINGS ELIGIBLE TO ATTEND	BOARD MEETINGS ATTENDED	GOVERNANCE COMMITTEE MEETINGS ATTENDED	RISK, FINANCE & AUDIT COMMITTEE MEETINGS ATTENDED	RISK COMMITTEE MEETINGS ATTENDED	FINANCE & AUDIT COMMITTEE MEETINGS ATTENDED
Dr S van Leeuwen	11	9	4	1	2	2
J Elkington	11	11	4	1	2	3
K Watson	11	11	4	1	2	3
A Paskevicius	11	9	3	1	2	3
D Utting Term (expired 30 June 2019)	11	9	4	1	1	3
S Barrera (Appointed 1 July 2018)	11	11	4	1	2	3

Directors' Report

3. PRINCIPAL ACTIVITIES

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

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

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

Objectives

The Authority's objectives are to 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 \$2,126,566 were declared and paid in December 2018 as a final dividend for the 2017/2018 year.

The Authority's interim dividend for 2018/19 of \$10,288,500 was declared and paid to WA State Government in June 2019.

Directors' Report

5. OPERATING AND FINANCIAL REVIEW

Review of operations

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

	2019	2018
Total trade (tonnes)	15,905,172	15,887,245
	\$'000	\$'000
Revenue from cargo	26,638	27,201
Revenue from ships	38,299	36,421
Revenue from ship services	17	6
Other revenue and income	6,513	6,984
Total revenue and income	71,467	70,612
Less expenditure	50,636	56,095
Operating profit before tax	20,831	14,517
Income tax on operating profit	(6,167)	(4,328)
Operating profit after tax	14,664	10,189

Commentary on operating results

The results to the end of June showed Operating Profit before Tax of \$20.8M. This is a 43% increase over the 2017/18 result. Revenue for the year was \$0.9M above the previous year, mainly due to a significant increase in grain (following an exceptional harvest) and

fertiliser throughput partially offset by lower iron ore, concentrates and petroleum trade. Operating costs were lower by \$5.5M largely due to lower depreciation, marine and operations costs.

Strategy and future performance

For the major goals that have been defined, strategies/initiatives/projects to achieve these goals and associated outcomes are articulated. Action plans and timelines are developed from the strategic plan to ensure the timely achievement of stated projects.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Authority that occurred during the financial year under review.

7. EVENTS SUBSEQUENT TO REPORTING DATE

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

ANNUAL FINANCIAL REPORT

Directors' Report

8. LIKELY DEVELOPMENTS

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

9. DIRECTORS' EMOLUMENTS

In accordance with Section 13(c)(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 Ports determines the level of remuneration for Board members. The nature and amount of the emoluments of each Director are set out below.

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

	SHORT TERM BENEFITS (1)	POST EMPLOYMENT BENEFITS (2)	LONG TERM BENEFITS (3)	TOTAL
	\$	\$	\$	\$
Dr S van Leeuwen	42,834	4,069	Nil	46,903
J Elkington	66,736	6,340	Nil	73,076
K Watson	36,987	3,514	Nil	40,501
A Paskevicius	39,480	3,751	Nil	43,231
D Utting	36,987	3,514	Nil	40,501
S Barrera	38,468	3,654	Nil	42,122

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

	SHORT TERM BENEFITS (1)	POST EMPLOYMENT BENEFITS (2)	LONG TERM BENEFITS (3)	TOTAL
	\$	\$	\$	\$
Shannon Nicholson	298,676	26,027	8,831	333,534
Raymond Pead	288,666	25,174	9,001	322,841
Ross Halsall	273,448	23,793	9,001	306,242

ANNUAL FINANCIAL REPORT

Directors' Report

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 are 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 Sytem which is externally certified to ISO14001:2015 and forms part of the Integrated Management System. This system ensures all activities are legally compliant, controlled, subject to pollution and waste reduction strategies, monitored and subject to continual improvement. The Authority routinely and actively monitor and report on water quality, air quality, marine sediments and marine pests amongst other aspects of its environmental footprint.

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 maturing and robust safety culture.

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:



John Elkington

Chair

21 August 2019



Sue Van Leeuwen

Deputy Chair

21 August 2019

ANNUAL FINANCIAL REPORT

Statement of Comprehensive Income

	NOTE	2019	2018
		\$'000	\$'000
Income			
Revenue	4	69,732	68,559
Other income	5	1,735	2,053
Expenditure			
Depreciation and amortisation expense	6	(6,553)	(11,048)
Marine expenses		(5,146)	(5,605)
Port operations expenses		(13,937)	(14,655)
General administration		(8,719)	(8,541)
Asset maintenance		(11,804)	(11,806)
Environmental expenses		(280)	(213)
Port utilities		(804)	(862)
Safety and security		(1,781)	(1,715)
Finance costs	9	(448)	(557)
Other expenses	10	(1,164)	(1,093)
Profit before income tax		20,831	14,517
Income tax expense	11	(6,167)	(4,328)
Profit for the period		14,664	10,189
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Change in Defined Benefit Cost	18	(358)	161
Income tax	11	107	(48)
Total other comprehensive income		(251)	113
Total comprehensive income		14,413	10,302

The accompanying notes form part of the financial statements.

ANNUAL FINANCIAL REPORT

Statement of Financial Position

	NOTE	2019	2018
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	13	36,827	39,557
Trade and other receivables	14	6,568	7,327
Inventory		699	-
Current tax receivable	11	-	1,206
Total current assets		44,094	48,090
Non-current assets			
Deferred tax assets	11	2,354	2,148
Property, plant and equipment	15	128,137	124,404
Total non-current assets		130,491	126,552
TOTAL ASSETS		174,585	174,642
Liabilities			
Current liabilities			
Trade and other payables	16	5,571	7,756
Interest bearing borrowings	17	1,431	1,774
Current tax payable	11	1,409	-
Provisions	18	3,607	3,558
Other liabilities	19	118	59
Total current liabilities		12,136	13,147
Non-current liabilities			
Interest bearing borrowings	17	9,479	10,910
Provisions	18	4,318	3,930
Total non-current liabilities		13,797	14,841
TOTAL LIABILITIES		25,933	27,987
NET ASSETS		148,652	146,655
Equity			
Contributed equity	20	76,857	76,857
Retained earnings	20	71,795	69,798
TOTAL EQUITY		148,652	146,655

The accompanying notes form part of the financial statements.

ANNUAL FINANCIAL REPORT

Statement of Changes in Equity

	NOTE	CONTRIBUTED EQUITY	RETAINED EARNINGS	TOTAL EQUITY
		\$'000	\$'000	\$'000
Balance as at 1 July 2017		76,857	77,612	154,469
Total comprehensive income:				
Profit for the period		-	10,189	10,189
Other comprehensive income		-	113	113
Total comprehensive income		-	10,302	10,302
Transactions with owners in their capacity as owners:				
Dividends paid		-	(18,116)	(18,116)
Balance as at 30 June 2018	12	76,857	69,798	146,655
Balance as at 1 July 2018		76,857	69,798	146,655
Total comprehensive income for the year:				
Profit for the period		-	14,664	14,664
Other comprehensive income		-	(251)	(251)
Total comprehensive income		-	14,413	14,413
Transactions with owners in their capacity as owners:				
Dividends paid	12	-	(12,416)	(12,416)
Balance as at 30 June 2019		76,857	71,795	148,652

The accompanying notes form part of the financial statements.

ANNUAL FINANCIAL REPORT

Statement of Cash flows

	NOTE	2019	2018
		\$'000	\$'000
Cash flows from operating activities			
Cash receipts from customers		81,792	81,228
Cash paid to suppliers and employees		(56,565)	(59,440)
Cash generated from operations		25,227	21,788
Interest paid		(456)	(577)
Interest received		1,075	1,083
Income taxes paid		(3,651)	(3,968)
Net cash from operating activities	22	22,195	18,326
Cash flows (used in)/from investing activities			
Proceeds from sale of property, plant & equipment		2	14
Acquisition of property, plant & equipment		(10,737)	(3,640)
Net cash (used in)/from investing activities		(10,735)	(3,626)
Cash flows (used in)/from financing activities			
Drawdown of loans		-	1,200
Repayment of borrowings		(1,774)	(3,260)
Dividends paid	12	(12,416)	(18,116)
Net cash (used in)/from financing activities		(14,190)	(20,176)
Net increase/(decrease) in cash and cash equivalents		(2,730)	(5,476)
Cash and cash equivalents at the beginning of the year		39,557	45,033
Cash and cash equivalents at 30 June	13	36,827	39,557

The accompanying notes form part of the financial statements.

Notes to the Financial Statements

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 21 August 2019 by the Board of Directors of Mid West Ports Authority.

(b) Presentation of the Statement of Comprehensive Income

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

According to AASB 101 Presentation of Financial Statements, expenses classified by nature are not reallocated among various functions within the entity. However, the Authority has allocated employee benefits expenses to various line items on the Statement of Comprehensive Income including marine expenses, port operations expenses, general administration, and asset maintenance. This allocation reflects the internal reporting structure of the Authority which allocates labour expenses to significant expense items in the Statement of Comprehensive Income based on the nature of the expenses incurred.

The Authority believes that the allocation is more relevant to the understanding of the

financial performance of the Authority and does not result in a function of expense presentation.

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

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

(c) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the Financial Statements

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(f)(iv).

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 and interpretations

AASB 9 Financial instruments replaces AASB 139 Financial instruments: Recognition and

Measurements for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Authority applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies but had no material impact on the amounts recognised in the financial statements. In accordance with AASB 9, the Authority has not restated the comparative information. There was no significant adjustment required upon the adoption of AASB9.

The effect of adopting AASB 9 as at 1 July 2017 was, as follows:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Authority's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The assessment of the Authority's business model was made as of the date of initial application, 1 July 2017. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Authority. The following are the changes in the classification of the Authority's financial assets:

Notes to the Financial Statements

- Trade and other receivables classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial Assets at amortised cost beginning 1 July 2017.
- The Authority did not designate any financial assets as at fair value through P/L.

(b) Impairment

The adoption of AASB 9 has changed the Authority’s accounting for impairment losses for financial assets by replacing AASB 139’s incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Authority to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

There was no significant impact on the impairment allowance upon the adoption of AASB9.

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 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 is in the process of assessing the impact of this standard and does not plan to adopt it early.

(ii) 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 is in the process of assessing the impact of this standard and does not plan to adopt it early.

(iii) 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 is in the process of assessing the impact of this standard and does not plan to adopt it early.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Revenue recognition

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

(i) Rendering of services

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

(ii) 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 Department of Treasury (WA). 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

Notes to the Financial Statements

and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

(d) Receivables

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Authority has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(ii) Lease receivables

A lease receivable is recognised for leases of property, plant and equipment which effectively

transfers to the lessee substantially all of the risks and benefits incidental to legal ownership of the leased asset. The lease receivable is initially recognised as the amount of the present value of the minimum lease payments receivable at the reporting date plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term.

Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease with interest revenue calculated using the interest rate implicit in the lease and recognised directly in the income statement.

(e) Inventories

Inventories consist of spare parts which are measured at the lower of cost and net realisable value.

The Authority holds a variety of operating spare parts to ensure business continuity should plant or equipment require servicing or repairs. The size, nature and value of these items vary. This policy refers to those spares accounted for as inventory as “operating spares” and those accounted for as Property, Plant and Equipment (PPE) as “capital spares”. (Refer note 15)

Operating spares

Operating spares are generally smaller in value and have an expected useful economic life that is less than capital spares. They are often consumed in the production process, or in support activities such as maintenance. If a spare does not meet the definition of a capital spare it is accounted for as an operating spare and therefore as inventory.

Notes to the Financial Statements

(f) 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. Land is not revalued after the recognition date.

(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) Capital spares

Capital spares are spare parts, servicing equipment and stand-by equipment with an expected useful life, once put into use, of greater than one year. Where the expected useful life of the asset, once put into use, is less than one year such items is accounted for as inventory. (Refer note 2 (e)) Capital spares are classified as either a separate component asset or attributed to an existing asset. A component asset is depreciated over the shorter of its useful life and the life of any larger asset to which it relates. Non-component assets classified as capital spares are allocated to and depreciated over the life of the asset to which they relate. Spares not considered as capital spares are accounted for as operating spares.

(iv) 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.

Notes to the Financial Statements

(g) 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 replacement cost.

(h) Leases

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

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

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to

each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(i) Financial instruments

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

- Financial assets at amortised cost; 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.

(j) 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.

Notes to the Financial Statements

(k) 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.

(l) Employee benefits provision

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

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

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

(m) Employee superannuation

The Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefit pension scheme, are closed to new members since 1995. The Authority is liable for superannuation benefits for past years' service of members of the Superannuation and Family Benefits Act Scheme who elected to transfer to the GSS Scheme. The Authority also accrued for superannuation benefits to the pension scheme for those members who elected not to transfer from that scheme.

The superannuation liability for the existing employees with the pre-transfer service incurred under the Superannuation and Family Benefits Act Scheme who transferred to the GSS Scheme are provided for at the reporting date.

The Authority's total superannuation liability has been actuarially assessed as at 30 June 2019.

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

Notes to the Financial Statements

concurrent contributions to the Government’s Employee Superannuation Board (GESB) on behalf of employees in compliance with the Commonwealth Government’s Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Super Schemes.

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

Defined benefit plan Nature of benefits

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

Description of the regulatory framework

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

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

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

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

Description of risks

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

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

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

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

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

Significant events

There were no plan amendments, curtailments or settlements during the year. The Authority’s net obligation in respect of defined benefit pension plan is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. These benefits are unfunded.

Notes to the Financial Statements

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.

(n) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(o) 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.

(p) 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.

(q) 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.

(r) Contributed equity

The Authority may receive support from the WA Government (see note 20). The amount received is recognised directly as a credit to contributed equity.

(s) Comparative figures

Comparative figures are, when appropriate, reclassified to be comparable with the figures presented in the current financial year.

Notes to the Financial Statements

3. EXPENSES BY NATURE

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

4. REVENUE

Revenue consists of the following items:

	2019	2018
	\$'000	\$'000
Rendering of services		
Charges on cargo	26,638	27,201
Charges on ships	38,299	36,421
Shipping services	17	6
Rentals and leases	4,778	4,931
Total revenue	69,732	68,559

5. OTHER INCOME

RENDERING OF SERVICES	2019	2018
	\$'000	\$'000
Interest	1,089	1,094
Service fee on sale of electricity and water	287	531
Net profit/(loss) on sale of property, plant and equipment	2	(22)
Miscellaneous revenue	357	450
	1,735	2,053

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

6. DEPRECIATION AND AMORTISATION EXPENSE

DEPRECIATION	2019	2018
	\$'000	\$'000
Channels and breakwaters	2,322	2,323
Buildings and improvements	112	108
Berths, jetties and infrastructure	1,040	5,730
Plant and equipment	3,079	2,887
Total depreciation	6,553	11,048

Notes to the Financial Statements

7. EMPLOYEE BENEFITS EXPENSE

	2019	2018
	\$'000	\$'000
Wages and salaries (a)	15,614	14,915
Superannuation - defined benefit plans (see note 18)	68	64
Superannuation	1,615	1,504
Long service leave (b)	482	333
Annual leave (b)	1,471	1,378
	19,250	18,194

(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 composition of Key Management Personnel has changed compared to the prior year due to internal restructuring in the current year. The Authority has determined that key management personnel include Cabinet Ministers, Directors, Chief Executive Officers and General Managers of the Authority (2018 : Cabinet Ministers, Directors, Chief Executive Officers and General Manager of Corporate Service). 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

COMPENSATION BAND (\$)	2019	2018
320,001 - 330,000	-	1
240,001 - 250,000	1	-
230,001 - 240,000	1	-
220,001 - 230,000	3	-
210,001 - 220,000	-	1
90,001 - 100,000	1	-
60,001 - 70,000	1	2
40,001 - 50,000	1	1
30,001 - 40,000	4	2
20,001 - 30,000	-	2
10,001 - 20,000	-	3
	\$'000	\$'000
Short-term employee benefits	1,505	609
Post-employment benefits	140	73
Other long-term benefits	27	9
Termination benefits	-	196
Total Compensation of Key Management Personnel	1,672	887

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

	2019	2018
	\$'000	\$'000
Interest paid (i)	448	557
Finance costs	448	557

(i) Paid and payable to WATC

10. OTHER EXPENSES

	2019	2018
	\$'000	\$'000
Doubtful debts expense (a)	(40)	11
Employee on-costs (b)	1,204	1,082
	1,164	1,093

(a) Current year’s amount represents provision no longer required under AASB 9.

(b) 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.

Notes to the Financial Statements

11. INCOME TAX EXPENSE

Recognised in the income statement

	2019	2018
	\$'000	\$'000
Current tax expense		
Current income tax charge	6,433	4,446
Adjustment for prior periods	(167)	(239)
	6,266	4,207
Deferred tax income		
Origination and reversal of temporary differences	(184)	(39)
Adjustment for prior periods	85	160
Total income tax expense	(99)	121
	6,167	4,328

Numerical reconciliation between tax expense and pre tax net profit

	2019	2018
	\$'000	\$'000
Profit for the period	14,664	10,189
Total income tax expense	6,167	4,328
Profit excluding income tax	20,831	14,517
Income tax using the statutory tax rate of 30% (2018: 30%)	6,249	4,355
Non-deductible expenses	1	4
	6,250	4,359
(Over)/under provision in prior years	(83)	(31)
Income tax expense	6,167	4,328
Recognised in other comprehensive income	(107)	48

Notes to the Financial Statements

Deferred income tax

	2019	2018	2019	2018	2019	2018
	Balance sheet	Balance sheet	Income statement	Income statement	Mvmt to equity	Mvmt to equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities						
Accelerated depreciation for tax purposes	106	142	(36)	(23)	-	-
Others	147	166	(19)	(5)	-	-
Gross deferred tax liabilities	253	308	(55)	(28)	-	-
Deferred tax assets						
Employee benefits	1,362	1,252	(3)	(36)	(107)	48
Others	1,245	1,204	(41)	185	-	-
Gross deferred tax assets	2,607	2,456	(44)	149	(107)	48
Set-off of deferred tax liabilities pursuant to set-off provisions	(253)	(308)	(55)	(28)	-	-
Net deferred tax assets	2,354	2,148	-	-	-	-
Deferred tax (benefit)/expense	-	-	(99)	121	(107)	48

Current tax assets/liabilities

The current tax payable of \$1.409 million (2018: \$1.206 million receivable) represents the amount of income taxes receivable/payable in respect of current and prior financial periods.

12. DIVIDENDS

	2019	2018
	\$'000	\$'000
Final dividends in respect of the previous financial year (i)	2,127	9,941
Interim dividends in respect of the current financial year (ii)	10,289	8,175
	12,416	18,116

In accordance with the Government Financial Policy, the Authority is required to pay dividends of 100% (2018: 100%) of after tax profits.

- i) A final dividend of \$2.1 million (2018: \$9.9 million) was declared and paid in respect of the financial results for the year ended 30 June 2018.
- ii) An interim dividend of \$10.3 million was declared and paid for the year ended 30 June 2019 (2018: \$8.2 million).

13. CASH AND CASH EQUIVALENTS

	2019	2018
	\$'000	\$'000
Bank balances	8,639	4,116
Term deposits which matures in less than 3 months at inception	28,188	35,441
Cash and cash equivalents in the statements of cash flows	36,827	39,557

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

14. TRADE AND OTHER RECEIVABLES

	2019	2018
	\$'000	\$'000
Trade Receivables		
Receivables	4,851	4,816
Allowance for impairment of receivables	-	(40)
Total Trade Receivables	4,851	4,776
Other Receivables		
Accrued revenue	839	1,327
GST receivable	578	683
Other debtors	28	54
Prepayments	272	487
Total Trade and Other Receivables	6,568	7,327
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	(40)	11
Balance at end of year	-	40

The Authority does not hold any collateral as security or other credit enhancements relating to receivables. The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Revenue from two customers of the Authority represents approximately 44% (2018: 47%) of the Authority's total revenue.

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

	2019	2018
	\$'000	\$'000
Not more than 3 months	5,704	6,133
More than 3 months but less than 6 months	8	24
More than 6 months but less than 1 year	6	-
	5,718	6,157

Notes to the Financial Statements

15. PROPERTY, PLANT AND EQUIPMENT

	CHANNELS AND BREAKWATERS	LAND	BUILDINGS AND TS	PLANT AND EQUIPMENT	BERTHS, JETTIES AND INFRASTRUCTURE	WORK IN PROGRESS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or deemed cost							
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
Additions	-	-	-	997	-	9,822	10,819
Transfer from work in progress	-	-	155	1,015	249	(1,419)	-
Transfer to Inventory (a)	-	-	-	(1,110)	-	-	(1,110)
Disposal	-	-	-	(35)	-	-	(35)

Notes to the Financial Statements

Balance at 30 June 2019	98,210	7,459	3,428	69,045	99,453	12,929	290,524
	CHANNELS AND BREAKWATERS	LAND	BUILDINGS AND TS	PLANT AND EQUIPMENT	BERTHS, JETTIES AND INFRASTRUCTURE	WORK IN PROGRESS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated depreciation and impairment							
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
Depreciation for the year	2,322	-	112	3,079	1,040	-	6,553
Impairment loss	-	-	-	-	-	-	-
Transfer to Inventory (a)	-	-	-	(577)	-	-	(577)
Disposal	-	-	-	(35)	-	-	(35)
Balance at 30 June 2019	38,624	-	1,410	31,909	88,999	1,445	162,387
Carrying amounts							
At 30 June 2018	61,908	7,459	1,975	38,736	11,245	3,081	124,404
At 30 June 2019	59,586	7,459	2,018	37,136	10,454	11,484	128,137

(a) Based on the recent historical usage and turnover of critical spares, Management have revised their estimate and have determined that a number of spare parts are not expected to be used during more than one period. As a result of the change in estimate a number of items have been transferred to Inventory.

Notes to the Financial Statements

16. TRADE AND OTHER PAYABLES

CURRENT	2019	2018
	\$'000	\$'000
Trade payables	3,429	5,136
Other payables	232	239
GST payable	511	608
Accrued expenses	1,346	1,713
Other accrued interest	53	59
	5,571	7,756

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.

	2019	2018
	\$'000	\$'000
Current liabilities		
Direct borrowings	1,431	1,774
Non-current liabilities		
Direct borrowings	9,479	10,910
	10,910	12,684
Financing arrangements		
The Authority has access to the following lines of credit from the WATC:		
Total facilities available:		
Direct and special borrowings	17,200	16,300
	17,200	16,300
Facilities utilised at reporting date:		
Direct and special borrowings	10,910	12,684
	10,910	12,684
Facilities not utilised at reporting date:		
Direct and special borrowings	6,290	3,616
	6,290	3,616

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 2019 was \$11.6 million (2018: \$12.7 million).

Notes to the Financial Statements

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.

2019	VARIABLE INTEREST RATE	FIXED INTEREST RATE						TOTAL
		1 YEAR OR LESS	OVER 1-2 YEARS	OVER 2-3 YEARS	OVER 3-4 YEARS	OVER 4- 5 YEARS	MORE THAN 5 YEARS	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing borrowings								
Direct borrowings	-	1,431	1,405	1,254	677	623	5,520	10,910
	-	1,431	1,405	1,254	677	623	5,520	10,910
Weighted average interest rate								
Direct borrowings		2.77%	2.80%	2.94%	3.06%	3.03%	3.03%	

2018	VARIABLE INTEREST RATE	FIXED INTEREST RATE						TOTAL
		1 YEAR OR LESS	OVER 1-2 YEARS	OVER 2-3 YEARS	OVER 3-4 YEARS	OVER 4- 5 YEARS	MORE THAN 5 YEARS	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing borrowings								
Direct borrowings	-	1,774	1,431	1,421	1,238	677	6,143	12,684
	-	1,774	1,431	1,421	1,238	677	6,143	12,684
Weighted average interest rate								
Direct borrowings		3.86%	2.92%	2.91%	2.94%	3.06%	3.03%	

Notes to the Financial Statements

18. PROVISIONS

	2019	2018
	\$'000	\$'000
Current		
Sick leave	1,109	1,095
Annual leave (a)	1,701	1,643
Long service leave (b)	652	677
Superannuation (c)	145	143
	3,607	3,558
Non-current		
Long service leave (b)	931	824
Superannuation (c)	2,812	2,531
Provision for site remediation costs	575	575
	4,318	3,930

(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:

	2019	2018
	\$'000	\$'000
Within 12 months of balance sheet date	1,701	1,643
More than 12 months after balance sheet date	-	-
	1,701	1,643

(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:

	2019	2018
	\$'000	\$'000
Within 12 months of balance sheet date	652	677
More than 12 months after balance sheet date	931	824
	1,583	1,501

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'.

Notes to the Financial Statements

(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.

	2019	2018
	\$'000	\$'000
Present value of unfunded obligations	2,957	2,674
	2,957	2,674
Reconciliation of movement in the present value of the unfunded obligations recognised in the balance sheet:		
Opening balance	2,674	2,913
Defined benefit cost	68	64
Remeasurements	358	(161)
Benefits paid (including expenses and taxes)	(143)	(142)
	2,957	2,674

	2019	2018
	\$'000	\$'000
Amounts recognised in the income statement:		
Interest cost	68	64
Other comprehensive income		
Actuarial losses/(gains)	358	(161)
	426	(97)
Historic summary:		
Defined benefit plan obligation	2,957	2,674
Plan assets	-	-
	2,957	2,674
Principal actuarial assumptions:		
Discount rate	1.40%	2.60%
Expected future salary increases	4.20%	3.70%
Expected future pension increases	2.50%	2.50%
Anticipated return on plan assets	0.00%	0.00%

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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:

	2019	2018
	\$'000	\$'000
Retirement benefit obligations		
Carrying amount at 1 July	2,674	2,913
Provisions made during the year	426	(97)
Amounts utilised in the year	(143)	(142)
Carrying amount at 30 June	2,957	2,674

Sensitivity Analysis

The defined benefit obligation as at 30 June 2019 under several scenarios is presented below. Scenario A and B relate to the discount rate sensitivity. Scenario C and D related to expected pension increase rate sensitivity.

- **Scenario A:** 0.5% pa lower discount rate assumption
- **Scenario B:** 0.5% pa higher discount rate assumption
- **Scenario C:** 0.5% 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	1.41% pa	0.91% pa	1.91% pa	1.41% pa	1.41% pa
Pensions increase rate	2.50% pa	2.50% pa	2.50% pa	2.00% pa	3.00% pa
Defined benefit obligation (A\$'000s)	2,957	3,164	2,770	2,778	3,153

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	\$'000
Financial year ending	30 June 2020
Expected employer contributions	145

Maturity profile of defined benefit obligation

The weighted average duration of the Authority's defined benefit obligation is 13.5 years.

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Notes to the Financial Statements

19. OTHER LIABILITIES

	2019	2018
	\$'000	\$'000
Current		
Prepaid rental income	118	59

20. EQUITY

	NOTE	2019	2018
		\$'000	\$'000
Contributed equity			
Balance at start of the year as previously reported		76,857	76,857
Balance at end of year		76,857	76,857
Retained earnings			
Balance at start of year		69,798	77,612
Profit for the period		14,664	10,189
Other comprehensive income		(251)	113
Dividends paid	12	(12,416)	(18,116)
Balance at end of year		71,795	69,798

21. NON CURRENT ASSETS HELD FOR SALE

There are currently no non current assets held for sale.

22. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	NOTE	2019	2018
		\$'000	\$'000
Cash flows from operating activities			
Profit for the period		14,664	10,189
Adjustments for:			
Depreciation	6	6,553	11,048
Finance costs	9	448	557
Interest revenue	5	(1,089)	(1,094)
Net (profit) / loss on sale of property, plant and equipment	5	(2)	22
Income tax expense	11	6,167	4,328
Operating profit before changes in working capital and provisions		26,741	25,050
Change in trade and other receivables		773	1,193
Change in Inventory		(166)	
Change in trade and other payables		(2,201)	(4,686)
Change in provisions and employee benefits		80	231
		(1,514)	(3,262)
Interest paid		(456)	(577)
Interest received		1,075	1,083
Income taxes paid		(3,651)	(3,968)
Net cash from operating activities		22,195	18,326

Notes to the Financial Statements

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.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Authority's income of the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks.

The Authority's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations, other financial assets and cash and cash equivalents. The Authority's borrowings are all obtained through the Western Australian Treasury

Corporation (WATC) and are at fixed rates with varying maturities or at variable rates.

The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than as detailed in the interest rate sensitivity analysis in the table below, the Authority has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings and the majority of its borrowings are in fixed interest. Cash and cash equivalents and other financial assets are held in variable or fixed rate short term deposits.

Sensitivity analysis for variable rate instrument

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

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

INTEREST RATE RISK 2019	CARRYING AMOUNT	+0.50% CHANGE PROFIT	-0.25% CHANGE PROFIT
	\$'000	\$'000	\$'000
Financial Assets			
Cash and cash equivalents	36,827	184	(92)
Financial Liabilities			
Interest bearing borrowings			
Variable rate	-	-	-
Total (Decrease)/Increase		184	(92)

Notes to the Financial Statements

INTEREST RATE RISK 2018	CARRYING AMOUNT	+0.50% CHANGE PROFIT	-0.25% CHANGE PROFIT
	\$'000	\$'000	\$'000
Financial Assets			
Cash and cash equivalents	39,557	198	(99)
Financial Liabilities			
Interest bearing borrowings			
Variable rate	-	-	-
Total (Decrease)/Increase		(198)	(99)

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.

	2019	2018
	\$'000	\$'000
Financial assets at amortised cost		
- Trade receivables	4,851	4,776
- Other receivables	867	1,381
Cash and cash equivalents		
	36,827	39,557
	42,545	45,714

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'.

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.

Notes to the Financial Statements

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						
	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
2019						
Trade and other payables	5,060	5,060	-	-	-	-
Interest bearing borrowings	10,910	935	882	1,721	3,276	6,339
	15,970	5,995	882	1,721	3,276	6,339
2018						
Trade and other payables	7,147	7,147	-	-	-	-
Interest bearing borrowings	12,684	1,115	1,020	1,749	4,017	6,979
	19,831	8,262	1,020	1,749	4,017	6,979

(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.

	NOTE	2019	2018
		\$'000	\$'000
Financial assets			
Cash and cash equivalents	13	36,827	39,557
Financial assets measured at amortised cost:			
Trade and other receivables (a)	14	5,718	6,157
Financial liabilities			
Financial liabilities measured at amortised cost:			
Trade and other payables (a)	16	5,060	7,147
Interest bearing borrowings	17	10,910	12,684

(a) The amount of receivables/payables excludes the GST recoverable/payable from/to the Australian Taxation Office (Statutory receivable/payable)

The fair value of interest bearing liabilities is \$11,627,155 (2018: \$12,713,041)

Notes to the Financial Statements

(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

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	NOTE	2019	2018
		\$'000	\$'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:			
Within 1 year		2,779	2,043
Later than 1 year and not later than 5 years		-	-
Later than 5 years		-	-
		2,779	2,043

(ii) Lease commitments

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:

	NOTE	2019	2018
		\$'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		418	382
Later than 1 year and not later than 5 years		661	477
Later than 5 years		6	102
		1,085	961
Representing:			
Cancellable operating leases		1,085	961
		1,085	961

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

(iii) Operating leases receivable

	NOTE	2019	2018
		\$'000	\$'000
Future minimum rentals receivable for operating leases at reporting date:			
Within 1 year		4,035	3,343
Later than 1 year and not later than 5 years		12,049	9,616
Later than 5 years		10,465	12,294
		26,549	25,253

Operating leases receivable are in respect of property rentals.

Notes to the Financial Statements

25. REMUNERATION OF AUDITOR

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

	2019	2018
	\$'000	\$'000
Auditing the accounts and financial statements	69	68

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
- S Barerra
- A Paskevicius
- 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 Cabinet 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 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

Significant transactions with Government related entities

	2019	2018
	\$'000	\$'000
Dividends	12,416	18,116
Interest paid (WATC)	456	577
Loan paid (WATC)	1,774	3,260
Loan drawdown (WATC)	-	1,200
Superannuation (GESB)	143	142
	14,789	23,295

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
21 August 2019



Sue Van Leeuwen
Deputy Chair
21 August 2019



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 2019, 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 2019 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 2019 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 CUNNINGHAM
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Delegate of the Auditor General for Western Australia
Perth, Western Australia
29 August 2019



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