

Geraldton Port Authority



Annual Report 2003-2004

GERALDTON PORT AUTHORITY

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CHIEF EXECUTIVE OFFICER
Peter George

HARBOUR MASTER
Captain David Murgatroyd

PORT ENGINEER
Peter Duplex

COMMERCIAL MANAGER
William Headley

OPERATIONS MANAGER / SECURITY OFFICER / DEPUTY HARBOUR MASTER
Kenneth Scully

<p>Cover photograph <i>MV William departing new Port 22 November 2003</i> <i>loaded with 21,889 tonnes of wheat bound for Malaysia - Draft 9.57m</i></p>



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2003 - 2004 Annual Report

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From the Chairman

The Geraldton Port entered a new era in 2003/04 providing exciting new opportunities for our customers and the Mid West region.

Completion of the \$103 million Port Enhancement Project in November 2003 has provided Geraldton with a deepened harbour basin and channel, allowing some Panamax and all Handymax size vessels to be fully loaded at Geraldton. Navigational aids, berth and loading facilities have also been upgraded.

Our community and customers showed great support for the project and we thank them for their patience and enthusiasm. I would like to acknowledge the continued support of our key stakeholders.

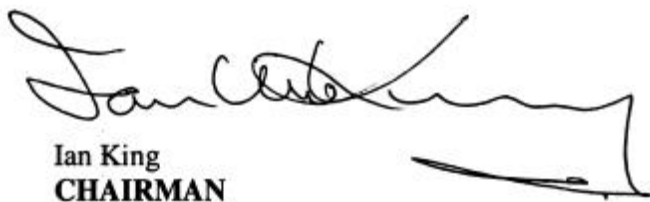
We also thank the many companies involved in the Geraldton Fishery, the deep sea fishing companies which operate from Geraldton and the various Livestock Export companies that continue to support our Port.

Now that the enhancement project is completed, we are gratified that we can reward the support of our customers with new efficiencies and new opportunities.

Completion of the project, and realising the benefits it brings, would not have been possible without our dedicated team that includes the GPA Board, Management and Staff. We welcomed new faces to our Staff this year, each bringing strategic talents to strengthen the decision making processes of our organisation.

I acknowledge the role that departing Chief Executive Officer, John Durant played in bringing the Port Enhancement Project to fruition, while commend our new CEO Peter George for the way in which he has set about harnessing this new potential. Combine this leadership with the GPA team of highly skilled operators, our outstanding first-class facilities and competitive rates, and the future for the Geraldton Port, its customers and the Mid West community has never been brighter.

I commend to you this Annual Report. It presents the GPA's many achievements over the past year and demonstrates the solid foundation on which we will continue to grow.



Ian King
CHAIRMAN

From the Chief Executive Officer

The 2003/04 financial year heralded the dawning of a new era of opportunity at the Geraldton Port Authority. It was a year of many highlights, headlined by the completion of the \$103 million Port Enhancement Project (PEP).

Within six months completion of the project, significant economic benefits were already being felt in the region. Records tumbled again and again as shipments left our Port. With a deeper harbour, no longer were ships leaving Geraldton partially full to be topped up in southern Ports. Instead loads up to 55,000 tonnes were leaving our Port, heading directly to our Asian trading neighbours.

Completion of the new Port also facilitated the return of the iron ore export trade from Geraldton. In February 2004, Mount Gibson Iron Pty Limited exported its first shipment of ore to China in an initial contract volume of 1.5 million tonnes per annum. This export of iron ore, may in time, alter the domination of grain as the main revenue source through the GPA.

Many other mining interests have also been quick to take advantage of the new opportunities at our Port. Since the completion of the PEP, the GPA has been advised of possible new projects and tonnages that may one day pass through the Port including more iron ore, manganese, lead concentrate, attapulgitite and crude oil exports.

These exciting new projects create an order of magnitude change to the demands placed upon, and the responses required, from the GPA in the next five years. In order to meet these demands, the GPA Board has reviewed and approved a comprehensive strategic development process, establishing a five year strategic plan to fulfil our mission:

“To encourage trade facilitation by being a profitable, cost effective and efficient logistics provider through the use of existing and new infrastructure.”

Close consultation and cooperation have continued between the GPA and the City of Geraldton as the city’s new foreshore revitalisation takes shape, in conjunction with the construction of the Southern Transport Corridor. These exciting new initiatives are set to change the face of Geraldton and provide a boost to the economy and lifestyle of the Mid West community.

The Fishing Industry continues to grow and diversify with new industries coming on stream and despite initial low beach prices, the local Rock Lobster prices gradually recovered to reasonable levels to help boost the region's economy

With so much change occurring at the GPA over the past year, and the need for meticulous planning, the demands on our staff have been enormous. I am pleased to say, that as a group they have risen to the task, carrying out their duties with professionalism and working together to create a formidable team. As we move forward into 2004/05, we aim to build on the strength and knowledge of this team to capture all the opportunities our new look Port presents.

We already support more than \$1 billion of trade in the Mid West. The only way is up and the GPA looks forward to its continuing contribution to the economy and lifestyle of our entire region.



Peter George
CHIEF EXECUTIVE OFFICER

Purpose

The purpose of the Geraldton Port Authority is:

*To encourage trade facilitation
by being a profitable, cost effective
and efficient logistics provider
through the use of existing
and new infrastructure..*

A strong management structure heads up a dedicated team of highly skilled Port operators, working to:

- Create an environment that encourages teamwork, communication and co-operation.
- Enhance business development and ensuring superior customer service.
- Optimise its operational and economic performance.
- Value add to the supply chain.
- Operate with economic, environmental and social responsibility.
- Provide responsible corporate governance.
- Optimise the performance of its assets.
- Operate with the values of honesty, integrity and fairness.

The Authority, through its Strategic Development Plan, has identified and prioritised the following as the major focuses over the next five years:

- Review and develop the GPA's human resources and operating parameters
- Increase the volume of trade through the Port
- Asset Management
- Minimum average long term target rate of return to be 6% under the Government measurement terms
- Provision of sufficient land to create a buffer zone between Port activity and the Geraldton community
- Utilisation of Port owned land
- Provide total supply chain solutions
- Achieve accreditation for GPA activities
- Communication

Trade Facilitation – Current Situation

Supporting more than \$1 billion of trade in the Mid West, the GPA is a critical link in the economy and lifestyle of the entire region. The Geraldton Port supports the local fishing industry, export of grains, minerals and livestock as well as the import of fuel, fertilizer and minerals. Historically, trade from Geraldton has been dominated by grain exports. As a result, in recent years the GPA has been significantly impacted by the years of drought affecting Mid West farmers.

The 2003/04 financial year saw the culmination of the Port Enhancement Project to deepen the channel and basin. The GPA can now load vessels to 11.5 metres at zero tide, a vast improvement over the 8.0 metres previously. With the use of a Dynamic Under Keel Clearance System (recently installed) and on the full tide, drafts of up to 12.8 metres are now possible through the Geraldton Port.

Major upgrades ensued with completion of the \$1.5million installation of navigational aid infrastructure to allow the safe and effective access of commercial trade vessels into the Port. The construction of the Eastern Breakwater facilitated plans to provide for the future realignment of the railroad into the Port and the commencement of the foreshore enhancement project by the City of Geraldton.

Completion of the new Port heralded the return of the iron ore export trade from Geraldton. In February 2004, Mount Gibson Iron Pty Limited exported its first shipment of ore to China, in an initial contract volume of 1.5 million tonnes per annum. This export of iron ore has altered the domination of grain as the main revenue source through the GPA.

The recommencement of the iron ore trade would not have been possible without the Port Enhancement Project and is the first tangible benefit to have come from the project. Without the project, the GPA faced a decline in its value to the industries of the region as its shallow basin and channel could no longer cope with the increasing size and draft of the world bulk shipping industry. The State Government recognised this reality and approved the major capital works (\$103,000,000) to deepen the channel and harbour plus improve three of the six berths within the Port.

This growth in trade brought the rail unloading facilities and the ship loading capacity of the Port to full reliable utilisation and exceeded our storage capabilities. This led to the construction by Mount Gibson Iron of a new, specially designed \$5,000,000 storage facility near berth four as well as a \$5,000,000 investment by GPA for modifications to the Bulk Handling Facility.

Through all this change and growth, the GPA continues to facilitate the Fishing and Western Rock Lobster industry with an estimated trade value approaching \$400,000,000. As part of this program, the Geraldton Port Authority operates the Geraldton Fishing Boat Harbour together with land based support to process crayfishing and aquaculture.

The shore-side facilities of the Port are significant with the provision of cargo assembly and storage areas, transport infrastructure and support services. Properties are owned both within and outside the gazetted port with a very large tenancy portfolio. The total replacement value of port infrastructure is approximately \$1 billion.

Port Authority – Future Direction

The developments of 2003/04 allow the Port to face the future with renewed optimism and the ability to facilitate efficient trade practices. This optimism is already proving to be well placed. Since the completion of the dredging and berth upgrade program the GPA has been advised of new projects and tonnages likely to pass through the Port. These products include additional iron ore (up to or exceeding 10 million tonnes per annum), manganese (0.2 mtpa), lead concentrate (0.2 mtpa) and crude oil exports. Even more new projects are on the horizon.

These exciting new projects create a quantum change to the demands placed upon, and the responses required from, the GPA in the next five years. These changes will include upgrading the GPA's capability in:

1. Rail unloading capability.
2. Road access.
3. Storage facilities.
4. Ship loading capabilities.
5. Marine services.
6. Land availability and usage.
7. Personnel numbers and skills.



Functions

The functions prescribed to the Port Authority in the Port Authorities Act 1999, are to:

- (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 the 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.

The Act goes on to require that, in performing its functions, the Authority must:

- (a) Act in accordance with prudent commercial principles.
- (b) Endeavour to make a profit.

Geraldton Port Authority - Corporate Governance

Role of Board

The Role of the Board is to perform the functions, determine the policies and control the affairs of the Geraldton Port Authority. These include the development of strategic business plans and budgets for the Authority, the monitoring of management's performance in implementing plans and the reviewing of investment philosophies and strategies for the Geraldton Port Authority. The Board appoints the Chief Executive Officer and reviews performance and remuneration. It also oversees general remuneration policy for the Authority and approves remuneration for key senior executives. In addition, it ensures regulatory and ethical standards are met and risks are appropriately managed.

Board Composition

The Geraldton Port Authority consists of a Board of Directors comprising five people appointed by the Minister for Planning & Infrastructure. In appointing a person as a Director, the Minister must have due regard to all relevant guidelines published, approved, endorsed or administered by the Minister for Public Sector Management. A member of staff is not eligible to be appointed as, or be, a Director. A Director may hold office for such period, not exceeding three years, as is specified in the instrument appointing the Director, and is eligible for re-appointment. Periods of appointment are to be fixed in a way that results in approximately one third of the Directors retiring each year.

Director Review Committees

Two Committees have been established – one to address Financial Issues and the other compliance with Policies and Direction. The Chairman of the Finance Committee is Director Kim Halbert and the Chairman of the Compliance Committee is Director Bruce Anderson. Membership of each of the respective Committees will constitute available Directors.

The respective Committees will generally meet on the afternoon of the day before each monthly Board Meeting and conduct affairs in accordance with the following duties:-

Finance Committee - Chair Kim Halbert with all Directors

- ◆ Review activity of internal audit.
- ◆ Provide additional assurance to quality and reliability of financial information used by the Board and financial statements issued externally.
- ◆ Liaise with external auditors.
- ◆ Oversee compliance with statutory responsibilities relating to financial disclosure including related parties transaction.

Compliance Committee - Chair Bruce Anderson with all Directors

- ◆ Monitor legal and procedural requirements to ensure compliance with regulatory requirements and advise the Board on policy development requirements.
- ◆ Advise the Board on remuneration levels for senior management.

Directors' Rights

Directors have access to independent legal or financial advice as an approved Authority expense; access to Geraldton Port Authority records for a period of tenure of up to seven years upon retirement from Board and they have Directors & Officers Liability insurance cover.

Directors' Education

As at the reporting date, advanced progress had been made on compilation of a Corporate Governance and Directors Manual that has as its primary purpose to provide a basis for Director induction, training and reference in the areas of Geraldton Port Authority strategic direction (through the Strategic Development Plan), Port policies, procedures and significant legal opinion.

Directors also have access to an annual program of visits to key operations, including detailed briefings by management, monthly operational reports from each business area and regular presentations to the Board by key personnel. Directors also have policy access to study and qualification for company directorship as administered by the Australian Institute of Company Directors (AICD). Current Directors have tertiary qualifications in Commerce, Surveying, Engineering and Accounting.

Political Activities

The Geraldton Port Authority is politically impartial and pledges support for the Government of the day. It operates in accordance with the social and cultural environment of the State where it is represented. It does not fund any political party.

Codes of Conduct

The Geraldton Port Authority Codes of Conduct apply to Directors and Employees defining standards of ethical and professional conduct. The Codes are designed to assist Directors and Employees of the Geraldton Port Authority to fully understand their rights, responsibilities and obligations in their respective roles.

The Code of Conduct relating to Employees also constitutes part of the Geraldton Port Authority's Human Resources Manual, which is accessible to all staff. Inductions for all new staff include signing off on the Code of Conduct.

Legislation

The activities of the Geraldton Port Authority are governed by the Port Authorities Act 1999. The Act has modernised Port Authority legislation and provides a clear trade facilitation role for Western Australia Port Authorities, with a commercial focus on operations. Under the Act, Port Authorities are established as commercialised entities and are governed by a Board of Directors appointed by the Minister.

The Geraldton Port Authority operates under established principles to ensure that business is carried out in the best interests of all stakeholders.

Risk Management

The Board has established a Risk Management Policy for the Authority, which is an assessment formulated to identify specific sources of risk and alternative controls for alleviation of the same. Delegated authority has been given to the senior executive to address respective issues raised and to be responsible for regular reporting to the Board on progress established in attending to these initiatives.

The Port's insurers, RiskCover, conducted a review of the Authority's 1999 Risk Management goals and strategies with a view to updating and identifying a new range of target initiatives for adoption by the Port. A Riskbase Database System was purposely designed and built by RiskCover as a means for the Geraldton Port Authority to undertake the review process.

A Risk Management Workshop was convened by RiskCover to facilitate the review process. All sections of the Port were represented at the workshop through senior personnel participation in the risk identification process.

A database matrix representing the key risks identified in the review process is currently being prepared by the Geraldton Port Authority with a view to formal adoption as part of the Port's future strategy formulation and risk mitigation process.

External Audit

An annual external audit function is undertaken by the Office of the Auditor General (OAG). In accordance with the Port Authorities Act 1999, the Geraldton Port Authority is required to submit an audited Annual Report on its most recently completed financial year to the Minister within ten days of receipt of the first audit opinion from the OAG on the financial accounts of the Port.

Internal Audit

Under a negotiated and agreed arrangement, the Western Australian ports of Broome, Port Hedland, Geraldton and Albany carry out reciprocal internal audit functions on a rotating basis. The Broome Port Authority conducted the Internal Audit function for Geraldton during the 2003/2004 financial year.

An Annual Internal Audit Plan has also been established which has a specific emphasis and focus on review of accounting procedures and related internal controls.

Highlights

- ◆ Completion of the \$103 million Port Enhancement Project (PEP) in November 2003 has already begun to deliver significant economic benefits to the region. With dredging and berth improvements completed, the Geraldton Port Authority (GPA) is set to play a vital role in bringing a new level of prosperity and opportunity to Geraldton and the whole Mid West community.
- ◆ The construction phase of the PEP project provided an immediate boost to the regional economy through the creation of employment opportunities for local workers and economic benefits for local businesses.
- ◆ The official opening of the New Enhanced Port was launched by Premier Geoff Gallop and Planning & Infrastructure Minister Alannah MacTiernan on 12 November 2003. As well as deepening the harbour channel and basin, the \$103 million PEP also included substantial wharf modifications, modifications to shiploaders, upgrading of navigational aids and construction of seawalls.
- ◆ End of financial year figures produced by the GPA reveal the enormous growth in trade through our Port. Imports have increased by 65,753 tonne while exports have risen by 1,867,602 tonnes. GPA operations are returning to healthy profits. Record tonnages and single cargo shipments have also been recorded.
- ◆ A new record has been set for the number of ships handled through our Port in a financial year. 284 ships berthed during the 2003/04 financial year carting a total cargo of 4.36m tonnes.
- ◆ *MV Hebei Princess* entered the record books in two categories during June when she was the first vessel since the harbour deepening, to call at the Port to top up her cargo of wheat en-route to Abu Dhabi in the United Arab Emirates. *MV Hebei Princess*, in terms of draft, was the deepest vessel to transit the Port this financial year at 12.6m.
- ◆ Due to a hard-working, committed team and strong work practices in place at the Port, GPA is proud to report a new record of zero lost time injuries registered in the past 12 months, covering 62,825.2 working hours.
- ◆ Initial studies show environmental progress with regeneration of the seagrasses.
- ◆ Significant changes were made to the Strategic Development Plan to meet anticipated future demands for both import and export product.
- ◆ Deepening of the Port channel and basin has facilitated the iron ore export trade from Geraldton, adding another significant export stream from the Port.
- ◆ On 23 February 2004, Mt Gibson Iron exported its first shipment of 38,000 tonnes of iron ore on *MV Fei Feng Shan* to Nanjing, China, under an initial contract volume of 1.5 million tonnes per annum. This was the first iron ore shipment through the GPA since the mid-1970's and was only made possible by the port deepening project. Should projected trade volumes occur, minerals will overtake grain in the future as the main export through the Geraldton Port.
- ◆ The Memorandum of Understanding (MOU) between GPA and the City of Geraldton is working well. In accordance with GPA's obligation under the agreement, sand was provided to help with replenishment to northern beaches. An ongoing commitment was given to provide 12,500 banked cubic metres of sand on an annual basis.

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- ◆ Stage one of the Geraldton Port Authority's \$2million security upgrade came into full effect on 1 July 2004, in line with the Australian Government's new Maritime Transport Security Act 2003. Compliance with these international obligations secures our critical international trade links, protecting the livelihood of our farmers and miners that comes from the millions of dollars of export income generated through the Geraldton Port.
- ◆ The Geraldton Port Authority has joined forces with the Strategic Research Fund for the Marine Environment (SRFME), Edith Cowan University and CSIRO in a three-year research project on seagrasses. The project will advance the scientific community's understanding of the importance of seagrasses as well as the effect anthropogenic factors, such as dredging, had on various species.
- ◆ Geraldton and the Port welcomed the 5 star cruise liner *MV Europa* to the City in February 2004. The 300 passengers and 200 crew were overwhelmed by the warm welcome received and the many activities provided for their enjoyment. Hopefully this will be the first of many cruise liners to make Geraldton a "must see" destination.
- ◆ Relocation and upgrading of the Geraldton Yacht Club (GYC) mooring pen facilities from the Port's Recreational Boat Harbour facility to the Batavia Coast Marina (BCM) is progressing well and is due for completion in August 2004.
- ◆ Two new tugs have been commissioned for the Geraldton Port by Adsteam Harbour and are expected to be delivered late in 2004. After extensive community consultation through a Name the Tug Competition to find a name for the new tugs, the *Tarcoola* and *Wajarri* reflect community input and were chosen due to their local significance to the region.
- ◆ Following the retirement of CEO John Durant in September 2003, Peter George was appointed GPA Chief Executive Officer and oversaw the restructure of the organisation to strengthen the decision making processes to take advantage of the new opportunities at our Port.
- ◆ An inaugural Port Open Day held on 23 May 2004 attended by the Premier Dr Geoff Gallop and Minister for Planning and Infrastructure Ms Alannah MacTiernan provided GPA with the opportunity to showcase the exciting changes taking place at the New Port. A large crowd took advantage of port tours, visited display tents and enjoyed the entertainment, stalls and children's activities that were on offer.
- ◆ The Geraldton Port Authority assisted the City of Geraldton in its endeavours to turn the *South Tomi* into a dive wreck and tourist attraction. The vessel is due to be scuttled in September 2004.
- ◆ Significant upgrades were undertaken during the year to Port facilities including navigational aids, the Bulk Handling Facility, and modifications to breakwaters and groynes.
- ◆ Commencement of construction of the Southern Transport Corridor and City of Geraldton's Foreshore Revitalisation Project by Main Roads WA and Thiess Construction will see the re-routing of the railway line into the Port away from the City's foreshore via a transport corridor accessing the port from Port Way.
- ◆ Despite initial low beach prices, the local Rock Lobster prices gradually recovered to reasonable levels to help boost the region's economy

NEW GERALDTON PORT – What has been happening?

The Geraldton Port plays a major role in the Western Australian economy, supporting the export-driven mining and agriculture sectors that contribute more than 70 per cent of the gross value of production in the Mid West region. Geraldton Port is also the second largest grain exporting port in Australia.

The Port's fundamental mission is to facilitate trade and boost economic activity in the Mid West through a cost effective and efficient port.

Until now, the Port has been frustrated in achieving this mission by a shallow port which has meant large vessels have to stop at Geraldton *and* again at another WA port to load fully with grain and other products prior to departure to an overseas market. It was an inefficient process that has cost exporters millions of dollars every year.

The solution - the Port Enhancement Project. This project involved dredging to deepen the channel and harbour basin, which has provided significant flow-on benefits to other major projects including the City of Geraldton's Foreshore Development Project and the State Government's Geraldton Southern Transport Corridor project.

The PEP is the culmination of years of very thorough and determined work including technical and financial feasibility studies, a comprehensive consultation program embracing all stakeholders and a detailed communications program to ensure the entire process was open and transparent.

The deepening of the Geraldton Port has made a very significant contribution to the State and the Mid West region's long-term sustainable growth and economic stability.

The support of the Geraldton and Mid West community, our customers and Local and State Government has been tremendous - their belief in this project and their patience through some challenging months helped make the project a success.

About the new port...

As well as deepening the harbour channel and basin, the \$103 million PEP also includes substantial wharf modifications, modifications to shiploaders, upgrading of navigational aids and construction of seawalls.

Geraldton's PEP will make a tremendous difference to the Mid West. The ability to fully load more ships will make the Port more competitive and present important opportunities for a range of industries - in turn generating more jobs at the Port and throughout the region in agriculture, mining, other industry and related sectors.

A deepened harbour Benefits to region

- The short and long-term economic benefits of the Geraldton Port Enhancement Project are enormous. The PEP has provided job opportunities (during and post-construction) and a massive capital injection to the region.
- The project offers the opportunity for significant cost savings to shippers to maximise the draft capability of the deepened port—this means more cargo can be loaded into vessels and they can sail direct to the market from Geraldton.

2003 - 2004 Report on Operations

- More cargo means cheaper freight costs for our customers.
- Economic analysis suggests savings to farmers in the region of \$130 million over the next 30 years.
- The Geraldton port deepening dovetails with other government projects including the Geraldton Southern Transport Corridor and the East West road transport corridor.
- Securing Mount Gibson Iron to ship their product through the Port is not now just a possibility—it has become a reality.
- Independent external advice estimates the project has added \$68 million dollars to the Mid West economy and created in excess of 500 jobs.

PEP Timeframe:

- ◆ Dredging contractor Jan de Nul commenced main dredging operations in September 2002.
- ◆ First to start were trailing suction hopper dredges *Pinta* and *Nina*. They removed the soft material overlying the hard rock .
- ◆ Then the *Leonardo da Vinci* arrived and commenced cutting the rock material in October 2002.
- ◆ Over 4 million cubic metres of material has been dredged.
- ◆ The dredged material was transported by *Pinta* and *Nina* acting as barges, to three artificial reef sites north west of Point Moore.
- ◆ Dredging was subject to weather and swell conditions which dictated the area in which the dredges would work day to day.
- ◆ Houben Marine's backhoe dredge *Obscured by Clouds* was also used to carry out some dredging works.
- ◆ The Port Enhancement Project has seen one of the largest environmental programs embarked upon in the State. The range of environmental activities undertaken include seagrass studies, artificial reef studies, water quality monitoring, turbidity plume modelling, light attenuation studies, whale migration, sea lion and dolphin studies.
- ◆ The harbour basin has been deepened to 12.1 metres and the access channel between 12.5 metres at the inshore end and 14.2 metres at the offshore end - approximately 3 metres deeper than before.
- ◆ The new deepened harbour has enabled vessels to load more cargo by increasing the available draft to 11.5 metres at zero tide.
- ◆ Dredging took approximately 13 months. *Leonardo da Vinci* completed work in October 2003 and *Pinta* and *Nina* carried out clean-up dredging until early November 2003.
- ◆ Jan de Nul directly employed over 200 people during the project ranging from vessel crew to boilermakers.
- ◆ Nearly 800 contractors have been inducted at the Geraldton Port in the past 12 months.

PORT CHARGES

Completion of the PEP resulted in the introduction of a port enhancement charge based on tonnes of cargo. Despite the introduction of the \$2.00/tonne charge, exporters have still benefited due to the elimination of the two port charge for grain exporters and the economies of scale benefits to minerals exporters as larger consignments can now be facilitated through the port. The reason behind the introduction of the charge is to finance the interest and capital repayments to WA Treasury Corporation for the \$103m cost of the project.

WHARF MODIFICATIONS

Berth 3 and 4

As a result of the deepened harbour basin, works modifications involved the installation of berthing dolphins at No 3 and 4 Berths to enable the loading for deep draft vessels. Decking between the dolphins on Berth No. 4 was constructed to allow access to trucks for the loading of mineral products such as bagged garnet.

Berths 6

Upgrades during the year involved alterations to Berth 6 to allow the capacity to discharge fuel. These upgrades included driving submerged piles, dredging near to the existing face of the berth and extending the fender stand off to increase the available draft alongside.

RELOCATION OF GPA MAINTENANCE DEPOT

Major upgrades to electrical, water and computer facilities together with workshop accommodation to facilitate the relocation of GPA's maintenance depot from Connell Road to the sheds adjacent to Berth 1 were nearing completion on 30 June 2004. This relocation was necessary due to the proposed realignment of the Port railway system due to the construction of the Southern Transport Corridor, new Port security requirements and to bring the workforce in to the workplace.

BREAKWATERS AND GROYNES

The Eastern Breakwater was commenced in the second half of 2003 to support the foreshore revitalisation project to improve rail access to the port and for the creation of public recreational facilities. The bund walls of the breakwater have been completed and sand from the Southern Transport Corridor project will be used for infill.

Four groynes were constructed at Town Beach between Batavia Coast Marina and Francis Street to assist with beach stabilisation and the creation of the "new look" City foreshore enhancements.

Formation of three deepwater artificial reef ridges built by using rocky limestone dredge material provide a new home for rock lobsters and created some long-term benefits for Geraldton's recreational fishermen and the commercial rock lobster industry.

MEMORANDUM OF UNDERSTANDING

The City of Geraldton and the Geraldton Port Authority signed an historic Memorandum of Understanding (MOU) on 11 April 2003. The MOU is designed to progress the \$20 million Foreshore Redevelopment and streamline communication between the two organisations for the future benefit of the entire community. This liaison committee meets quarterly coinciding with GPA's monthly Board Meeting.

SOUTHERN TRANSPORT CORRIDOR / FORESHORE ENHANCEMENT PROJECT

Preliminary construction activities on the \$88million Geraldton Southern Transport Corridor Project, which involves the construction of a new rail link and a new highway to the Geraldton Port, commenced in February 2004. Thiess Construction and Main Roads WA are undertaking the project. The corridor is expected to be completed in April 2006.

The new rail link is a single rail line from the Geraldton Port to the existing rail line at the Narngulu Industrial Area. This will allow the future removal of the rail line that runs along the city foreshore. This is a key element of Geraldton's Foreshore Redevelopment and Central Business District Revitalisation Project.

GERALDTON YACHT CLUB PEN RELOCATION PROJECT

Work on the relocation and upgrading of mooring pen facilities from the Port's Recreational Boat Harbour facility to the Batavia Coast Marina (BCM) on behalf of the Geraldton Yacht Club (GYC) is nearing completion with an expected hand over date at the end of August 2004.

GPA funded the relocation with costs for the project recovered annually from the GYC. The term of the loan payback period has been set for 15 years, upon which ownership of the pen facilities will divest and transfer to the GYC.

MOUNT GIBSON IRON LTD

On 23 February 2004, MGI exported its first shipment of iron ore to China, under an initial contract volume of 1.5 million tonnes per annum. This was the first iron ore shipment through the GPA since the mid-1970's and was only made possible by the port deepening project. Should projected trade volumes occur, iron ore will overtake grain in the future as the main revenue source for the GPA.

MGI has invested over \$5 million in ore handling and stockpiling facilities at the port. The construction of a new storage facility near Berth 4 by Mount Gibson Iron, as well as modifications to the bulk handling facility by the Geraldton Port Authority (GPA), have now been completed.

MGI has an agreement with the GPA to export a minimum of 1.5 million tonnes of iron ore per annum for the next five years, but expects to export approximately 2 mtpa under its initial sales contracts.

TWO NEW TUGS FOR GERALDTON PORT

Two new tractor tugs for the Geraldton Port are being built by Labroy Marine and will come into service in late 2004. GPA would like to congratulate Adsteam Harbour for their support as these new tugs will be a key element in the enhanced operations of the Port as Geraldton enters a new era of shipping capability.

GPA encouraged extensive community involvement by promoting a *Name the Tug Competition* which was run through schools and the wider community. The competition aimed at developing a sense of ownership of the Port and its operations within the community. Following a hugely successful response to the competition, the names *Tarcoola* and *Wajarri* were chosen due to their local significance to the region with names announced at the Port Open Day in May 2004 by the Premier Dr Geoff Gallop and Minister for Planning and Infrastructure Ms Alannah MacTiernan.

PILOTAGE

Enhanced port simulation continued using *Port Sim*, an in-house computer based shiphandling program. All Marine Pilots undertook enhanced shiphandling training at Port Ash in New South Wales to develop piloting techniques for the future enhanced Port.

An alternative channel was established in Champion Bay as a bypass to the east west alignment for vessels with a draft of less than 7.5 metres. This channel has been marked to facilitate operational expediency.

The GPA employed an additional pilot in anticipation of increased ship movements and to facilitate 24/7 port operations.

SHIPHANDLING

Shiphandling practises implemented during the Port Enhancement Project reduced dredge downtime costs. These shiphandling techniques ensured that the port remained operational and customer expectations were met with minimal delays to dredge operations and wharf reconstruction.

NAVIGATIONAL AIDS

The dredged channel is now marked by four reconditioned sars towers and seventeen beacons plus an oscillating boundary PEL lead light at Bluff Point to enhance the main channel leads.

A refurbished buoy has replaced the original *Racon G* Fairway buoy.

TOWAGE

The Port is serviced by its two existing tugs *Beacon* and *Pelsaert*. Adsteam Harbour supplemented the existing towage in December 2003 with the Voith Tractor tug *Carrington* to provide additional towage due to increased displacement of ships benefiting from channel deepening.

Two new 50 tonne bollard pull tractor tugs, *Wajarri* and *Taroola*, are under construction at Labroy Marine, Indonesia and will enter into service late 2004.

DYNAMIC UNDER KEEL CLEARANCE – (DUKC)

Operating arrangements between the Geraldton Port Authority and OMC were finalised and the DUKC system commissioned in October 2003. This financial year the maximum draft vessel to sail from the Port was *MV Hebei Princess* at 12.58m in June 2004.

REVIEW INTO FUTURE PORT OPERATIONS

In accordance with a Strategic Development Plan objective, expressions of interest were called in April 2004 to conduct a study to investigate GPA's future operating options. Deloitte Touche Tohmatsu were appointed to conduct the study which was carried out with port staff and customers during June 2004. The final results of this study should be known during the third quarter of 2004.

FOCUS ON COMMUNICATIONS

The Geraldton Port Authority continues to ensure its customers and stakeholders are kept fully and regularly informed of issues relevant to operations at the Port. Through frequent *Customer Information Bulletins*, information can be communicated thus maintaining a high level of contact with all stakeholders.

Numerous Port focus groups meet regularly and provide a forum in which collective issues can be discussed and considered between representatives of all stakeholders operating within the Port.

The Geraldton Port Authority is committed to ensuring its website contains all the latest information and statistics on the Port and is an easy reference point for any audience requiring information about the Port of Geraldton.

Following the organisation's restructure late in 2003, a Government and Public Affairs Officer position was established to provide a focal point for government, media and community enquiries and liaison. This officer is responsible for the production of GPA publications, coordination of displays and public information strategies as well as attendance at GPA and community meetings.

GPA has worked in close liaison with various community and government bodies throughout the Port Enhancement Project and in preliminary discussions on both the Southern Transport Corridor Project and the Foreshore Redevelopment Project. Senior Managers have played an active role on local committees and community groups.

Prepared media releases, together with the Port's newsletter *Champion Bay Comment*, published in the local media, provide an avenue for the Port to update the community on happenings at and around the Port. Briefings to community groups and schools are also undertaken.

Prior to the implementation of the new mandatory IMO Security arrangements on 1 July 2004, extensive communication through media advertising, household and business letter-drops as well as public displays ensured these initiatives proceeded smoothly and without undue impact on the community.

COMMUNICATION STRATEGY

The need for the establishment of a communication strategy was one objective highlighted at the Strategic Development Planning workshop held with key staff in May 2004. This strategy is currently in the planning stages.

PORT HANDBOOK

A customer Port Handbook which details relevant and practical information to assist customers using the Port is in its final stages of preparation. Our revised edition should be available for distribution in September 2004. The handbook is available for downloading from our website and is also available as a hard copy or on CD ROM.

PORT MAKES WAY FOR SOUTH TOMI

The Geraldton Port Authority assisted the City of Geraldton in its endeavours to turn the vessel *South Tomi* into a dive wreck and tourist attraction by providing an area large enough to accommodate the vessel and agreed to provide berthage to the City free of charge while the vessel was prepared for scuttling.

The City of Geraldton successfully obtained the 57 metre-long vessel - taken into custody by fishing authorities in 2001 - from the Department of Transport and Regional Services and plans to scuttle it off the coast for use as an artificial reef and dive location.

The vessel is due to be scuttled in September 2004 approximately 1.5 nautical miles NNW of the Channel entrance.

INAUGURAL PORT OPEN DAY

An inaugural Port Open Day held on 23 May 2004 attended by the Premier Dr Geoff Gallop and Minister for Planning and Infrastructure Ms Alannah MacTiernan provided GPA with the opportunity to showcase the exciting changes taking place at the New Port. A large crowd took advantage of port tours, visited product and community displays and enjoyed entertainment provided by local groups and school children. Food and craft stalls together with children's activities and tug boat displays kept the community informed and entertained throughout the day.

COMMUNITY SPONSORSHIP

GPA was delighted to be involved with various community sponsorship projects throughout the year to promote goodwill in the community and to "give something back" to the people of Geraldton.

Swim Across Australia

As part of a City of Geraldton initiative, GPA provided sponsorship for a local secondary student to participate in the Swim Across Australia fundraising event held between April 3-21, 2004. This unique event saw a group swim in a pool on the back of a semi-trailer from Geraldton to Sydney, calling at various towns along the way to raise awareness of issues such as crime prevention, drug intervention and youth suicide as well as to raise funds for the Royal Life Saving Society.

Seniors on Line

A donation towards the purchase of computer equipment was made to Midwest Seniors Online Inc., a self-help group consisting mainly of senior citizens who have taken the initiative to keep pace with new communication technology.

STS Leeuwin II

STS Leeuwin II visited Geraldton in October 2003, April and June 2004 and GPA once again provided "in kind" sponsorship with the provision of pilotage, moorings, and berth side activities including fendering, shore power supplies, rubbish and water services.

Mt. Magnet Mining Expo

An inaugural Mining Expo organised by the Midwest Development Commission in conjunction with the Midwest Regional Council of the Chamber of Minerals and Energy and Midwest Chamber of Commerce and Industry was held in Mt. Magnet on 2 June 2004. GPA sponsored the day with a donation towards the cost of catering.

Batavia Replica Long Boat Project

GPA was involved with the Batavia Replica Long Boat Project by providing storage shed facilities on Berths 1/2 and GPA maintenance staff assistance with the logistics of getting the vessel in and out of the shed by way of a Franna Crane. This project saw the building of a replica of the Batavia's long boat by local TAFE students and others and its subsequent launch early in 2004.

Australia Day Fireworks

GPA was proud to support the City of Geraldton and Shire of Greenough's joint Australia Day fireworks display held on 26 January 2004. The celebration for the community involved food stalls, children's activities and entertainment culminating in a fireworks display.

UPGRADE OF SEWER SCHEME / COAST & CLEAN SEAS

The Geraldton Port Authority has completed the construction and installation of a reticulated vacuum wastewater collection scheme at the Port. This will provide a facility for discharges to be treated at the Water Corporation's wastewater treatment plant. Existing septic tanks and small-scale sewage treatment plants at the Port will be decommissioned progressively once the Water Corporation's connection mains are available.

BULK HANDLING FACILITY MODIFICATIONS

A new servicing contract for provision of Bulk Handling Facility (BHF) services at Berth 4 was awarded to BulkWest following the expiry of the previous agreement on 1 August 2003.

A \$5million upgrade to the existing material handling facilities for unloading Mount Gibson Iron Ltd (MGI) iron ore delivered by rail and then transferring the ore from storage to ship has been successfully completed. Works included:

- ◆ Relocation of existing GMA Garnet Shed
- ◆ Upgrading of a train receiving hopper
- ◆ Upgrading of dust extraction at the rail unloader
- ◆ Further enclosing of existing conveyor CV03
- ◆ Provision of new wind shields to existing conveyor CV04
- ◆ Construction of a new enclosed conveyor to transfer ore into the MGI shed
- ◆ New enclosed transfer stations with associated dust extraction system
- ◆ Upgrading of Transfer Tower 4 by way of better enclosing
- ◆ Upgrading for the Transfer Tower 3 dust extraction systems
- ◆ Fully enclosing the shiploader tripper
- ◆ Enclosing the shiploader boom
- ◆ Installation of new conveyor drives as necessary
- ◆ Provision of an upgrade and chute extension to the shiploader dust extraction system
- ◆ Upgrading and reinforcing the electrical distribution system

In accordance with the Five Year Strategic Development Plan, GPA is assessing and analysing Port operations to ensure the efficiency and reliability of all port facilities.

NORTHERN BEACHES STABILISATION

Sand by-passing to the beaches immediately north of the Batavia Coast Marina to assist with beach erosion was commenced in keeping with environmental commitments and agreement with the City of Geraldton under the MOU. GPA's commitment to the project has been agreed at 12,500 banked cubic metres annually.

PORT SECURITY

Stage one of the Geraldton Port Authority's \$2million security upgrade came into full effect on 1 July 2004, in line with the Australian Government's new Maritime Transport Security Act 2003.

The interface between the Port berths and its waters has been completely secured with fencing and is now only accessible to authorised persons with an access swipe card through a gatehouse which is located adjacent to the intersection of Ian Bogle Road and Reg Clarke Road.

Compliance with these international obligations secures our critical international trade links, protecting the livelihood of our farmers and miners that comes from the millions of dollars of export income generated through the Geraldton Port.

As part of the new port security arrangements a new port induction program has been developed which includes OS&H, environmental and security. This induction program has been delivered to all staff, contractors, customers and port users who need to work within the security regulated port zone. This new regime includes the wearing of Personal Protective Equipment (PPE) ie hard hat, high visibility vest and safety shoes is mandatory within the GPA Port Zone.

OCCUPATIONAL SAFETY & HEALTH

Occupational Safety and Health remains a high profile item and the Port is once again strenuously following its commitment to continuous improvement in the Port working environment.

The Port Safety Incentive Scheme has continued with much interest from all the staff. A heightened enthusiastic attitude towards safety has been evident over the year. The Safety Performance Boards are updated on a monthly basis and give a highly visible status report on the Port's safety performance.

Random testing for illegal substance abuse and use has continued through the year to ensure the work force maintains the culture of:

- ◆ Workers coming to work fit for work , and
- ◆ Workers going home from work in the same condition they arrived.

Employees have undertaken training in the following areas:

- ◆ *Oil Spill Containment and Clean-up* – Several key members of the work-force undertook training facilitated by AMSA and DPI, and hosted by the Geraldton Port Authority. Fuel company and fishing industry participants joined in, as did representatives from the tug company (Adsteam Harbour).

2003 - 2004 Report on Operations

- ♦ *Risk Assessment Training* – The majority of the maintenance staff have undertaken Workplace Risk Assessment and Control (WRAC) training and the remainder of the staff will have completed the training in the near future. As a key part of the workplace safety culture, it has been absorbed and ongoing training and mentoring is taking place.
- ♦ *First Aid Training* – In an effort to upkeep the current skills level, first aid training and Advanced Resuscitation have continued with key personnel trained to the higher level as required for the various job descriptions.

WORKERS' COMPENSATION

Due to the strong work practices in place at the Port and the hard-working and committed team employed here, GPA is proud to report that in the 2003/04 financial year there were no lost time injuries recorded.

No. of Lost Time Injuries (LTIs):	0
No. of employees: (12 month average)	33
Manhours worked:	62,825.2
Days lost:	0
Frequency rate:	0
Duration rate:	0
Severity Rate:	0

FACTORS	2003/04	2002/03	2001/02	2000/01	1999/00	1998/99
<i>Frequency Rate =</i> $\frac{\text{Number of LTI/D} \times 1,000,000}{\text{Total Hours Worked}} *$	0	16.90	54.87	15.5	69.8	0
<i>Estimated cost of claims incurred per \$100 wage-roll</i>	0	1.26	3.16	3.41	4.22	0.7
<i>Premium Rate</i>	3.95%	4.23%	4.16%	4.29%	2.58%	1.86%
<i>Number of Rehabilitation Cases</i>	0	0	0	0	1	0
<i>Rehabilitation Success Rate</i>	0	0	0	100	0	0

NB: (*) LTI/D is Lost Time Injury/Disease with one or more days lost.

FISHING BOAT HARBOUR FUEL FACILITY

The Fishing Boat Harbour fuel facility has been upgraded from 2 to 4 new high speed fuel dispensers for fuelling water craft. These new bowsers incorporate up-to-date technology to provide a more efficient and environmentally effective operation.

ASSET MANAGEMENT PROGRAM

A condition and compliance audit has been undertaken of all electrical and mechanical Port assets. The Port's computer aided Maintenance Management System (MEX) is undergoing overhaul with heightened focus on asset management in the post-PEP environment.

COMPLIANCE WITH SECTION 175ZE OF THE ELECTORAL ACT 1907

Section 175ZE of the Electoral Act 1907 requires the Geraldton Port Authority to include a statement in its Annual Report detailing expenditure incurred by or on behalf of the Authority during the current reporting period over the classes of expenditure set out below:

Total expenditure for 2003/4 was \$51,880
Expenditure was incurred in the following areas:

Class of Expenditure	Organisation / Company	Total Expenditure 2003/2004
a) Advertising agencies	Market Creations	\$8 992.50
	Media Monitors	\$12 258.35
	Mills Wilson	<u>\$435.00</u>
Total:		\$21 685.85
b) Market research organisations	-	Nil
c) Polling organisations	-	Nil
d) Direct mail organisations	-	Nil
e) Media advertising organisations	Batavia Coast FM	\$750.00
	Geraldton Newspapers	\$6 474.25
	Market Creations	\$14 950.00
	Marketforce – Tenders, Media	\$3 825.40
	Midwest Times	\$3 572.50
	WA Business News	<u>\$622.00</u>
Total:		\$30,194.15

COMPLIANCE WITH SECTION 61 STATE RECORDS ACT 2000

The State Records Act 2000 is an Act to provide for the keeping of State records and for related purposes. Section 19 of the Act requires that every government organisation must have a record-keeping plan that has been approved by the State Records Commission.

A draft GPA Records Management Plan was submitted to the Director State Records in March 2004 for approval and ratification. The draft Records Management Plan will provide an accurate reflection of the record-keeping program within the Geraldton Port Authority. Documentation will include record-keeping systems, policies, practices and processes.

EFFICIENCY OF PORT OPERATIONAL LICENCES AND PROCEDURES

Performance Assessment

The Authority assesses the performance of the Port through Key Performance Indicators (KPIs). A full table of Key Performance Indicators for the Geraldton Port Authority, including Average Ship Turnaround Times, is located at page 31 of this report.

Stevedoring

Non-exclusive licences are issued to Stevedoring companies wishing to provide services at the Port of Geraldton. These licensed stevedores are required to meet KPIs contained within the licence document, which include provision of a continuous service, safety, operational procedures, manning levels, tariffs, customer satisfaction and improvement in stevedoring practices. Six stevedoring companies held licences during the year with observance of KPI compliance.

ENVIRONMENTAL MANAGEMENT SYSTEM

The Geraldton Port Authority will soon be seeking certification of its Environmental Management System (EMS), developed over the past years for the Port of Geraldton. The EMS is a dynamic document that details the Port Authority's environmental policy, environmental aspects and impacts, objectives and targets, roles and responsibilities, inspections and audits and environmental management projects in accordance with the guiding principles of the Australian and New Zealand Standards AS/NZS ISO 14001.

The EMS includes an annual environmental management plan for the Port to achieve its objectives and targets set for the year. A Bulk Handling Facility Environmental Action Plan, endorsed by mineral exporting customers and the Department of Environment, is addressing environmental issues associated with the handling of bulk mineral cargoes through the Port's Bulk Handling Facility and details priority areas and timing requirements over a two-year program.

The Port Authority works closely with regulating authorities and is required to report annually on a range of environmental matters. The Authority is totally committed to an environmentally sound Port, ensuring customers and potential customers have a clear commercial advantage by using the Port of Geraldton.

SEAGRASS RESEARCH PLAN

To further the scientific communities understanding of seagrass meadows and the complex systems they support, and to assist future project proponents and regulating authorities, the Geraldton Port Authority has recently embarked upon a large scale strategic research project in a joint initiative with Edith Cowan University (ECU), CSIRO and the Strategic Research Fund for the Marine Environment (SRFME). The project will be the first on this scale and its kind in the State and will unfold over a three-year timeframe.

PORT ENHANCEMENT PROJECT ENVIRONMENTAL PROGRAM

The Port Enhancement Project saw one of the largest environmental programs embarked upon in the State. The range of environmental activities undertaken include seagrass studies, artificial reef studies, water quality monitoring, turbidity plume modelling, light attenuation studies, whale migration, sea lion and dolphin studies. The project ran for some 13 months from October 2002 to November 2003.

The dredging operation generated natural limestone flour as a result of the dredge cutting head grinding against the limestone rock, and causes significant water discolouration. This discolouration was visible for many kilometres and at times significantly reduced the amount of available light penetrating to the seafloor. The close monitoring of aspects associated with the plume have therefore been of prime importance. A comprehensive seagrass monitoring program showed rapid recovery to those few areas affected by the dredging plume.

The project showed no impacts upon whale migration patterns or local sea lion or dolphin populations. To assist proponents and regulating authorities in the future, the Geraldton Port Authority has also embarked upon a strategic research project to study more closely the effects of reduced light on the ecosystem. See the previous section for more details.

The project has seen the intentional formation of offshore artificial reefs. These reefs will support a high diversity of marine life and will form an additional fishing ground for rock lobster fishermen. The reefs are located in a previously low diversity barren sand zone and will now no doubt attract fishermen and divers alike.

BHF ENVIRONMENTAL ACTION PLAN

The Bulk Handling Facility Environmental Action Plan has progressed exceedingly well with the following initiatives completed to date:

- ◆ Shiploader risk management plan
- ◆ Shiploader washdown bay
- ◆ Conveyor scrapers upgrade
- ◆ Upgrade road hopper through dust extraction system upgrades and use of belly dumping trucks
- ◆ Cladding of conveyor transfer towers
- ◆ Upgrade shiploader radio control system to avoid trip outs
- ◆ Sealing around Tower 1 and 2 to help the clean up of spillage and eliminate ground contamination
- ◆ A wind barrier fence to stop spilt mineral sands being blown out of the BHF area
- ◆ Upgrading the intersection of the Bulk Handling Facility and Marine Terrace to assist road sweeping
- ◆ Relocation of spilt mineral ore sediments into an appropriately designed containment bund
- ◆ Purchase of a concertina chute to minimise dust during loading of certain minerals cargoes
- ◆ Dust extraction systems review and upgrade

The Geraldton Port Authority, Port customers and the Department of Environmental are pleased with the progress of the action plan to date with real improvements visible.

GERALDTON PORT AUTHORITY

ORIGIN & DESTINATION OF CARGO 2003-2004

PORTS	GRAINS	SANDS	OILS	FERT	GENERAL	TALC	COPPER / ZINC	LIVESTOCK	BUNKERS	TONNES
BANGLADESH				6,040						6,040
BELGIUM		22,260		7,557						29,816
BRUNEI		600								600
CHILE					12,463					12,463
CHINA		441,625					119,657			561,282
EGYPT	130,936									130,936
FRANCE		23,083								23,083
GERMANY				4,658						4,658
INDIA		56,653					24,701			81,354
INDIAN OCEAN ISLANDS		48								48
INDONESIA	528,812				983			9,281		539,076
INTERSTATE		11,000								11,000
INTRASTATE			186,179						5,278	191,457
IRAQ	95,409									95,409
ISRAEL				23,184						23,184
ITALY		53,648				6,329				59,977
JAPAN	245,152	42,897				11,566	73,167			372,782
KUWAIT	20,878									20,878
MALAYSIA	148,323	14,484		21,513	542			2,858		187,721
MEXICO		70,154								70,154
NETHERLANDS	80,279	99,654				68,869				248,802
NEW ZEALAND	63,368									63,368
NORTH KOREA	27,569				51					27,620
PAKISTAN	133,880									133,880
PHILIPPINES	56,763									56,763
QATAR				10,907						10,907
SAUDI ARABIA	43,823	41,012		12,918						97,754
SINGAPORE	10,098									10,098
SOUTH AFRICA				5,323						5,323
SOUTH KOREA	275,594	10,384					38,051			324,030
SPAIN	83,348	32,075			112					115,535
SRI LANKA		11,100								11,100
SUDAN	50,001									50,001
TAIWAN	112,780	77,662				15,552	16,069			222,063
TANZANIA	39,661									39,661
THAILAND	73,590									73,590
UNITED ARAB EMIRATES	23,830	9,854			3,817					37,501
VIETNAM	170,615									170,615
USA		189,700		53,056						242,756
	2,414,711	1,207,894	186,179	145,156	17,968	102,316	271,645	12,139	5,278	4,363,287

GERALDTON PORT AUTHORITY

COMPARATIVE TRADE STATISTICS

ENDING 30 JUNE

	<u>1999/2000</u>	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>
IMPORTS					
Fert DAP	31,311	21,059	22,801	28,106	15,874
Fert MAP	12,166	16,865	9,452	10,272	15,517
Vigor / NPK	4,783	3,988	13,447	8,379	5,156
Phosphate	13,371	-	-	-	-
New Phosphate (TSP+S)	-	15,518	16,826	29,132	29,125
Urea	108,813	65,319	66,874	43,375	61,811
Potassium Carbo	8,981	12,791	9,301	18,084	17,673
Petroleum Products	203,444	155,453	134,248	188,082	186,179
Mineral Sands	-	-	25,014	-	56,653
General	-	-	12	9,267	12,463
	382,868	290,993	297,975	334,698	400,451
EXPORTS					
Wheat	1,717,344	915,696	897,039	766,720	1,733,059
Oats	2,791	-	-	-	-
Barley	12,132	92,159	50,504	41,830	219,7489
Lupins	619,486	376,627	269,867	146,201	420,583
Canola	106,009	68,278	32,691	26,211	41,320
Chickpeas	16,500	10,968	-	-	-
Copper Cons/Ore	22,328	51,529	119,602	144,752	135,662
Zinc Cons/Ore	248,087	225,516	184,366	150,807	135,983
Mineral Sands	563,815	569,803	590,694	635,898	671,356
Garnet	42,545	53,224	47,110	71,998	92,912
Talc	189,988	127,912	134,033	140,462	102,316
Manganese	-	-	-	19,725	-
Nickel	-	29,124	-	-	-
Iron Ore	-	-	-	-	386,973
Stockfeed	2,926	1,684	1,411	1,687	1,525
Livestock	11,012	6,751	6,993	10,619	12,139
General	-	-	-	-	3,980
	3,554,964	2,529,272	2,334,310	2,156,911	3,957,557
Bunkers - Oil	225	862	525	4,076	5,278
Total Trade	3,938,057	2,821,126	2,632,809	2,495,684	4,363,286
SHIPPING					
Gross Reg Tonnage	4,780,594	3,593,556	3,592,405	3,509,181	4,677,617
Deadweight Tonnage	8,050,441	6,023,468	6,016,957	5,829,650	7,672,609
No of Vessels	248	203	208	234	284
Average DWT	32,461	29,672	28,928	24,913	27,016

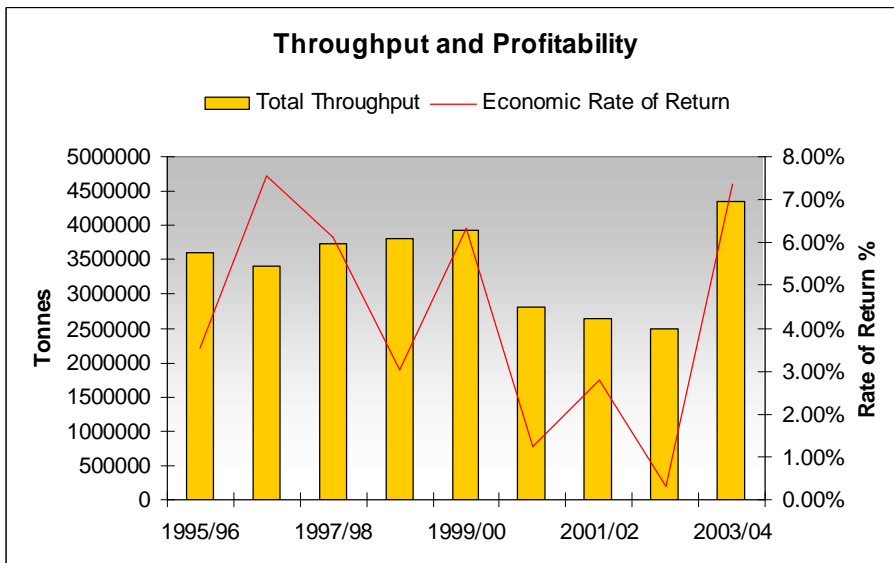
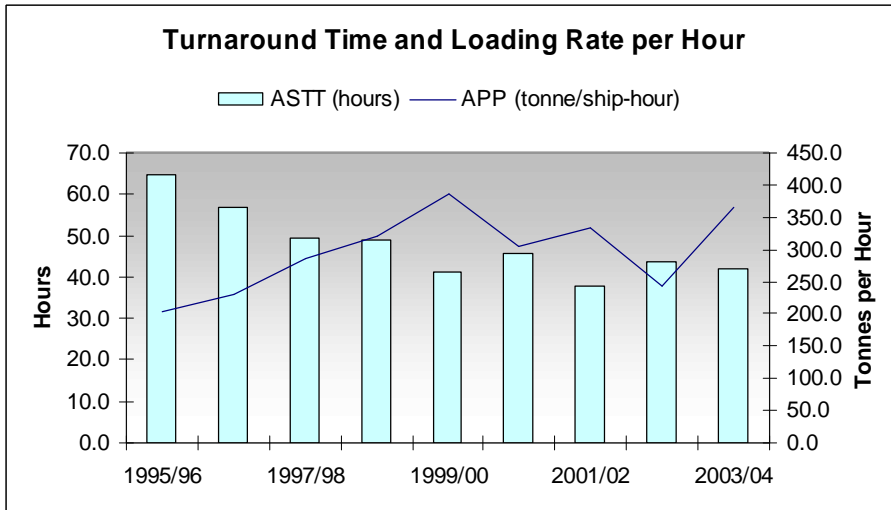
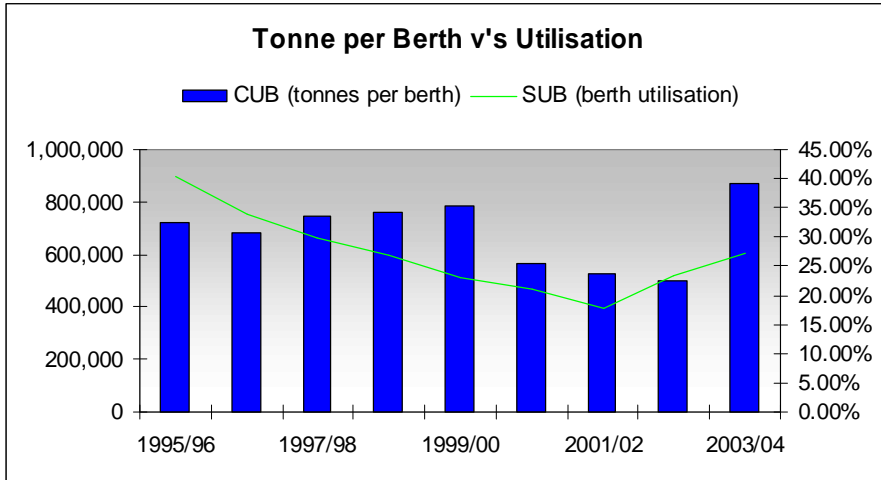
Geraldton Port Authority

Key Performance Indicators

As at 30 June 2004

	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
Liquidity Ratio						
Current Ratio	4.86	2.66	2.75	1.12	0.76	1.20
Cash Management Ratio						
Free Cash Ratio	51.61%	83.50%	-10.07%	81.57%	47.65%	55.16%
Debt Management Ratio						
Debt to Equity	0.51	0.51	0.49	0.46	4.33	4.92
Interest Cover	1.69	3.87	1.18	0.97	1.01	1.22
Profitability Ratios						
Return on Assets	5.39%	10.45%	2.80%	2.07%	0.80%	6.11%
Return on Shareholders Equity	1.49%	7.95%	0.24%	-0.12%	0.05%	4.78%
Economic Rate of Return	3.02%	6.33%	1.22%	2.80%	0.24%	7.37%
Port Efficiency Ratios						
REPUT (\$/tonne) - nominal	\$1.55	\$1.30	\$1.01	\$1.02	\$1.07	\$2.10
REPUT (\$/tonne) - real	\$1.48	\$1.20	\$0.89	\$0.92	\$0.94	\$1.73
REPS (\$/ship) - nominal	\$13,390	\$13,926	\$18,346	\$17,759	\$15,860	\$17,962
REPS (\$/ship) - real	\$12,793	\$12,893	\$16,023	\$15,978	\$13,854	\$14,802
PACPUT (\$/tonne) - nominal	\$3.09	\$2.40	\$3.66	\$3.78	\$4.04	\$2.95
PACPUT (\$/tonne) - real	\$2.95	\$2.22	\$3.20	\$3.40	\$3.53	\$2.43
CUB (tonnes per berth)	760,771	787,611	564,225	526,562	499,137	872,657
SUB (berth utilisation)	27.01%	23.14%	21.09%	17.95%	23.36%	27.11%
ASTT (hours)	48.89	40.98	45.64	37.90	43.84	41.92
APP (tonne/ship-hour)	321.52	387.49	304.53	333.99	243.27	366.48
Total Throughput	3,803,856	3,938,057	2,821,126	2,632,809	2,495,684	4,363,287
REPUT	Revenue Earned per Unit Throughput					
REPS	Revenue Earned per Ship					
PACPUT	Port Authority Costs per Unit Throughput					
CUB	Cargo Units Berth					
SUB	Ship Utilisation Berth					
ASTT	Average Ship Turnaround Time					
APP	Average Port Productiveness					

Geraldton Port Authority Key Performance Indicators As at 30 June 2004





Geraldton Port Authority

2003 - 2004 Annual Report

FINANCIAL STATEMENTS

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Geraldton Port Authority Directors' Report

The Directors present their report on the Geraldton Port Authority for the year ended 30 June 2004.

Directors

The following persons were Directors of Geraldton Port Authority during the whole of the financial year and up to the date of this report:

I King
K Halbert
K Altham
B Anderson
B Davidson

Principal Activities

During the year the principal continuing activities of the Authority were:

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

Dividends

An Efficiency Dividend of \$126,000 and a Nominal Dividend of \$345,778 are recommended in respect of the 2003/2004 Financial Year. An Efficiency Dividend of \$126,000 and a Nominal Dividend of \$3,166 was paid during the year.

Review of Operations

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

	2004	2003
Total Trade (Tonnes)	4,363,286	2,495,684
Revenue from Cargo	\$ 9,153,668	\$ 2,671,790
Revenue from Ships	\$ 5,101,088	\$ 3,711,272
Other Revenue	<u>\$ 4,154,632</u>	<u>\$ 3,768,118</u>
Total Revenue	<u>\$18,409,388</u>	\$10,151,180
Less Expenditure	<u>\$17,399,435</u>	<u>\$10,144,847</u>
Operating Profit Before Tax	\$1,009,953	\$6,333
Income Tax on Operating Profit	<u>\$318,397</u>	(\$4,045)
Operating Profit After Tax	<u>\$,691,556</u>	<u>\$10,378</u>

Comments on the operations are set out below.

The operating profit before tax was achieved through a record trade of grain and the reintroduction of Iron Ore exports for the first time in 30 years. Expenditure includes the cost of financing the loan of \$103m for the Port Enhancement Project.

Significant Changes in the State of Affairs

The Geraldton Port Authority received Cabinet approval on 22 July 2002 to undertake a \$103 Million deepening of the port. Work began on this project in September 2002 and was completed during the 2003/04 financial year.

Matters Subsequent to the End of the Financial Year

There are no matters subsequent to the end of the Financial Year.

Likely Developments and Expected Results of Operations

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

Environmental Regulation

The Geraldton Port Authority is required to hold an environmental licence under the Environmental Protection Act 1986. This licence covers the Bulk Materials Loading and Unloading, abrasive blasting, boat building and boat maintenance in the port area. The Department of Environmental Protection monitors this licence and frequent liaison occurs between the Authority's officers and the department.

The Geraldton Port Authority also has Environmental Legislative requirements applied due to reclamation works undertaken within the Port. Annual seagrass monitoring, biannual water quality monitoring – incorporating opportunistic water sampling, and biannual shoreline monitoring is undertaken and is required to continue for 5 years after reclamation work is completed.

The Geraldton Port Authority has a principal function to protect the environment of the port and minimise the impact of port activities on that environment. Through strategies reflected in the ports Environmental Management Plan, the Geraldton Port Authority maintains a high standard of performance in advancing various environmental initiatives.

Information on Directors

Director	Experience (Years of Service)
I King	Non-executive Director, Chairman for 1 year
K Altham	Non-executive Director for 8 years
B Anderson	Non-executive Director for 7 years
K Halbert	Non-executive Director for 6 years
B Davidson	Non-executive Director for 1 year

**Geraldton Port Authority
Directors' Report**

As at June 30, 2004, the Board of Directors consisted of:

Chairman - Ian King

Occupation	Company Director and Systems Auditor
Appointments	Initial Appointment as Director and Chairman in September 2002 reappointed until 30 June 2007 (Ministerial approval August 2004)
Background / Qualifications	<ul style="list-style-type: none">• Former National Manager specialised oil and gas supply chain logistics company for a number of years.• Company Director for 20 years including responsibility of CEO• Diploma in Accounting• Diploma in Transport Management• Past State and National Chairman of the Chartered Institute of Logistics and Transport• Past State Chairman, Transport Forum WA• Fellow of the Chartered Institute of Logistics and Transport
Board Representation	<ul style="list-style-type: none">• Governance• Strategic Planning

Director - Kim Halbert

Occupation	Farmer
Appointments	Appointed Director in April 1997 and reappointed until 31 December 2004 (Ministerial approval August 2004)
Background / Qualifications	<ul style="list-style-type: none">• Farms a 6,400ha property in Eneabba cropping and growing wool. He runs up to 20,000 sheep and lambs including "Arawa" Merino Stud.• Bachelor of Commerce Degree Majoring in Economics and Finance (Granted with Distinction).• Fellow Australian Institute of Company Directors (Completed full time course, Canberra, 2001).• Business & Law for Port Authority Boards – Certificate of Completion – Minter Ellison Lawyers and Department of Transport – 4 & 5 August 1999.
Board Representation	<ul style="list-style-type: none">• Grain Industry

Director - Kevin Altham

Occupation	Owner / Operator Professional Fisherman
Appointments	Appointed Director in August 1995 and reappointed until 30 June 2005 (Ministerial approval August 2004)
Background / Qualifications	<ul style="list-style-type: none">• Owns and operates a Crayfishing business since 1981.• Associate Diploma in Mine Technology (Surveying) from the WA School of Mines in Kalgoorlie.• Inaugural member of the Mid West Development Commission.• Master Class 5 (Skippers Ticket).• Marine Engine Drivers Grade 2 (Engineers Ticket)• Commercial Pilots Licence
Board Representation	<ul style="list-style-type: none">• Fishing Industry

Director - Bruce Anderson

Occupation	Mining Engineer
Appointments	Appointed Director in January 1996 and reappointed until 30 June 2006. Deputy Chairman (Ministerial approval August 2004)
Background / Qualifications	<ul style="list-style-type: none">• Diploma in Mining Engineering from the Ballarat School of Mines.• Experience in the total operation of underground and surface metalliferous mines and processing plants.• Mine Managers Certificate of Competency – W.A• Mine Managers Certificate of Competency – N.T• Mine Managers Certificate of Competency – Fiji• Mine Managers Certificate of Competency - NSW - above ground• Mine Managers Certificate of Competency - NSW - below ground
Board Representation	<ul style="list-style-type: none">• Mining Industry

**Geraldton Port Authority
Directors' Report**

Director - Beverley Davidson

Occupation	Ministerial Liaison Officer
Appointments	Initial appointment as Director in February 2003 until 31 December 2005
Background / Qualifications	<ul style="list-style-type: none">• Former Branch Manager, Home Building Society (15 years)• Former Member College Governing Council, Central West College of TAFE• Former Member Board of Management, Queens Park Theatre• Former Executive Member, Mid West Chamber of Commerce
Board Representation	<ul style="list-style-type: none">• Regional Business

Meetings of Directors

The number of meetings of the Authority's Board of Directors during the year ended 30 June 2004 and the number of meetings attended by each Director were:

Type of Meeting	Board	Finance	Compliance
Number of meetings held	16	16	16

Numbers of meetings attended by:

I King	16	16	16
K Altham	14	13	13
B Anderson	13	13	13
K Halbert	16	16	16
B Davidson	14	13	13

Reappointment of Directors

The Minister for Planning and Infrastructure appoints Directors for terms not exceeding 3 years. Chairman Ian King was reappointed as Chairman for a term of three years expiring on 30th June 2007, B Anderson was reappointed for a term of two years expiring on 30th June 2006, K Altham was reappointed for a term of one year expiring on 30th June 2005 and K Halbert was reappointed for a term of six months expiring on 31st December 2004.

Remuneration of Directors

The Minister for Planning and Infrastructure determines the level of remuneration for the Board members. The nature and amount of the emoluments of each director is set out below

Name	Fees	Superannuation	Total
I King	\$16,974	\$1,458	18,432
K Altham	\$8,100	\$729	\$8,829
B Anderson	\$8,100	\$729	\$8,829
K Halbert	\$8,100	\$729	\$8,829
B Davidson	<u>\$6,075</u>	<u>\$547</u>	<u>\$6,622</u>
Total	<u>\$47,349</u>	<u>\$4,192</u>	<u>\$51,541</u>

Insurance of Officers

During the financial year, Geraldton Port Authority paid a premium of \$14,005 to insure the Directors and Officers of the Authority.

The liabilities insured are the costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against them as Officers of the Authority.

Directors' and Executives' Emoluments

The Board determines the remuneration and other terms and conditions of Senior Executive staff.

Name	Salary Paid	Motor Vehicle	Superannuation	Other Costs	Total
	\$	\$	\$	\$	\$
D Murgatroyd Harbour Master	\$133,026	\$13,539	\$2,753		\$149,318
D Parsons Harbour Master	\$134,813	\$12,419	\$1,047		\$148,279
M Slater Deputy Harbour Master	\$120,591	\$9,918	\$2,478		\$132,987
P George Chief Executive Officer	\$107,846	\$5,027	\$9,706		\$122,579
P Duplex Port Engineer	\$101,018	\$13,111	\$2,202		\$116,331

The above payments reflect total cash payments for the financial year and may include payments on termination.

Geraldton Port Authority Directors' Report

Auditor

The Auditor General continues in office in accordance with Schedule 5 Clause 17 of the Port Authorities Act 1999.

This report is made in accordance with a resolution of the Directors.

Geraldton Port Authority
Statement of Financial Performance
For the year ended 30 June 2004

	Notes	2004 \$	2003 \$
Revenue from ordinary activities	2	18,409,388	10,151,180
Borrowing costs expense		4,533,694	659,598
Expenses from ordinary activities	3(a)	<u>12,865,741</u>	<u>9,485,249</u>
Profit/(Loss) from ordinary activities before income tax expense	3(b)	1,009,953	6,333
Income Tax Expense/(Benefit)	4	<u>318,397</u>	<u>(4,045)</u>
Net Profit	30	<u>691,556</u>	<u>10,378</u>

The above statement of financial performance should be read in conjunction with the accompanying notes.

Geraldton Port Authority
Statement of Financial Position
As At 30 June 2004

	Notes	2004 \$	2003 \$
Current Assets			
Cash Assets	6, 21	7,270,451	30,624,304
Receivables	7, 21	3,656,879	2,149,122
Other	8	<u>2,045,199</u>	<u>1,099,658</u>
Total Current Assets		<u>12,972,529</u>	<u>33,873,084</u>
Non-Current Assets			
Other financial assets	9, 21	-	119,814
Property, plant and equipment	10	135,379,307	96,641,330
Deferred tax assets	11	<u>794,026</u>	<u>768,925</u>
Total Non-Current Assets		<u>136,173,333</u>	<u>97,530,069</u>
Total Assets		<u>149,145,862</u>	<u>131,403,153</u>
Current Liabilities			
Payables	12, 21	5,025,679	13,025,902
Interest bearing liabilities	13, 21	3,944,496	30,675,100
Provisions	14	<u>1,112,311</u>	<u>873,183</u>
Total Current Liabilities		<u>10,082,486</u>	<u>44,574,185</u>
Non-Current Liabilities			
Payables	15	459,675	520,274
Interest bearing liabilities	16, 21	113,671,992	63,708,427
Deferred tax liabilities	17	2,396,567	212,750
Provisions	18	<u>572,835</u>	<u>641,822</u>
Total Non-Current Liabilities		<u>117,101,069</u>	<u>65,083,273</u>
Total Liabilities		<u>127,183,555</u>	<u>109,657,458</u>
Net Assets		<u>21,962,307</u>	<u>21,745,695</u>
Equity			
Contributed Equity	19	2,640,620	2,640,620
Reserves	20(a)	6,813,567	6,813,567
Retained Profits	20(b)	<u>12,508,120</u>	<u>12,291,508</u>
Total Equity		<u>21,962,307</u>	<u>21,745,695</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Geraldton Port Authority
Statement of Cash Flows
For the year ended 30 June 2004

	Notes	2004 \$	2003 \$
Cash Flows from Operating Activities			
Receipts from customers (GST Inclusive)		17,713,676	9,983,606
Payments to suppliers and employees (GST Inclusive)		(12,926,198)	(13,990,975)
GST Received From ATO		3,761,858	6,086,436
GST Paid To ATO		(335,131)	(1,121,530)
Interest Received		150,508	123,150
Borrowing Costs		(3,280,317)	(480,300)
Payment of Taxation Equivalents		556,179	-
Net cash inflow from Operating Activities	30	<u>5,640,575</u>	<u>600,387</u>
Cash Flows from Investing Activities			
Payments for Property, Plant & Equipment		(52,388,830)	(56,756,470)
Proceeds from Sale of Property, Plant & Equipment		164,961	211,000
Net cash outflow from Investing Activities		<u>(52,223,869)</u>	<u>(56,545,470)</u>
Cash Flows from Financing Activities			
Proceeds from WATC Borrowings		53,908,062	84,953,674
Repayment of Borrowings to WA Treasury Corporation		(30,179,836)	(381,147)
Repayment of Borrowings Other		(495,263)	(295,263)
Payment to Sinking Funds		(1,500)	(6,175)
Receipt from Sinking Fund		127,144	-
Payments of Dividends		(129,166)	(16,037)
Net cash inflow from Financing Activities		<u>23,229,441</u>	<u>84,255,052</u>
Net Increase/(decrease) in Cash Held		(23,353,853)	28,309,969
Cash at beginning of financial year		30,624,304	2,314,335
Cash at the End of the Financial Year	6	<u>7,270,451</u>	<u>30,624,304</u>

The above statements of cash flows should be read in conjunction with the accompanying notes.

Geraldton Port Authority

Notes to the Financial Statements

30 June 2004

1. Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Port Authorities Act 1999.

It is prepared on an accrual basis and in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of previous years. Comparative information is reclassified where appropriate to enhance comparability.

(a) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of relevant group of assets. The decrement in carrying amount is recognised as an expense in net profit or loss in the reporting period in which the recoverable amount write down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a discount rate of 8.65%.

(b) Valuation of Non-Current Assets

Non-Current Assets are measured at cost. AASB 1041 Revaluation of Non-Current Assets was adopted with effect from 1 July 2000, with the carrying value of the classes of assets at the date of adoption being deemed cost. The previous policy was to revalue certain classes of assets at three yearly intervals.

(c) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives using the straight line depreciation method, which reflects the consumption of their service potential.

For the year ending 30 June 2003 and prior, the Authority's depreciation policy in regards to dredging costs previously capitalised was to depreciate on a straight line basis over 80 years.

Based on the information available, the Authority now considers dredging will be required to be undertaken every 40 years. Accordingly from 1 July 2003, dredging costs are now depreciated on a straight line basis over 40 years. This change in the Authority's depreciation policy has resulted in additional dredging depreciation of \$706,218 being brought to account during the year ending 30 June 2004.

Depreciation rates for each class of fixed assets varies in accordance with this policy, with major groups such as Berths, Breakwaters and Dredging being depreciated over 40, 50 and 40 years respectively.

Buildings and Plant and Equipment are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives for Buildings range from 10 years to 50 years and for Plant and Equipment 3 to 30 years.

(d) National Taxation Equivalent Regime

From the 1st July 2001 the Authority became subject to a National Tax Equivalent Regime (NTER) that was negotiated between the various State Governments and the Commonwealth Government. The NTER agreement does not override previously entered into arrangements that were in accordance with Western Australian Governments Income Tax and Wholesale Sales Tax Equivalent Regime. In preparing the financial statements for NTER purposes, the Authority has complied with the requirements of the previous TER where applicable and the Income Tax Assessment Act 1936 (as amended), except where they may be expressly modified by the Treasurer's Directions, which have been specifically prepared to apply to State Government Trading Enterprises (GTE's).

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

1. Summary of significant Accounting Policies (continued)

(e) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit provisions at the rates which are expected to apply when those timing differences reverse.

(f) Acquisition of Assets

The purchase method of accounting is used for acquisition of assets. Cost is measured at the fair value of the assets given up, or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(g) Revenue Recognition

The Authority derives revenue from charges made on ships and cargoes in respect of services provided and is recognised upon the delivery of the service to the customers. Other major revenues include the recovery of water and electricity costs from leasehold tenants based on actual consumption and fees generated for the provision of facilities located at the Fishing Boat Harbour. The Authority is also a large owner of waterfront land, which is allocated to various industry users in consideration for long-term tenancies. The lease rental is charged in advance and recognised as income on a pro rata basis for the period of the lease.

(h) Receivables

All accounts receivable are recognised at the amounts receivable as they are generally settled within 30 days.

Interest is charged on amounts outstanding greater than 60 days. The interest rate is defined under the Port Authorities Regulations 2001 and is 3% higher than the overdraft reference rate as published by the Bank of Western Australia Ltd.

Collectability of trade debtors is reviewed on an ongoing basis. A provision for doubtful debts is raised following a review of all outstanding amounts at reporting date. Bad debts are written off in the period in which they were identified.

(i) Payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which remained unpaid as at that date. These amounts are unsecured and are usually paid within 30 days of recognition.

(j) Interest Bearing Liabilities

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of payables.

(k) Maintenance and Repairs

Maintenance, repair costs and minor renewals are charged as expenses as incurred.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

1. Summary of significant Accounting Policies (continued)

(I) Employee Benefits

(i) Annual Leave

Liabilities for annual leave are recognised and are measured on a pro-rata entitlement basis of leave due as at the reporting date at the rate that the leave is expected to be paid out at (nominal rate).

(ii) Sick Leave

Sick leave entitlements for staff who work under the Geraldton Port Authority Award/Agreement 2002 are calculated on a pro rata basis for the amount owing at the reporting date and have been included at nominal rates of pay. Sick Leave entitlements of staff who work under an Australian Workplace Agreement (AWA) are non-vesting except in the case of permanent disablement, retirement and retrenchment and the liability was calculated by an actuarial review undertaken by William M Mercer Pty Ltd in June 2003.

(iii) Long Service Leave

Long Service Leave has been measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on National Government guaranteed securities.

(iv) Superannuation

Staff may contribute to the Superannuation and Family Benefits Act Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and a lump scheme now closed to new members. Monthly contributions are also made to SERF and National Flexi super to satisfy existing workforce requirements for waterside employees who transferred to the Authority during 1992 and for casual staff. New staff can nominate a superannuation scheme of their own, or join as non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The liability for superannuation under the Superannuation and Family Benefits Act pension scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date. This liability relates to employees covered under the original pension scheme and who have transferred between State Government agencies to the Authority.

The liabilities for superannuation charges under the Gold State Superannuation Scheme, West State Superannuation Scheme and the Serf Superannuation Fund are extinguished by monthly payment of employer contributions.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

1. Summary of significant Accounting Policies (continued)

The note disclosure, required by paragraph 6.10 of AASB 1028 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of Government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(v) Employees

The Geraldton Port Authority employed 37 employees as of the 30th June 2004 (as of 30 June 2003 33 employees).

(m) Payment of Dividend to the State

Provision is made for the amount of any dividend declared, determined or publicly recommended on or before the year end of the financial year, which has not as yet been paid to Government at reporting date.

(n) Investments

Investments are stated at cost and interest revenue is recognised when accrued.

(o) Leased Assets

The Authority has entered into a number of operating lease arrangements for motor vehicles where the lessor effectively retains all the risks and benefits incidental to ownership. Equal instalments of the lease payments are charged to the statement of financial performance over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

(p) Net Fair Values of Financial Assets and Liabilities

Net fair values of financial instruments are determined on the following basis:

Financial instruments traded in an organised financial market (traded securities) – current quoted market bid price for an asset or offer price for a liability adjusted for any transaction costs necessary to realise the asset or settle the liability.

Monetary financial assets and liabilities not traded in an organised financial market – cost basis carrying amounts of receivables, payables and accruals (which approximate net market value).

(q) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and term deposits.

(r) Comparatives

Where the classification of an item in the financial statements has been changed in relation to the corresponding item in the financial statements for the immediately preceding financial year, the item for that immediately preceding year shall be similarly reclassified for the purpose of showing comparative figures.

(s) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee.

The adoption of Australian equivalents to IFRS will be first reflected in the Authority's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

1. Summary of significant Accounting Policies (continued)

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Authority has established a process to manage the transition to Australian equivalents to IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The process is overseen by the Commercial Manager, who reports progress to the Audit Committee and the Board regularly. A timetable for managing the transition has been prepared and is currently on schedule.

Major accounting policy changes identified to date that will be required to be implemented by the Authority due to the change to IFRS include the following:

(i) *Income tax*

Under the Australian equivalent to IAS 12 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

(ii) *Employee Benefits*

In accordance with Summary of Significant Accounting Policies - Note 1 (l), the Authority contributes to a defined benefit pension scheme administered by the Government Employees Superannuation Board. The superannuation liability has been established from an actuarial assessment of the expected future payments for current employees and other beneficiaries that will be met by the Authority.

Under the Australian equivalent to IAS 19 *Employee Benefits*, the Authority will be required to recognise actuarial gains and losses relating to this plan as they arise and to recognise an asset or a liability in respect of this plan.

As detailed in Note 1 (l), the Government Employees Superannuation Board's records are currently not structured to provide this information to the Authority. Accordingly, the Authority may not be able to derive this information in the future.

(t) **Borrowing Costs**

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the cost of qualifying assets.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

	2004	2003
	\$	\$
2. Revenue from Ordinary Activities		
Revenue from Operating Activities		
Charges on Ships	5,101,088	3,711,272
Charges on Cargo	4,446,507	2,671,790
Port Enhancement Charge	<u>4,707,161</u>	-
	<u>14,254,756</u>	<u>6,383,062</u>
Revenue from outside the operating activities		
Rental & Leases	580,090	536,677
Interest Received	150,508	123,150
Fishing Industry Facilities	1,140,180	1,066,122
Private Craft Marina	-	49,327
Power and Water	1,595,149	1,347,093
Plant Hire	23,613	31,031
Proceeds from Sale of Assets	164,961	211,000
Land Tax Revenue	132,278	133,584
Town Beach Groyne Development	294,188	-
Other	<u>73,665</u>	<u>270,134</u>
	<u>4,154,632</u>	<u>3,768,118</u>
Revenue from ordinary activities	<u>18,409,388</u>	<u>10,151,180</u>
3. Profit/(Loss) from Ordinary Activities		
(a) Expenses from Ordinary Activities		
Corporate Services	418,016	150,560
Depreciation	3,112,620	1,396,811
Doubtful Debts	60,000	(276)
Salaries and Benefits	3,321,685	2,712,969
Written Down Value of Assets Disposed	114,077	57,844
Maintenance	1,242,607	2,926,820
Power and Water	1,550,916	1,223,080
Legal Expenses	394,031	-
Land Tax	240,245	-
Local Government Rates Equivalent	138,184	131,604
Town Beach Groynes Development	1,178,122	-
Other Expenditure	<u>1,095,238</u>	<u>885,837</u>
	<u>12,865,741</u>	<u>9,485,249</u>
(b) Profit/(Loss) from ordinary activities before income tax expense includes the following specific expenses:		
Expenses		
Borrowing costs		
Interest paid	4,533,694	659,598
Net Profit on disposal of Property, Plant and Equipment		
Cash Consideration	164,961	211,000
Written Down Value of Assets Disposed	<u>114,077</u>	<u>57,844</u>
	<u>50,884</u>	<u>153,156</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

	2004	2003
	\$	\$
3. Profit/(Loss) from Ordinary Activities (Continued)		
Other charges against assets		
Doubtful Debts – Trade Debtors	(60,000)	(276)
Provisions		
Annual Leave	(28,365)	111,820
Long Service Leave	(31,634)	36,670
Sick Leave	(77,574)	(109,475)
Time in Lieu	(22,251)	9,179
Superannuation	<u>(15,813)</u>	<u>66,676</u>
	<u>(175,637)</u>	<u>114,870</u>
Depreciation		
Buildings	18,518	19,011
Port Facilities	2,253,061	706,096
Plant and Equipment	<u>841,041</u>	<u>671,704</u>
	<u>3,112,620</u>	<u>1,396,811</u>
4. Income Tax		
The income tax expense differs from the amount prima facie payable on the profit from ordinary activities. The differences are reconciled as follows:		
Profit/(Loss)from ordinary activities before income tax expense	1,009,953	6,333
Income Tax @ 30%	302,986	1,900
Tax effect of permanent differences:		
Depreciation	12,275	-
Entertainment	<u>3,136</u>	<u>1,888</u>
Income tax adjusted for permanent differences	<u>318,397</u>	<u>3,788</u>
Income tax adjusted for timing differences		
Depreciation Charge	-	12,275
Capitalised Revenue	-	2,725
Under provision of deferred tax last year	-	<u>(22,833)</u>
Income Tax Expense / (Benefits)	<u>318,397</u>	<u>(4,045)</u>
Income Tax Expense / (Benefits) comprises:		
Current income taxation provision	-	(22,777)
Deferred income tax provision	2,183,817	51,306
Future income tax benefit	<u>(1,865,420)</u>	<u>(32,574)</u>
	<u>318,397</u>	<u>(4,045)</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

	2004	2003
	\$	\$
5. Dividends Paid		
Efficiency Dividend	126,000	-
Ordinary Dividend	<u>3,166</u>	<u>-</u>
	<u><u>129,166</u></u>	<u><u>-</u></u>
6. Current Assets – Cash assets		
Cash at bank	6,770,225	29,964,051
Cash on hand	226	500
Term Deposits	<u>500,000</u>	<u>659,753</u>
	<u><u>7,270,451</u></u>	<u><u>30,624,304</u></u>

Significant Terms and Conditions

Cash at Bank is held at the local National Australia Bank and earns interest at 4.75% (2003 4.25%).

Cash assets represent the Cash at Bank and Term Deposits. Funds set aside for specific purposes have been invested in term deposits to maximise earnings.

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows.

Term deposits

The deposits are bearing interest at rates between 3.95% and 5.06% (2003 – 3.95% and 4.67%). These deposits are invested for terms between 1 and 3 months.

7. Current Assets – Receivables

Trade Debtors	3,716,879	2,149,122
Less: Provision for Doubtful Debts	<u>(60,000)</u>	<u>-</u>
	<u><u>3,656,879</u></u>	<u><u>2,149,122</u></u>

Significant Terms and Conditions

Trade debtors are generally settled within 30 days. Interest may be charged at 3% above the Bank of Western Australia Ltd published overdraft reference rate where their terms of repayment exceed 60 days.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

	2004	2003
	\$	\$
7. Current Assets – Receivables (continued)		
Credit Risk		
The Authority operates predominately within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to this industry risk is the carrying value of the trade debtors.		
Net Fair Values		
The Authority considers the carrying amounts of receivables approximate their net fair values.		
8. Current Assets – Other		
Accrued Income	173,734	-
Unexpired Expenses	6,300	-
Other Income	24,845	-
GST Receivable	-	543,479
Overpaid Tax Equivalent Instalments	-	556,179
Future Income Tax Benefit	<u>1,840,320</u>	-
	<u>2,045,199</u>	<u>1,099,658</u>
9. Non-Current Assets – Other financial assets		
Sinking Fund No 12	<u>-</u>	<u>119,814</u>
Other financial assets represented an interest bearing deposit held by Department of Treasury & Finance (DTF).		
Significant Terms and Conditions		
The sinking fund was held by DTF until the repayment of the inscribed stock in May 2004 (Note 15).		
Interest Risk		
Interest on the sinking fund was earned at rates between 4.74% and 5.29% (2003: 4.84% to 4.93%)		

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

	2004	2003
	\$	\$
10. Non-Current Assets – Property, Plant and Equipment		
Land and Buildings		
Freehold land		
At cost	<u>1,108,779</u>	<u>1,108,779</u>
Buildings		
At cost	701,387	687,516
Less: Accumulated depreciation	<u>314,524</u>	<u>296,006</u>
	<u>386,863</u>	<u>391,510</u>
Total land and buildings	<u>1,495,642</u>	<u>1,500,289</u>
Port Facilities		
Breakwater at cost	9,238,458	4,164,030
Less: Accumulated depreciation	<u>516,661</u>	<u>337,904</u>
	<u>8,721,797</u>	<u>3,826,126</u>
Dredging at cost	87,144,380	2,338,605
Less: Accumulated depreciation	<u>2,055,579</u>	<u>613,454</u>
	<u>85,088,801</u>	<u>1,725,151</u>
Berths No 1-6 at cost	40,038,062	28,713,185
Less: Accumulated depreciation	<u>17,003,831</u>	<u>16,371,655</u>
	<u>23,034,231</u>	<u>12,341,530</u>
Total Port Facilities	<u>116,844,829</u>	<u>17,892,807</u>
Assets under construction		
Port Enhancement Investigation at cost	-	5,375,546
Port Enhancement Project at cost	-	64,271,897
Other Capital Works at cost	<u>1,499,166</u>	<u>2,846,673</u>
Total Assets under construction	<u>1,499,166</u>	<u>72,494,116</u>
Plant and Equipment		
At cost	26,392,631	15,051,765
Less: Accumulated depreciation	<u>10,852,961</u>	<u>10,297,647</u>
Total Plant and Equipment	<u>15,539,670</u>	<u>4,754,118</u>
Total Property, Plant and Equipment	<u>135,379,307</u>	<u>96,641,330</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

10. Non Current Assets – Property, Plant & Equipment (Continued)

Reconciliations

Reconciliations of carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Freehold land	Buildings	Port Facilities	Plant & Equipment	Assets under construction	Total
Carrying amount at 1 July 2003	1,108,779	391,510	17,892,807	4,754,118	72,494,116	96,641,330
Additions	-			101,873	41,862,801	41,964,674
Transfer from WIP	-	13,871	101,205,083	11,638,797	(112,857,751)	-
Disposals	-			(114,077)	-	(114,077)
Depreciation expense	-	<u>(18,518)</u>	<u>(2,253,061)</u>	<u>(841,041)</u>	-	<u>(3,112,620)</u>
Carrying amount at 30 June 2004	<u>1,108,779</u>	<u>386,863</u>	<u>116,844,829</u>	<u>15,539,670</u>	<u>1,499,166</u>	<u>135,379,307</u>

A directors' valuation of freehold land and buildings was undertaken on 30 June 2004. The valuation was based on an assessment of properties current market value.

Freehold land and buildings	8,753,000	8,753,000
Capitalised Borrowing Costs		
Borrowing costs incurred	<u>1,229,517</u>	1,368,163
Investment revenue earned on borrowed funds	-	<u>(9,086)</u>
Borrowing costs capitalised	<u>1,229,517</u>	<u>1,359,077</u>
	2004	2003
	\$	\$

11. Non-Current Assets – Deferred tax assets

Future Income Tax Benefit	<u>794,026</u>	<u>768,925</u>
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12. Current Liabilities – Payables

Trade Creditors	482,395	389,436
Accrued Expenses	2,056,278	4,519,523
Retention Moneys	-	6,510,590
GST Payable	215,997	-
Accrued Interest	1,842,446	589,069
Accrued Salaries	33,013	-
Security Deposits	120,245	-
Income in Advance	<u>275,305</u>	<u>1,017,284</u>
	<u>5,025,679</u>	<u>13,025,902</u>

Payables represent Trade Creditors, Accrued Expenses, Accrued Interest, Accrued Salaries and Income in Advance. Accrued Expenses are comprised of charges for goods and services received but not invoiced as at 30 June 2004. Income in Advance represents rents and lease payments billed prior to 30 June 2004 but relates to the period beginning 1 July 2004.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

	2004	2003
	\$	\$
12. Current Liabilities – Payables (continued)		
<p>Included in Trade Creditors and Accrued Expenses are amounts payable for the Port Enhancement Project. These amounts when paid are funded from borrowings from the WATC.</p> <p>Significant Terms and Conditions Trade Creditors are generally settled within 30 days.</p> <p>Net Fair Values The Authority considers the carrying amounts of Trade Creditors approximate their net fair values.</p>		
13. Current Liabilities – Interest bearing liabilities		
Inscribed Stock	-	200,000
WA Treasury Corporation	3,649,233	30,179,837
Federal Government	<u>295,263</u>	<u>295,263</u>
	<u>3,944,496</u>	<u>30,675,100</u>

Significant Terms and Conditions

All borrowings are unsecured.

The amounts shown for WA Treasury Corporation are the principal amounts expected to be repaid as part of the quarterly repayments during the next twelve months. The weighted average interest rate on the current portions of the loans is 6.07% (2003: 4.76%).

The loan from Federal Government is interest free and is repayable in four annual instalments beginning June 2002.

Inscribed Stock represented a fixed interest loan repaid in May 2004. The interest rate on the loan was 8.90%.

Net Fair Values

The Authority considers the carrying amount of all borrowings approximate their net fair value.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

	2004	2003
	\$	\$
14. Current Liabilities – Provisions		
Employee Benefits		
Annual Leave	324,416	352,781
Long Service Leave	138,063	151,848
Sick Leave	95,551	142,445
Superannuation	65,408	60,763
Time in Lieu	17,095	39,346
Dividend	<u>471,778</u>	<u>126,000</u>
	<u>1,112,311</u>	<u>873,183</u>
15. Non Current Liabilities – Payables		
Income in Advance	<u>459,675</u>	<u>520,274</u>
Income in Advance represents rents and lease payments billed prior to 30 June 2004 but relates to the period beginning 1 July 2005.		
16. Non-Current Liabilities – Interest bearing liabilities		
Borrowings		
WA Treasury Corporation.	113,671,992	63,413,163
Federal Government	<u>-</u>	<u>295,264</u>
	<u>113,671,992</u>	<u>63,708,427</u>

Significant Terms and Conditions

All borrowings are unsecured.

The amounts shown for WA Treasury Corporation are the principal amounts expected to be repaid as part of the quarterly repayments during the lives of the loans. The weighted average interest rate on the non-current portions of the loan is 6.17% (2003: 9.62%).

The loan from Federal Government is interest free and is repayable in four annual instalments beginning June 2002.

Net Fair Values

The Authority considers the carrying amount of all borrowings approximate their net fair value.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

	2004	2003
	\$	\$
17. Non-Current Liabilities – Deferred tax liabilities		
Provision for Deferred Income Tax	<u>2,396,567</u>	<u>212,750</u>
18. Non-Current Liabilities – Provisions		
Employee Benefits		
Long Service Leave	202,022	219,871
Sick Leave	-	30,680
Superannuation	<u>370,813</u>	<u>391,271</u>
	<u>572,835</u>	<u>641,822</u>
19. Contributed Equity		
State Equity Contribution	<u>2,640,620</u>	<u>2,640,620</u>
<p>The Authority became subject to the Western Australian Tax Equivalent Regime (Income Tax) as from 1 July 1996, consistent with the State Government's policy on competitive neutrality and national competition policy. Under arrangements agreed with the State Government, the Authority has made tax payments for income tax and wholesales sales tax and such payments were reimbursed by the WA Treasury in the form of Equity injections. This arrangement ceased from the financial year ended 30 June 1999.</p>		
20. Reserves and retained profits		
(a) Reserves		
Asset Revaluation Reserve	4,208,290	4,208,290
Developers Contribution Reserve	<u>2,605,277</u>	<u>2,605,277</u>
	<u>6,813,567</u>	<u>6,813,567</u>
(b) Retained profits		
Retained profits at beginning of the financial year	12,291,508	12,407,130
Net profit for financial year	691,556	10,378
Dividends provided for	471,778	126,000
Dividends paid	3,166	-
Retained profits at the end of the financial year	<u>12,508,120</u>	<u>12,291,508</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

20. Reserves and retained profits (continued)

(c) Nature and purpose of reserves

(i) Asset revaluation reserve

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(b).

(ii) Developers contribution reserve

The developers contribution reserve represents the total historical amount received from private developers to fund construction of a bulk shiploader with dust extraction capabilities.

21. Financial Instruments

(a) Credit Risk Exposure

The credit risk on financial assets of the Authority which have been recognised on the Statement of Financial Position is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest Rate Risk Exposure

The Authority's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out in the following table: -

2004	Notes	Floating Interest Rate \$	1 Year or less \$	Fixed Interest Maturing in		Non interest Bearing \$	Total \$
				Over 1 Year to 5 years \$	More than 5 years \$		
Financial Assets							
Cash assets	6	6,770,225	500,000	-	-	226	7,270,451
Receivables	7	-	-	-	-	3,656,879	3,656,879
Other financial assets	9	-	-	-	-	-	-
		<u>6,770,225</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>3,657,105</u>	<u>10,927,330</u>
Weighted Average Interest Rate							
		4.75%	5.05%				
Financial Liabilities							
Payables	12	-				(5,029,372)	(5,029,372)
Loan – WATC	13,16	-	(37,211,637)	(19,775,946)	(60,333,641)		(117,321,224)
Loan – Federal	13,16	-	-	-	-	(295,263)	(295,263)
		<u>-</u>	<u>(37,211,637)</u>	<u>(19,775,946)</u>	<u>(60,333,641)</u>	<u>(5,324,635)</u>	<u>(122,645,859)</u>
Weighted Average Interest Rate							
			5.68%	5.83%	6.28%		
Net financial assets (liabilities)		<u>6,770,225</u>	<u>(36,711,637)</u>	<u>(19,775,946)</u>	<u>(60,333,641)</u>	<u>(1,667,530)</u>	<u>(111,718,529)</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

21. Financial Instruments (continued)

(b) Interest Rate Risk Exposure (continued)

2003	Notes	Floating Interest Rate \$	1 Year or less \$	Fixed Interest Maturing in Over 1 Year to 5 years \$	More than 5 years \$	Non interest Bearing \$	Total \$
Financial Assets							
Cash assets	6	29,964,051	659,753			500	30,624,304
Receivables	7	68,252				2,080,870	2,149,122
Other financial assets	9	<u>119,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,814</u>
		<u>30,152,117</u>	<u>659,753</u>	<u>-</u>	<u>-</u>	<u>2,081,370</u>	<u>32,893,240</u>
Weighted Average Interest Rate							
		0.59%	4.29%				
Financial Liabilities							
Payables	12					11,990,181	11,990,181
Loan – Inscribed Stock	16		200,000				200,000
Loan – WATC	13,16		30,179,837	63,413,163			93,593,000
Loan – Federal	13,16	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>590,527</u>	<u>590,527</u>
		<u>-</u>	<u>30,379,837</u>	<u>63,413,163</u>	<u>-</u>	<u>12,580,708</u>	<u>106,373,708</u>
Weighted Average Interest Rate							
			4.97%	4.91%			
Net financial assets (liabilities)							
		30,152,117	(29,720,084)	(63,413,163)	-	(10,499,338)	(73,480,468)

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying amounts.

22. Remuneration of Directors

	2004	2003
	\$	\$
The total fees, salaries and other benefits received or due and receivable for the year, by Directors of the Authority.	<u>51,541</u>	<u>45,041</u>

The number of Directors of the Authority whose total fees, salaries and other benefits received or due and receivable for the year, falls within the following bands

\$0 - \$10,000	4	6
\$10,000 - \$20,000	1	1

Directors' remuneration excludes insurance premiums of \$14,005 (2003 \$12,071) paid in respect of Directors' and Officers liability insurance contracts, as the contracts do not specify premiums paid in respect of individual Directors and Officers. Information relating to insurance contracts is set out in the Directors' Report.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

	2004 \$	2003 \$
23. Remuneration of Executives		
The total fees, salaries and other benefits received, or due and receivable by executive officers whose remuneration was at least \$100,000:	<u>774,225</u>	<u>779,079</u>
The number of executives of the Authority whose total fees, salaries and benefits received or due and receivable for the year, falls within the specified bands are as follows:		
\$100,000 - \$109,999	1	1
\$110,000 - \$119,999	1	1
\$120,000 - \$129,999	1	1
\$130,000 - \$139,999	1	1
\$140,000 - \$149,999	2	1
\$150,000 - \$159,999	0	1
24. Remuneration of Auditors		
Remuneration for audit of the financial report of the Authority	<u>28,000</u>	<u>24,000</u>
25. Contingent Liabilities		
As at the date of this report the Authority is currently having discussions with the Maritime Union of Australia (MUA) in relation to a claim lodged by the MUA for the payout of sick leave for certain employees accrued prior to 1992. It is the Authority's position that no such entitlement was available to employees at this time and therefore no liability exists.		
Maximum contingent consideration payable	<u>127,157</u>	<u>127,157</u>
A payment claim by a contractor is currently in dispute. The matter is being negotiated and the maximum contingent consideration is \$200,000		
A payment claim has been received from another contractor for alleged losses relating to the PEP dredging contract. The contractor is claiming up to \$77 million from the Authority and another party. No formal proceedings have been commenced by the contractor. The Authority believes this is an ambit claim and does not consider itself to be at all liable to the contractor. The Authority's solicitors are preparing the Authority's response to the claim and the matter has also been referred to the Authority's insurers.		
26. Commitments for Expenditure		
Operating Leases		
Commitments for minimum lease payments in relation to operating leases are payable as follows:		
Not later than one year	79,711	151,504
Amounts due later than one year and not later than five years	<u>37,024</u>	<u>107,012</u>
	<u>116,735</u>	<u>258,516</u>
Contribution towards cost of Southern Transport Corridor extension of rail tracks is payable as follows:		
Not later than one year	1,300,000	-
Amounts due later than one year and not later than five years	<u>1,300,000</u>	-
	<u>2,600,000</u>	-

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

	2004	2003
	\$	\$
26. Commitments for Expenditure (Continued)		
Capital Commitments		
Commitments for the dredging portion of the Port Enhancement Project contracted for at the reporting date but not recognised as liabilities payable within the next twelve months.	-	<u>18,793,680</u>

27. Employee Benefits

Employee Benefits Liabilities		
Provision for employee benefits		
Current (note 14)	640,533	747,183
Non-current (note 18)	<u>572,835</u>	<u>641,822</u>
	<u>1,213,368</u>	<u>1,389,005</u>

Net Fair Values

The Authority considers the carrying amounts of employee benefits approximate their net fair value.

28. Related Parties

Directors

The names of persons who were directors of Geraldton Port Authority at any time during the financial year are as follows: I King; K Altham; B Anderson; K Halbert and B Davidson.

Remuneration and Retirement Benefits

Information on remuneration of directors is disclosed in note 22.

Other Transactions with Directors and Director related Entities

A former director Mr R Ramage, is a principal of the Ocean Centre Hotel and Geraldton Motor Inn. Geraldton Port Authority had a number of transactions with Ocean Centre Hotel and Geraldton Motor Inn for hotel accommodation and meals for consultants and other port visitors. These transactions were under normal commercial terms and conditions.

	2004	2003
	\$	\$
Aggregate amounts of the above transactions whilst Mr R Ramage was a director is:		
Accommodation and meals	-	<u>1,988</u>

29. Event Occurring After Reporting Date

There are no material events occurring after the reporting date.

Geraldton Port Authority
Notes to the Financial Statements
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	2004	2003
	\$	\$
30. Reconciliation of Profit from ordinary activities after Income Tax to Net Cash Inflow from Operating Activities		
Profit/(Loss) from ordinary activities after income tax	691,556	10,378
Depreciation	3,112,620	1,396,811
Provision for Time in Lieu	(22,251)	9,179
Provision for Annual, Sick and Long Service Leave	(137,573)	39,015
Provision for Superannuation Liability	(15,813)	66,676
Provision for Doubtful Debts	60,000	(276)
(Profit) / Loss on Sale of Assets	(50,884)	(153,156)
Changes in Assets and Liabilities: -		
Decrease / (Increase) in Receivables	(1,567,757)	(634,907)
Decrease in Unexpired Expenses	(6,300)	26,867
Increase in Other Assets	901,079	(651,773)
Increase in Future Income Tax Benefit	(1,865,420)	(32,574)
Increase in Payables	92,959	234,602
Increase / (Decrease) in Provision for Income Tax Payable	-	(22,777)
Increase / (Decrease) in Accrued Expenses	3,067,120	393,791
Increase / (Decrease) in Provision for Deferred Income Tax	2,183,817	51,306
Increase / (Decrease) in Income in Advance	(802,578)	(132,775)
Net cash inflow / (outflow) from operating activities	<u>5,640,575</u>	<u>600,387</u>

31. Segment Information.

Business segments

The Geraldton Port Authority is organised into the following business centres.

Commercial Harbour

Pilotage and navigational services in the Port of Geraldton. Infrastructure and maintenance of assets associated with the main harbour including ground leases, mooring/unmoorings, bulk handling facility and corporate services

Fishing Boat Harbour

Leasing of boat pens and property.

Other

Includes, recreational boat harbour, Port Enhancement Project and corporate services. None of these activities constitutes a separately reportable business segment.

Geographical segments

The Authority operates predominantly in the one geographical segment, being Australia.

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

31. Segment Information (continued)

Primary reporting – business segments

2004	Commercial Harbour	Fishing Boat Harbour	Other	Total
Revenue from External Customers	11,444,462	1,560,914	4,707,161	17,712,537
Other Revenue	<u>674,275</u>	<u>22,576</u>	<u>-</u>	<u>696,851</u>
Total Revenue	<u>12,118,737</u>	<u>1,583,490</u>	<u>4,707,161</u>	<u>18,409,388</u>
Segment Result	<u>1,538,626</u>	<u>344,981</u>	<u>(873,654)</u>	<u>1,009,953</u>
Segment Assets	<u>138,899,640</u>	<u>2,110,328</u>	<u>129,765</u>	141,139,733
Unallocated Assets				<u>8,006,129</u>
Total Assets				<u>149,145,862</u>
Segment Liabilities	<u>105,465,400</u>	<u>459,675</u>	<u>-</u>	105,925,075
Unallocated Liabilities				<u>21,258,480</u>
Total Liabilities				<u>127,183,555</u>
Acquisition of Assets	<u>41,964,674</u>	<u>-</u>	<u>-</u>	<u>41,964,674</u>
Depreciation Expense	<u>2,964,462</u>	<u>148,158</u>	<u>-</u>	<u>3,112,620</u>
Non cash expenses other than depreciation	<u>276,206</u>	<u>7,867</u>	<u>-</u>	<u>284,073</u>

2003	Commercial Harbour	Fishing Boat Harbour	Other	Total
Revenue from External Customers	8,045,973	1,562,143	49,328	9,657,444
Other Revenue	<u>472,412</u>	<u>21,324</u>	<u>-</u>	<u>493,736</u>
Total Revenue	<u>8,518,385</u>	<u>1,583,467</u>	<u>49,328</u>	<u>10,151,180</u>
Segment Result	<u>(401,150)</u>	<u>426,378</u>	<u>(18,894)</u>	<u>6,334</u>
Segment Assets	<u>121,624,429</u>	<u>2,276,471</u>	<u>138,309</u>	124,039,209
Unallocated Assets				<u>7,363,944</u>
Total Assets				<u>131,403,153</u>
Segment Liabilities	<u>85,279,325</u>	<u>1,211,908</u>		86,491,233
Unallocated Liabilities				<u>23,166,225</u>
Total Liabilities				<u>109,657,458</u>
Acquisition of Assets	<u>67,177,390</u>	<u>331,144</u>	<u>-</u>	<u>67,508,534</u>
Depreciation Expense	<u>1,279,499</u>	<u>108,768</u>	<u>8,544</u>	<u>1,396,811</u>
Non cash expenses other than depreciation	<u>222,418</u>	<u>9,689</u>	<u>-</u>	<u>232,107</u>

Geraldton Port Authority
Notes to the Financial Statements
30 June 2004

Notes to and forming part of the segment information

a. Accounting Policies

Segment information is presented for the above business segments rather than the industry segment of port operator, identified in previous years to comply with the revised segment reporting accounting standard, AASB 1005 Segment Reporting, which was applied for the first time in the year ended 30 June 2002.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of receivables and property, plant and equipment. Segment liabilities consist primarily of income in advance. Segment assets and liabilities do not include income taxes.

Geraldton Port Authority Directors Declaration

The Directors declare that the Financial Statements and Notes:


- (a) comply with Accounting Standards, Port Authorities Act 1999, other mandatory professional reporting requirements, and
- (b) give a true and fair view of the Authority's financial position as at 30 June 2004 and its performance as represented by the results of its operations and cash flows for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Port Authorities Act 1999, and
- (b) there are reasonable grounds to believe the Authority will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.


Ian King


Kim Halbert

Geraldton
16 September 2004



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON GERALDTON PORT AUTHORITY

To the Parliament of Western Australia

Audit Opinion

In my opinion, the financial report of the Geraldton Port Authority is in accordance with:

- (a) schedule 5 of the Port Authorities Act 1999, including:
 - (i) giving a true and fair view of the Authority's financial position at June 30, 2004 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards in Australia; and
- (b) other mandatory professional reporting requirements in Australia.

Scope

The Board's Role

The Board of Directors is responsible for the financial report.

The financial report consists of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying Notes and Directors' Declaration.

Summary of my Role

As required by the Port Authorities Act 1999, I have independently audited the financial report to express an opinion on it. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial report is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial report.

D D R PEARSON
AUDITOR GENERAL
September 27, 2004

APPENDICES

Publications

The following publications are available from the Geraldton Port Authority:

- ◆ Statement of Corporate Intent
- ◆ Port Handbook
- ◆ Champion Bay Comment Newsletters

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RECORD INFORMATION

2003/2004

Largest Vessel

MV Leto
75,169 DWT
November 2003

HISTORY

Largest Vessel

MV Leto
75,169 DWT
November 2003

Largest Total Cargo

MV Doric Spirit
51,002.63 Tonnes Lupins
June 2004

Largest Single Cargoes

MV Doric Spirit.....	Lupins.....	51,002.63 Tonnes ...	June 2004
MV Panormos Faith	Wheat.....	50,000.51 Tonnes ...	April 2004
MV Fratzecons M.....	Iron Ore	48,051Tonnes	June 2004
MV Samjohn Captain.....	Canola.....	37,305 Tonnes	November 1999
MV New Ambition	Barley	32,550 Tonnes	June 2004
MV Yang Hai	Ilmenite.....	30,008.8 Tonnes	January 2002
MV Mikom Accord.....	Petroleum	29,103.41 Tonnes ...	March 2001
MV Ming Hai	Talc	23,111 Tonnes	August 2003