

# Annual Report 2021-22



**PORTSVICTORIA**



# Responsible Body's declaration

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The Hon. Melissa Horne MP  
Minister for Ports and Freight  
1 Spring Street  
Melbourne VIC 3000

The Hon. Tim Pallas MP  
Treasurer  
1 Treasury Place  
East Melbourne VIC 3002

Dear Ministers,

I have much pleasure in submitting to you the Annual Report of Ports Victoria for the period 1 July 2021 to 30 June 2022, in accordance with the provisions of the *Transport Integration Act 2010 (Vic)* and the *Financial Management Act 1994 (Vic)*.



Yours sincerely,  
Howard Ronaldson  
Chair

26 October 2022

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Section 1:

# Year in review

# From the Chair

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The 2021-22 year has been significant for Victoria's four commercial ports. It saw the beginning of the implementation of recommendations from the Victorian Government's 2020 *Independent Review of the Victorian Ports System*.

The Government's initial response to the review, in February 2020, was the announcement of the creation of Ports Victoria by combining Victorian Regional Channels Authority and Victorian Ports Corporation (Melbourne). This came to fruition when Ports Victoria started operations on 1 July 2021.

Head office has been established in Geelong while local work sites and offices in operational areas have been maintained. Throughout the year, work progressed to unify the organisation's structure and operations to deliver consistent and uniform services across all areas of responsibility.

Initially, Ports Victoria had the combined roles and powers of the two predecessor organisations and continued the effective management of navigational and operational safety in Victoria's commercial port waters and channels.

The Government's full response to the independent review, released in August 2021, was implemented via the passage of the *Transport Legislation Amendment (Port Reforms and Other Matters) Act 2022* through the Victorian Parliament in May 2022.

This Act reformed Ports Victoria's charter and solidified its object as managing commercial navigation on a fair, safe and efficient basis consistent with the transport system objectives. The reformed charter expanded the organisation's role from the traditional functions to that of a key advisor to Government and the ports sector, providing expertise and facilitating the advancement of Victoria's port system.

The role was further described with the release in July 2022 by the Minister for Ports and Freight of *Navigating our Port Futures: The Victorian Commercial Ports Strategy*. Ports Victoria is the lead agency for several initiatives in the document and a support agency for others.

Good progress has been made during our first 12 months and is due to the work of all of Ports Victoria's people.

On behalf of the Board, I thank Peter Mannion, our Chief Operating Officer, who led the new organisation through its first six months, navigating the initial merging of the two agencies.

In January 2022, Brendan Webb joined Ports Victoria as the inaugural Chief Executive Officer. Since taking up the role, Brendan has worked to establish an appropriate operational foundation to take the organisation forward as it progressively takes on its expanded role in the Victorian ports system

I thank my fellow Board Directors for their work and assistance during our first year, setting direction and standards that will take Ports Victoria confidently forward.

I want to make particular mention of the contribution of Janice van Reyk who resigned from the Board on 30 June 2022. Janice's extensive ports experience was invaluable. She had previously served on the Port of Melbourne Corporation Board and was Deputy Chair of its successor organisation, Victorian Ports Corporation (Melbourne).



**Howard Ronaldson**

**Chair**



# From the Chief Executive Officer

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I am pleased to report that during Ports Victoria's first 12 months we have maintained a seamless provision of services to Victoria's port system while establishing our new organisation.

An important change has been the aligning of the organisation's structure and undertaking key recruitment to improve the delivery of our core business as well as carry out our expanded role in the Victorian ports system.

A major part of our work over the last year has been to review and assess the inherited systems and practices and to develop a foundation from which Ports Victoria can design and develop the systems that will meet our internal needs and those of port users and our stakeholders.

We have made good progress in 12 months and continue the work to build a strong organisation.

While COVID-19 continued to create challenges throughout the year we have kept Victoria's ports open for business, not just for the last 12 months, but every day throughout the whole of the pandemic period. Our part in maintaining the supply chains has helped ensure the arrival of essential supplies for Victorians and our exporters to maintain access to overseas markets.

We protected our staff and contractors with strong pandemic health and safety plans. We also assisted international seafarers through working with the Mission to Seafarers and Stella Maris, to facilitate COVID-19 vaccinations and medical and wellbeing shore leave for international seafarers calling at the port of Melbourne.

A change is coming in October 2022 when TT-Line moves its Victorian base for the Spirit of Tasmania ferries from Station Pier in Port Melbourne to Corio Quay in the port of Geelong. We have been planning for the daily arrivals and departures of the ferries at port of Geelong via the Geelong Channel. Working closely with both TT-Line and GeelongPort we will ensure the ferries, as well as all other shipping using the port, have safe, efficient and fair access.

We have also been preparing for the return of international cruise shipping following the reopening of Australia's borders. Bookings for 2022-23 indicate a very busy season at Station Pier as well as a good number of visits to Geelong and Phillip Island in Western Port.

Over the year, vessel traffic to the ports of Melbourne and Hastings remained on par with previous years with 2932 visits to Melbourne and 119 visits to Hastings. The port of Geelong however saw an increase of 27 per cent in the number of vessel visits and this was due mainly to a bumper harvest driving higher numbers of grain ships to enable bulk exports.

Part of our role is to protect the environment in all of our operations. We take this responsibility very seriously and have strong requirements embedded into our operational procedures. As a result, there were no environmental incidents resulting from works managed by us.

Safety is paramount in all of our operations, and we foster a positive safety culture, encouraging staff to report any hazards, near misses or incidents they encounter. Throughout the year, we have kept our staff safe and ensured that our operations have not placed the wider community at risk.

Ports Victoria is facing some financial challenges. We are working with Government departments progressing a business case, cruise strategy and precinct master plan to support the future of cruise shipping at Station Pier. We are also working to secure alternative sources of funding.

I want to thank the Chairman and Board of Directors for their guidance of the new organisation and the experience and help of the Executive Leadership Team has also been instrumental in establishing Ports Victoria. I particularly want to acknowledge Peter Mannion, our Chief Operating Officer, who led the organisation from day one until I took up my role on 10 January 2022.

And, importantly, I want to thank all the employees of Ports Victoria for their work during this period of change. They have not only maintained business as usual but have adapted and transformed our operations and activities so we can continue to serve the Victorian ports system and Victorians into the future.



Brendan Webb  
Chief Executive Officer

# Purpose, vision and values

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## Purpose

Connecting our ports with the world

## Vision

A maritime centre of excellence

## Values

- We care
- Learning and acting
- Feel trusted and be trusted
- Together we achieve

# An overview of Ports Victoria

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## Acknowledgement of Country

We acknowledge the Traditional Aboriginal Owners of Country throughout Victoria and pay our respects to Elders past, present and emerging and to the ongoing living culture of Aboriginal people.

## Department of Transport

Ports Victoria is part of Victoria's transport portfolio, led by the Department of Transport (DoT), Victoria.

The vision of the transport portfolio is to deliver an integrated and sustainable transport system that contributes to an inclusive, prosperous, and environmentally responsible state.

Together, entities in the transport portfolio deliver simple, safe, connected journeys, and are working together to shape the transport system so that it meets the needs of the people that use it now and in the future.

While Ports Victoria is an independent statutory authority, it is a key contributor of initiatives of the Department of Transport and the transport network, so Victorians can stay connected to jobs, education and each other.

## Manner of establishment

In November 2020, the Victorian Government published the report *Independent review of the Victorian Ports System*. The review's purpose was to investigate and recommend any strategic policy and governance framework reforms needed to maximise the ports' economic and community benefits.

In its initial response to the review released in February 2020, the Victorian Government announced the creation of Ports Victoria through the administrative restructure of the former Victorian Ports Corporation (Melbourne) and Victorian Regional Channels Authority.

Ports Victoria started operations on 1 July 2021. It was established by the Transport Restructuring Order (Establishment of Ports Victoria) No. 1/2021 (the TRO) as a sector transport agency within the meaning of the *Transport Integration Act 2010* (Vic).

In August 2021, the government published its response to the report: *Setting Sail on Ports System Reforms – The full government response to the independent review of the Victorian Ports System*. This also flagged the process for development of the Victorian Commercial Ports Strategy, which was released in July 2022.

Subsequently, the *Transport Legislation Amendment (Port Reforms and Other Matters) Act 2022* (Vic) embedded Ports Victoria in legislation and reformed its charter to promote and facilitate trade, undertake operational activities and provide technical and consultancy services concerning the whole of the Victorian ports system.

The Transport Legislation Amendment (Port Reforms and Other Matters) Act amended the following Victorian Acts in relation to Ports Victoria's operations:

- Transport Integration Act 2010
- Port Management Act 1995
- Marine Safety Act 2010
- Transport (Safety Schemes Compliance and Enforcement) Act 2014

## Purpose and responsibilities

Ports Victoria is responsible for the safe transit of ships to and from Victoria's commercial ports i.e. Melbourne, Geelong, Hastings and Portland.

It provides maritime expertise informing the strategic development and operations within Victoria's commercial ports and waterways as well as contributing to the economic and social prosperity of Victoria by providing infrastructure and services for trade and tourism.

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## Shipping and navigation

Ports Victoria is directly responsible for shipping management in the commercial ports of Melbourne, Geelong and Hastings. It also has oversight of the shipping control and navigation channel services for the port of Portland which it has contracted to the port operator.

The harbour masters for the ports of Melbourne, Geelong and Hastings are employed by Ports Victoria in accordance with Chapter 6 of the *Marine Safety Act 2010* (Vic). Ports Victoria is also empowered to authorise persons to act as Assistant Harbour Masters, in accordance with section 229 of the Marine Safety Act.

Safe marine navigation is enabled by 24-hour modern vessel traffic services (VTS) at the Port Operations Control Centre in Port Melbourne (Melbourne VTS), at the Point Lonsdale Lighthouse (Lonsdale VTS) and at Marine Control Centres in Geelong and Stony Point.

## Cruise vessels and ferries

Ports Victoria manages Station Pier as Victoria's premier cruise shipping gateway. The pier accommodates TT-Line's *Spirit of Tasmania* cargo/passenger ferries and other visiting ships including Australian and international navy vessels.

Cruise ships also call at the port of Geelong where they are accommodated at anchorage, and to Phillip Island in Western Port where the visits are facilitated by Ports Victoria's Marine Control Centre at Stony Point.

## Infrastructure

Ports Victoria is responsible for maintaining Station Pier in Port Melbourne and the Point Lonsdale Lighthouse building at the Heads. Both of these structures are heritage listed.

## Channels and aids to navigation

The Geelong Channel and the Hastings Channel (leading to the respective ports) are Ports Victoria's responsibility and we maintain the channels and the associated aids to navigation for each of them.

## Trade

The ports of Melbourne, Geelong, Hastings and Portland import and export a diverse range of cargoes, vital to the Victorian economy.

The port of Melbourne is Australia's largest container and general port, handling more than one-third of the nation's container trade.

The port of Geelong is Victoria's second largest port and main bulk cargo port, handling close to 12 million tonnes of cargo per year.

The port of Hastings provides access for major industries including a hub for oil and gas imports and a major steel product manufacturing facility.

The port of Portland provides bulk cargo services for the agriculture, forestry and mining industries.

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## Functions, objects and powers

### ***Transport Integration Act 2010 (Vic)***

The *Transport Integration Act 2010 (Vic)* (TIA) commenced on 1 July 2010. Its purpose was to create a new framework for the provision of an integrated and sustainable transport system in Victoria consistent with the vision statement contained in section 6 which reads:

*‘The Parliament recognises the aspirations of Victorians for an integrated and sustainable transport system that contributes to an inclusive, prosperous and environmentally responsible State.’*

Ports Victoria was constituted by Order in Council Transport Restructuring Order (Establishment of Ports Victoria) No. 1/2021. This Order provided that Ports Victoria is a ‘transport body’ under the TIA and conferred upon Ports Victoria the duties, functions and powers of the Victorian Ports Corporation (Melbourne) and the Victorian Regional Channels Authority.

As a ‘transport body’ Ports Victoria is required to have regard to the ‘transport system objectives’, ‘decision making principles’ and any applicable ‘specified policy principles’ when performing its functions or exercising its powers under any ‘transport legislation’, including the TIA, *Port Management Act 1995 (Vic)* and the *Marine Safety Act 2010 (Vic)*.

The transport system objectives provide for:

- Social and economic inclusion
- Economic prosperity
- Environmental sustainability
- Integration of transport and land use
- Efficiency, coordination and reliability
- Safety, health and wellbeing

The decision-making principles provide for:

- Integrated decision making
- Triple bottom line assessment
- Equity
- Transport system user perspective
- The precautionary principle
- Stakeholder engagement and community participation
- Transparency

The Ports Victoria objects for 2021-22 included the following:

- ensure that Melbourne and regional port waters and channels are managed for use on a fair and reasonable basis consistent with the vision statement and the transport system objectives;
- to manage and develop Station Pier and West Finger Pier consistent with the vision statement and the transport system objectives;
- ensuring, in collaboration with transport bodies and public entities, that regional port waters and channels in regional port waters are effectively integrated with the transport system and other systems of infrastructure in the State.

The functions of Ports Victoria for 2021-22 included promoting and marketing the port of Melbourne, to dredge and maintain channels in port of Melbourne and regional waters, to provide and maintain navigation aids and systems in port of Melbourne and regional waters, and to direct and control the movement of vessels in port of Melbourne waters.

As a ‘transport corporation’ under the TIA, Ports Victoria has power to do all things that are necessary or convenient to be done for or in connection with, or as incidental to, the achievement of its object and the performance of its functions.

The *Transport Legislation Amendment (Port Reforms and Other Matters) Act 2022 (Vic)* gained royal assent on 24 May 2022. This amendment Act, among other things, has revised the TIA and other Acts to directly provide Ports Victoria functions, objects and powers. The amendment Act provided that some sections commenced on that date. The Government Gazette of 23 June 2022 included a proclamation that other sections would commence on 1 July 2022. The amendment Act provided that remaining sections, if not commenced through proclamation earlier, will commence on 1 March 2023.

## Ministerial Directions

Ports Victoria did not receive any Ministerial Directions during 2021-22.

# Operations review

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## Key achievements

- Maintaining a seamless service delivery to customers and stakeholders while integrating the activities of the two previous organisations to create Ports Victoria.
- Establishing night time berthing of large container vessels at Swanson Dock.
- Ensuring the shipping channels to the ports of Melbourne, Geelong and Hastings remained open for navigation every day of the year.
- Commissioning the full operation of the new, upgraded Vessel Traffic Service (VTS) system in both the Melbourne and Lonsdale sectors.
- Facilitating the vaccination of international seafarers visiting the port of Melbourne.

## Marine operations

Victoria's commercial ports in Melbourne, Geelong and Hastings were open for business every day of the year through the work of Ports Victoria's Vessel Traffic Services (VTS) and Marine Control Centres.

They provide essential navigational safety services to vessels transiting the port waters of Melbourne, Geelong and Hastings.

Lonsdale VTS manages commercial shipping in the south of Port Phillip including the Heads, while Melbourne VTS covers the north of the bay including the port of Melbourne and its anchorages. Geelong's Marine Control manages vessels in Corio Bay, the port of Geelong, its channel and anchorage. Hastings Marine Control at Stony Point manages vessel movements in the port of Hastings, its channel and its anchorage.

### Vessel visits

Port Phillip	3336
Western Port	119
Port of Melbourne	2932
Port of Geelong	748
Port of Hastings	119

While the ports of Melbourne and Hastings had a similar number of visits to previous years, the port of Geelong had a 27% increase on the previous year. This included:

- an increase in the number of grain ship visits with 84 vessel calls compared with 49 the previous year. This was due to a much larger harvest than usual
- an increase in the number of petroleum carrying vessels with 202 calls compared with 164 last year.
- an increase in offshore vessels visits from 65 last year to 138 this year. These vessels are connected to offshore drilling activities.

### Dynamic Under Keel Clearance

The Dynamic Under Keel Clearance (DUKC) system is used to assist vessels with deeper draughts to transit the Heads at the entrance to Port Phillip and the channels.

Melbourne and Lonsdale VTS managed 900 DUKC movements while Geelong Marine Control managed 154.

### Vessel traffic services system upgrade

Work began in June 2020 to install a new and highly advanced VTS system for Melbourne and Lonsdale VTS sectors. During 2021-22, the new system became fully operational across both sectors enabling delivery of improved navigational safety and operational efficiency for commercial shipping.

With one organisation now responsible for shipping management across the port waters of Melbourne, Geelong and Hastings, the aim is to have one integrated system for all three ports.

### Spirit of Tasmania

The *Spirit of Tasmania* ferry operations will move from Port Melbourne to Corio Quay in October 2022. We have been working closely with TT-Line (the operator of the ferries) and GeelongPort to facilitate the scheduling of the ferries to and from the port of Geelong.



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## **New Harbour Master for Melbourne**

In May 2022, Warwick Laing was appointed Harbour Master for the port of Melbourne.

Warwick was previously the Deputy Harbour Master for the port and brings experience from service in the Royal Australian Navy as well as commercial shipping.

## **New editions of port operations publications for Melbourne**

Edition 12 of the *Harbour Master's Directions* for the port of Melbourne was issued in November 2021, followed by an update in December 2021, issued as Edition 12.1.

The *Port Information Guide* for port of Melbourne was also updated with the publication of edition 5 in March 2022.

## **Larger container vessels**

Building on the work that enabled larger container vessels to routinely call during daylight hours at Swanson and Webb docks in the port of Melbourne, successful trials were conducted during the year for night time berthings at Swanson Dock. Such visits are now part of the normal shipping activity at the port.

The ability to berth at any time will increase efficiency for the port as a whole, benefiting vessel operators, stevedores and cargo owners.

## **Health and safety**

Health and safety is a priority in everything we do.

We maintain a high level of maritime and workplace health and safety through continuously reviewing risks and risk mitigation strategies. This process is enhanced through good communication and liaison with our stakeholders.

Any changes to the risk profile are addressed by considering the relevant activity from a whole of organisation and whole of port perspective, revising operational procedures and providing appropriate additional treatments to mitigate the identified risks.

In all safety-related matters we work closely with Maritime Safety Victoria.

## **Station Pier**

COVID-19 restricted operations and access to Station Pier for the whole year. Ports Victoria complied with all the regulations and controls required by relevant Australian and Victorian government departments and agencies relating to ship visits.

## **Cruise shipping**

International cruise shipping operations were suspended throughout the nation by the Australian Government for the period 1 July 2021 to 17 April 2022.

However, during the reporting period, vessels carrying fewer than 100 passengers were allowed to operate domestic coastal cruises. Station Pier hosted four such visits during December 2021 and January 2022, each one a turnaround visit with a full exchange of passengers.

## **Ferry operations**

Station Pier was accessible for the whole year for TT-Line's daily sailings of its *Spirit of Tasmania* vehicle and passenger ferries between Devonport in Tasmania and Station Pier in Port Melbourne. This allowed vital cargo movement between the two states to continue.

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## Other ship visits

### Royal Australian Navy

Ports Victoria was pleased to welcome four Royal Australian Navy ships to Station Pier during the year with two of them making their first visits to Melbourne.

- The HMAS *Hobart*, a Hobart Class guided missile destroyer, was alongside from 23 to 26 April 2022.
- The HMAS *Warramunga*, an Anzac Class frigate, arrived on 29 April 2022 for a brief visit, departing on 1 May 2022.
- The HMAS *Stalwart*, a new Supply Class Auxiliary Oiler Replenishment ship, called at Station Pier from 11 to 16 May 2022. This was the ship's first port visit outside its home port of Rockingham, Western Australia.
- The HMAS *Diamantina*, a Huon Class Minehunter Coastal vessel, made its first visit to Melbourne from 23 to 29 June 2022.

### Commercial

In March, the Outer West berth at Station Pier was used for a short lay up by the car carrier *Green Lake*.

## Seafarer welfare

Ports Victoria worked closely with the Mission to Seafarers, Stella Maris, Port of Melbourne and stevedores to coordinate the administration of COVID-19 vaccinations to visiting international seafarers while they were in the port of Melbourne. The service started in March 2022 and was available on request via ships' masters.

In addition, we worked closely with relevant government departments and ships' agencies to ensure seafarers were afforded access ashore for medical help and wellbeing purposes.

## Employee relations

### Staff support during pandemic restrictions

Ports Victoria maintained a high level of support for staff during the COVID-19 response measures throughout the year. The focus was on the wellbeing of all staff in their various working environments.

Office-based employees were given greater flexibility to work from home and safety protocols were embedded within the workplace. In the operational environments, a number of additional precautionary measures were put in place, such as separating day and night shifts, while continuing to function at the highest levels. Safety was front of mind at all times.

### Corporate values

As a new organisation, Ports Victoria developed its high-level corporate purpose, vision and values. Staff were engaged and provided input to the guiding statements.

Work continues with staff on reaching a deeper understanding of the values and defining how they will work in action.



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## Policy refresh

Following the establishment of Ports Victoria on 1 July 2021, all people-related policies and guidelines were reviewed and refreshed to ensure they meet the needs of all members of the team.

## Employee engagement

Staff participated in the Victorian Public Service Commission's annual People Matter Survey in June 2022. People Matter is an employee opinion survey that gathers information from staff across the Victorian public sector and provides valuable feedback for individual organisations as well as the public service as a whole.

In addition, Ports Victoria is undertaking its own staff surveys, at regular intervals, to enhance staff engagement. After each survey, teams establish an action plan to make improvements in areas that have been identified for development.

## Asset management

Ports Victoria is responsible for a diverse set of assets in many different and challenging locations on land and water.

The assets include Station Pier in Port Melbourne and the Point Lonsdale Lighthouse (both heritage listed), the shipping channels leading to the ports of Geelong and Hastings and related aids to navigation.

The advanced navigation systems used to ensure shipping safety in Port Phillip and Western Port are also managed by Ports Victoria. These systems are located in and around the two bays, along the southern Victorian coast and in the waters of Bass Strait.

## Infrastructure maintenance

### Piers

Ports Victoria has an ongoing maintenance program covering the whole of Station Pier and West Finger Pier at Port Melbourne. This maintains the structural safety of the piers and buildings and ensures the facilities meet customers' needs.

The pause in cruise ship visits because of COVID-19 restrictions allowed improvement and maintenance works to continue throughout the year on Station Pier. Usually, these works can only be carried out between cruise seasons.

All scheduled works were completed and included the ongoing pile rehabilitation project on both piers and refurbishments to the terminal buildings on Station Pier.

May 2022 saw the start of the current phase of the pile rehabilitation project for both piers. (There are around 7000 piles supporting the 600 metre long Station Pier structure alone).

All maintenance works on the heritage-listed Station Pier structures are carried out in close consultation with Heritage Victoria and, where necessary, with approval under the *Marine and Coastal Act 2018 (Vic)*.

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## Pricing

As a designated State Port Entity under section 74AB of the *Port Management Act 1995* (Vic), Ports Victoria may set fees and charges for its services. As a designated 'channel operator' under section 75 of the same Act, it may set fees and charges for channel usage. These are set out in the Reference Tariff Schedules.

### Reference Tariff Schedules

Ports Victoria operated under three Reference Tariff Schedules during the reporting period – one covering the Ports Victoria-managed areas within the port of Melbourne, two covering channel fees for the ports of Geelong and Hastings respectively.

- (a) The *Reference Tariff Schedule 2021*, effective from 1 July 2021 and applicable to the Ports Victoria-managed areas within the port of Melbourne, applied for the whole of the reporting period. This was available on the Ports Victoria website, [www.vicports.vic.gov.au](http://www.vicports.vic.gov.au), for the whole of the period.
- (b) The *Tariff Schedule*, effective from 1 July 2021, applicable to the port of Geelong applied for the whole of the reporting period. This was available on the Ports Victoria website, [vrca.vic.gov.au](http://vrca.vic.gov.au), for the whole of the period.
- (c) The *Tariff Schedule*, effective from 1 July 2021, applicable to the port of Hastings, applied for the whole of the reporting period. This was available on the Ports Victoria website, [vrca.vic.gov.au](http://vrca.vic.gov.au), for the whole of the period.

### Commercial terms

Ports Victoria has Standard Terms and Conditions (STC) for the hire of common user wharves and terminals at Station Pier. These detail the performance obligations of Ports Victoria and the hirers and ensures that the Ancillary Service Providers (ASP) they engage are covered by these performance standard requirements.

The STC are complemented by ASP licences that incorporate security, health and safety, and environmental management performance obligations on the licence holders.

## Community

Ports Victoria has multiple operational sites around Port Phillip and Western Port, ranging from residential city areas to rural locations. We are cognisant of the amenity expectations of neighbouring communities in everything we do.

In Melbourne, urban communities border our operations areas and landside links. Recognising the amenity expectations of neighbouring communities, we liaise and regularly meet with residents, businesses and local government in the Port Melbourne area near Station Pier.

In Geelong, the long-running school education program recommenced in October 2021. Groups of secondary school students are taken on a boat tour of the port of Geelong with a guide explaining the operations and activities.

We are active in the Geelong community through membership of the Geelong Chamber of Commerce, the Committee for Geelong and G21 Geelong Region Alliance organisations.

We participate in the Port of Hastings Community Consultation Committee which includes representatives of port stakeholders and the local community where port operations and activities are reviewed and discussed.

### 'Keep Clear of Big Ships' boating safety campaign

The boating safety campaign aims to reduce the risk of vessel interactions between commercial shipping and small recreational vessels in the channels we monitor.

During the year, our Transport Safety Officers (TSOs) conducted on-water patrols in the port waters of the ports of Melbourne, Geelong and Hastings.

While out on patrol, the TSOs speak directly with recreational vessel operators who are either near commercial vessels or who are not complying with marine safety legislation or local waterway rules. While the Keep Clear program is predominately educational, when necessary and appropriate, enforcement measures such as directions and infringements are issued to prevent unsafe behaviour.

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This year we worked closely with our marine safety partners to conduct joint, risk-based operations to target specific areas based on monitoring vessel traffic and the behaviours of recreational boaters. Those partner organisations are the Victorian Water Police Squad, Maritime Safety Victoria, Parks Victoria and the Victorian Fisheries Authority.

In addition to the on-water patrols, the safety message was promoted to the boating and general public through radio commercials, inclusion in recreational fishing booklets and signage.

## Environment

Ports Victoria values the environment in which we operate and are mindful that we are custodians of ports and waterways that Victorians are deeply connected with. We consider the environmental impacts for all of our works and broader port operations as part of business as usual practices.

We are committed to compliance with all relevant Commonwealth and Victorian statutory environmental requirements.

The Transport Integration Act requires Ports Victoria to plan and provide infrastructure which has regard to environmentally sustainable transport system objectives and triple bottom line assessment decision-making principles.

During the year there were no environmental incidents that resulted from works managed by Ports Victoria.

## Emergency response

Ports Victoria is the initial response and control agency for marine emergencies (non-search and rescue) within the port waters of the ports of Melbourne and Geelong and for marine pollution from Cape Schanck in the east to Cape Otway in the west, including all of Port Phillip.

Staff have continued to participate actively in state and national emergency response exercises, workshops and training for marine pollution and maritime casualty response.

Ports Victoria led a large-scale emergency response exercise during the year with active participation from all emergency and support

agencies. This afforded a good opportunity for emergency preparedness in the ports' environment.

Several Ports Victoria staff who are members of the state and national response team attended planning and review meetings held by the Department of Transport and the Australian Maritime Safety Authority to update the State Maritime Emergencies (non-search and rescue) Plan.

During the year there were several emergency events within the commercial ports that were all managed within the State Emergency Management Plan framework. Debriefs were conducted for all of these events and lessons learned have been shared and incorporated into operation doctrine.

## Safety and Environment Management Plans

The Port Management Act requires Ports Victoria to prepare and implement an approved and audited Safety and Environment Management Plan (SEMP) for each of the commercial ports of Geelong, Melbourne and Hastings. The SEMPs are publicly available on the organisation's websites.

Annual reports are prepared and presented to the Minister for Ports and Freight, Environment Protection Authority Victoria and WorkSafe each year.

The SEMPs are prepared in accordance with Ministerial Guidelines Port Safety and Environment Management Plans (November 2012), as required by section 91G of the Port Management Act. The plans are subject to independent audit every three years and internal audit annually.

In 2021-22, the SEMPs for the ports of Melbourne and Hastings were externally audited and found to be in full conformance with the Port Management Act and Ministerial Guidelines requirements. (The SEMPs for the port of Geelong was audited during the previous year.)

As required, the SEMPs annual reports, including the findings and safety metrics from these internal audits, were presented to the Minister for Ports and Freight, WorkSafe Victoria and the Environment Protection Authority Victoria.

Ports Victoria achieved all of its objectives outlined in its SEMPs in 2021-22.

# Financial information summary

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## Financial summary

Ports Victoria is a new entity that started operations on 1 July 2021. As such, there is no comparable information from previous years.

	<b>2022</b> <b>\$m</b>
Income	43.1
Expenses	40.0
Net result from transactions	3.1
Net result (loss) after tax	(22.2)
Total comprehensive loss	(6.8)
Net cash flow from operating activities	8.9
Total assets	117.0
Total liabilities	14.8

## Overview

The Victorian Government considers the net result from transactions to be the appropriate measure of financial management that can be directly attributed to government policy. This measure excludes the effects of revaluations (holding gains or losses) arising from changes in market prices and other changes in the volume of assets shown under 'other economic flows' in the comprehensive operating statement.

The net result from transactions was \$3.1m, reflecting a strong rebound in TT-Line revenue once the COVID-19 travel restrictions were lifted by the Tasmanian Government on 15 December 2021, and Geelong and Hastings channel fee revenue exceeding budget expectations. However there were a number of non-cash items leading to the total comprehensive result for the year which was a loss of (\$6.7m), as detailed below.

The administrative restructure of Victorian Ports Corporation (Melbourne) (VPCM) and Victorian Regional Channels Authority (VRCA) to form Ports Victoria effective 1 July 2021, has been noted previously in this Annual Report. The transfer of the assets and liabilities from VPCM and VRCA under the relevant Transfer Order has been accounted for as a contribution by owner, whereby the transfer was recorded as a direct adjustment to equity through contributed capital on 1 July 2021 equal to the carrying value determined by the predecessor entities.

All non-current physical assets are required to be measured annually at fair value in accordance with Financial Reporting Directive 103. Based on the forecast cash flows from utilising Ports Victoria's assets, discounted at appropriate discount rates, this has resulted in an impairment of certain infrastructure assets as at 30 June 2022, primarily at Station Pier. It has also led to a revaluation upwards of the Geelong channel assets which, together with an actuarial gain on the defined benefit liability, has mitigated the impact of the impairment loss.

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## Financial performance – Comprehensive operating statement

The net result for the year after tax of (\$22.2m) includes an impairment loss of \$24m, as a result of the assessment of the fair value of fixed assets at 30 June 2022.

The total comprehensive loss of (\$6.8m) includes a revaluation of the Geelong infrastructure assets of \$6.6m (net of tax) and an actuarial gain of defined benefit liability \$8.8m (net of tax) due to an increase in the applicable discount rate.

## Balance sheet – Significant changes in financial position

Total assets of \$117.0m reflects the impairment and the revaluation noted above, as a result of the assessment of the fair value of fixed assets at 30 June 2022.

Total liabilities of \$14.8m reflects the defined benefit liability, which has been reduced from the opening balance, due to the actuarial gain noted above.

Deferred tax assets (DTA) are recognised in the Balance Sheet only to the extent that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. As such there has been an adjustment to derecognise DTA, the write down of which has impacted equity by (\$6m) as well as income tax expense (\$6.5m), based on whether the DTA arose initially due to movements in either the balance sheet or the profit and loss.

## Cash flow

Total cash on hand at the end of the 2021-22 financial year was \$42.5m. This included cash inflows of \$8.9m from operating activities, cash outflows of (\$1.0m) from investing activities and cash inflows from financing activities of \$34.6m.

The cash inflows from financing activities included \$36.0m as a contribution by owner, i.e. cash transferred in from the two predecessor entities as a result of the administrative restructure to form Ports Victoria.

## Subsequent events

The last sailing of TT-Line (Spirit of Tasmania) from Station Pier was on 22 October 2022. Subsequent to that date, TT-Line sails to and from the port of Geelong. The net change in revenue to Ports Victoria as a result of this change is circa \$11m net per annum (before tax). This has been a key factor impacting the impairment of Station Pier noted further above.

Ports Victoria is working with Government departments, progressing a business case, cruise strategy and precinct master plan to support the future of cruise shipping. Ports Victoria is also working to secure alternative sources of funding.

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Section 2:

# Governance and organisational structure

# Corporate governance

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## Board of Directors

The Ports Victoria Board of Directors is established under the *Transport Integration Act 2010 (Vic)* (TIA). The Board consists of not less than three and not more than nine members, each of whom is appointed by the Governor in Council. It is the duty of the Board to act consistently with the functions and objectives of Ports Victoria, act as a sounding base for good corporate governance and to act honestly, fairly and diligently in accordance with the applicable legislation.

The role of the Board is to establish strategic direction, pursue established corporate objectives, ensure material risks to the operation of Ports Victoria are adequately considered and addressed, appoint the Chief Executive Officer (CEO) of Ports Victoria and monitor the business performance of Ports Victoria. The Board of Directors of Ports Victoria is responsible for the management of Ports Victoria's affairs and may exercise the powers of Ports Victoria. The Board delegates responsibility for management of the entity to the CEO.

Ports Victoria reported to the following Ministers during the reporting period:

- The Hon. Melissa Horne MP, Minister for Ports and Freight
- The Hon. Tim Pallas MP, Treasurer

The primary responsibilities of Ports Victoria are to manage, and support the management of, port of Melbourne waters, channels in port of Melbourne waters, regional port waters and channels in regional port waters for use on a fair, safe and efficient basis consistent with the vision statement and transport system objectives as set out in the TIA.

### **Conflict of interest**

The Directors are governed in respect of conflicts of interest by the relevant provisions of the *Public Administration Act 2004 (Vic)* and binding codes issued by the Victorian Public Sector Commission. They are required to declare any pecuniary interest in any matter being considered by the Board or in any other matter in which Ports Victoria is concerned. The Board is provided at each of its meetings a consolidated list of registered interests disclosed by Directors. Directors are also required to complete a declaration of private interests upon appointment and annually thereafter.



# Directors

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## Howard Ronaldson, Chair

Howard Ronaldson was appointed Chair of Ports Victoria on 1 July 2021.

Howard Ronaldson has had a lengthy career in general management, project governance and delivery, regulation management and the oversighting of large government programs.

He has held the positions of Secretary, Department of Infrastructure (VIC), Undersecretary (CEO) of Treasury (ACT) and in Victoria, Secretary of successive departments of economic development, Director of Housing and Director of Crown Lands.

Howard has participated on many boards as chair or as a member. He has been appointed as an administrator (or equivalent) on a number of occasions.

The first seven years of his working life were at Caterpillar Australia Ltd.

He holds a Bachelor of Economics (Monash University), a Graduate Diploma of Accounting and Finance (Caulfield Institute of Technology) and a Masters Degree in Business Administration (University of Melbourne).

### **Board Committee membership:**

- Audit Committee
- People, Culture and Remuneration Committee
- Risk Committee

## Elaine Carbines AM, Deputy Chair

Elaine Carbines was appointed a Deputy Chair of Ports Victoria on 1 July 2021.

Formerly a state MP representing Geelong, Elaine most recently held the position of CEO of G21 Geelong Region Alliance from 2010 to 2020.

Elaine is an experienced non-executive Director bringing diverse skills to the Ports Victoria board including regional development, strategic planning, community engagement, education and communication.

She holds a number of Director positions including Deputy Chair, Barwon Water; Deputy Chair, GForce Employment and Recruitment; Director, AWA Alliance Bank; Director, Northern Futures; and Director, IMPACT Institute Advisory Board.

Elaine is the Independent Chair of GeelongPort's Community Advisory Group and is an Ambassador for the Peace of Mind Foundation.

### **Board Committee membership:**

- Chair, People, Culture and Remuneration Committee
- Risk Committee

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## Desmond Powell AM

Des Powell was appointed a Director of Ports Victoria on 1 July 2021.

Des was a Director of Victorian Regional Channels Authority from 1 June 2016 until 30 June 2021.

He brings extensive experience in executive management and board roles in the public, private and not-for-profit sectors. In particular, he has specialist expertise in the ports and freight and logistics sector in both Australia and Asia.

He currently holds appointments as Director of Barwon Water Corporation, Member of the Advisory Board for Victorian Skills Authority, Director Mercy Ministry Companions and Director, Emerging futures Collaborative.

### **Board Committee membership:**

- Chair, Risk Committee

## Peter Tuohey

Peter Tuohey was appointed a Director of Ports Victoria on 1 July 2021.

Peter was a Director of Victorian Ports Corporation (Melbourne) from 2 November 2016 until 30 June 2021.

Peter is a fifth-generation grain, wool and prime lamb producer whose experience in freight and logistics has seen him appointed to a number of advisory roles.

Peter is Chair of the Victorian Government's Rail Freight Working Group, Chairman of Melbourne Market Authority, Rural Assistance Commissioner, a member of the Ministerial Freight Advisory Council and a member of the Victorian Water Board Selection Panel.

At the Victorian Farmers Federation (VFF) he served as President from 2012 to 2016 and Vice President from 2009 to 2012. He was also Chair of the VFF's Farm Business and Regional Development Committee from 2010 to 2013.

At the national level, Peter was a Board Director of the National Farmers Federation from 2012 to 2016 and served on its Economics Committee.

Peter was also a member of the Victorian Freight and Logistics Council from 2009 to 2012.

### **Board Committee membership:**

- People, Culture and Remuneration Committee
- Risk Committee

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## Janice van Reyk

Janice van Reyk was appointed a Director of Ports Victoria on 1 July 2021.

Janice was Deputy Chair of Victorian Ports Corporation (Melbourne) from 2 November 2016 until 30 June 2021 and a Director of its predecessor, Port of Melbourne Corporation, from September 2011 to October 2016.

She is a professional non-executive Director with over 12 years experience serving across diverse sectors and industries. She has broad-based business skills gained as a senior executive in listed industrial companies.

Janice is currently a non-executive Director of Australian Super and a member of its Finance and Audit Committee; a non-executive Director of Lochard Energy Group, Chair of its Audit Committee; a non-executive Director of Australian Naval Infrastructure, Chair of its Audit & Risk Committee; a non-executive Director of Tennis Australia, Chair of its Audit & Risk Committee; a trustee of Melbourne & Olympic Parks Trust, a member of the Northern Territory Environment Protection Authority and an Independent Member of the Audit & Risk Committee of Victoria Police.

She has an extensive professional background in major capital projects, infrastructure, finance and capital markets, mergers and acquisitions, commercial negotiations, risk management, environmental management and stakeholder engagement.

Janice also holds a Master of Commerce, a Master of Environment (Hons), Bachelor of Laws (Hons) and a Bachelor of Arts (Economics). Janice is a Fellow of the Australian Institute of Company Directors, a Fellow of the CPA, a Member of the Australian Institute of Superannuation Trustees, a Member of the Environment Institute of Australia and New Zealand and a Leadership Victoria Fellow.

### **Board Committee membership:**

- Chair, Audit Committee

Note: On 30 June 2022, Janice van Reyk resigned as a Director of the Ports Victoria Board.

# Board and Committee meetings

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The Standing Directions under the Financial Management Act 1994 require Ports Victoria to appoint an Audit Committee to, amongst other responsibilities, independently review and assess the effectiveness of the Agency's systems and controls for financial management, performance and sustainability, including risk management. The Board has allocated the risk function to the Risk Committee given the complex risk environment that Ports Victoria works within.

## Audit Committee membership and roles

The Audit Committee consisted of the following members in 2021-22:

- Janice van Reyk, Chair
- Peter Tuohey, Committee member
- Howard Ronaldson, Committee member
- Rob Hogarth, Committee member (appointed by the Committee)

The responsibilities of the Audit Committee are set out in Standing Direction 3.2.1.1. The key responsibilities of the committee are to:

- independently review and assess the effectiveness of the Agency's systems and controls for financial management, performance and sustainability, including risk management
- oversee the internal audit function
- review and report independently to the board on the annual report and all other financial information published by Ports Victoria
- review and monitor compliance, including with Financial Management Act and the Standing Directions
- maintain effective communication with external auditors
- consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised
- assist the board in reviewing the effectiveness of Ports Victoria's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting
  - compliance with applicable laws and regulations.

## People, Culture and Remuneration Committee

The People, Culture and Remuneration Committee assists the Board to fulfil its governance responsibilities by ensuring that Ports Victoria has executive remuneration policies, guidelines and practices that are consistent with government policy and by reviewing policies and processes relating to the development of the corporation's people and its culture.

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## Risk Committee

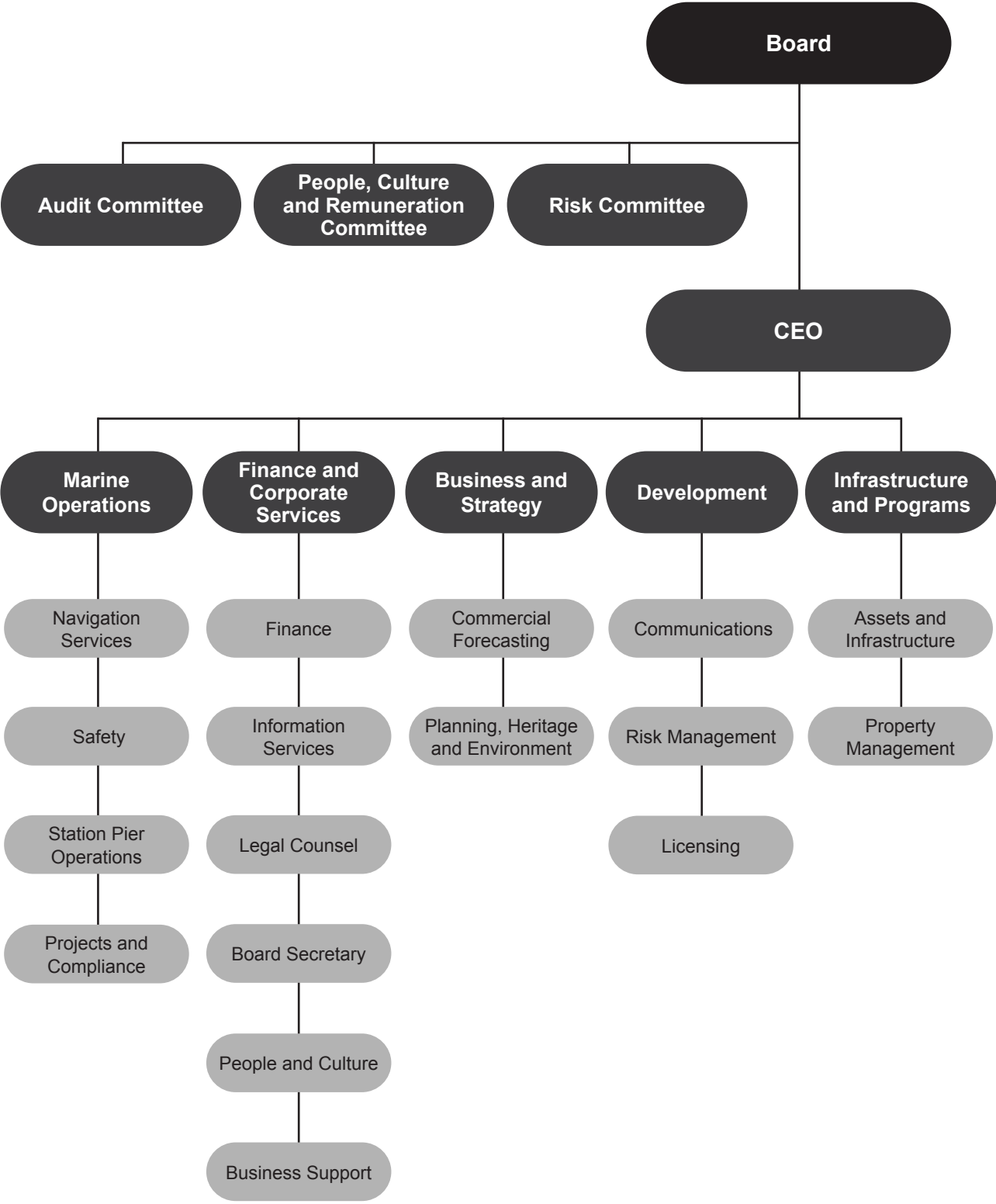
The primary role of the Risk Committee is to oversee the effective operation of the risk management framework to assist the Board in fulfilling its governance responsibilities. The committee also evaluates the effectiveness of risk identification and management and ensures compliance with internal guidelines and external requirements.

### Attendance at Board and Committee meetings

Number attended / eligible to attend

Chairman / Director	Board	Committee		
		Audit	People, Culture and Remuneration	Risk
Howard Ronaldson (Chair)	10/10	4/4	5/6	4/4
Elaine Carbines AM (Deputy Chair)	10/10	NA	6/6	4/4
Desmond Powell AM	10/10	NA	NA	4/4
Peter Tuohey	10/10	4/4	6/6	NA
Janice van Reyk	8/10	4/4	NA	NA
Rob Hogarth (Member, Audit Committee)	NA	3/3	NA	NA

# Organisational structure



# Executive Leadership Team

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Brendan Webb, Chief Executive Officer

Brendan is the inaugural Chief Executive Officer of Ports Victoria, taking up the role on 10 January 2022.

Jacinta Mackey, Chief Financial Officer and Head of Corporate Services

Jacinta leads the team that has responsibility for the organisation's Finance and the diverse corporate services areas of Information Services, Legal Counsel, Board Secretary, People and Culture, and Business Support.

Peter Mannion, Chief Operating Officer – Marine Operations

Peter's responsibilities include navigation services and maritime safety for all four of Victoria's commercial ports i.e. Melbourne, Geelong, Hastings and Portland. He also oversees the operations of Station Pier and maritime-related compliance and projects.

Jeff Bazelmans, Head of Business and Strategy

Jeff's team is responsible for corporate planning, business strategies and forecasting as well as dealing with planning, heritage and environmental management matters.

Stuart Christie, Head of Development

Stuart leads the area responsible for communications, risk management, pilotage and towage licensing and development of a Maritime Centre of Excellence.

David Henderson, Head of Infrastructure and Programs

David's responsibilities cover the areas of infrastructure and assets including maintenance programs, management of the organisation's major projects, and property management.

# OH&S and employment principles

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## Occupational health and safety

Ports Victoria is committed to a safety culture that ensures the health, welfare and safety of its workers. This commitment extends to ensuring that Ports Victoria's operations do not place the wider port community at unnecessary risk of injury or illness.

As an integral part of advancing the safety culture, the corporation takes a proactive approach to managing its occupational health and safety responsibilities and delivers initiatives and programs designed to prevent safety incidents and injuries.

### Key activities:

Services and activities provided for the health and wellbeing of all employees included:

- implementation of free, confidential medical assessments for staff
- a staff welfare program to encourage whole of life wellbeing
- continual review of the organisation's Pandemic Response (COVID Safe) Plan
- support for staff working from home due to COVID-19 through:
  - strong guidelines for remote working
  - supply of appropriate workstation equipment
  - ergonomic assessments of home work set ups in accordance with all government guidelines
  - promotion of the Employee Assistance Program.



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## Management of hazards and incidents

Ports Victoria is working to enhance its positive safety culture. To help achieve this, it has a key strategic objective to increase the reporting of hazards, near misses and incidents.

There are no comparable statistics for the preceding year because Ports Victoria is a new entity, starting operations on 1 July 2021.

Measure	KPI	2021-22
<b>Incidents and hazards</b>	Number of incidents	9
	Number of hazards	20
	Rate per 100 FTE	0
<b>Claims</b>	Number of lost time standard claims	0
	Rate per 100 FTE	0
	Average cost per standard claim	0
<b>Fatalities</b>	Fatality claims	0

*FTE = Full-time equivalent staff*

## Employment and conduct principles

Ports Victoria is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination. Employees have been correctly classified in workforce data collections.

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Section 3:

# Workforce data

# Our people

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## Public sector values and employment principles

We aspire to be an effective, sustainable, diverse and fair organisation, with a culture that creates high levels of employee engagement and performance.

Our strategic intent is to:

- develop and maintain a contemporary organisation design and fit-for-purpose people policies, procedures and enabling systems
- drive engaged leadership that motivates and inspires employees
- develop a strong employee value proposition that attracts and retains people with the right capabilities
- create and sustain market-leading capabilities in the workforce through workforce planning, professional development and succession planning
- build a culture of innovation, growth, engagement, high performance, inclusivity and wellbeing.

These objectives align with our corporate plan objectives which are to provide an effective workplace and port community organisation and to deliver value to customers and stakeholders through efficient internal systems, processes and innovation.

## Comparative workforce data

### Annualised total salary, by \$20,000 bands, for executives

Income band (salary)	Executives
< \$160,000	2
\$160,000 - \$179,999	2
\$180,000 - \$199,999	1
\$200,000 - \$219,999	1
\$220,000 - \$239,999	2
\$240,000 - \$259,999	-
\$260,000 - \$279,999	1
\$280,000 - \$299,999	2
\$300,000 - \$319,999	1
\$320,000 - \$339,999	-
\$340,000+	1
<b>Total</b>	<b>13</b>

## Details of employment levels in 2022

The following table discloses the headcount and full-time staff equivalent (FTE) of all Ports Victoria employees, employed in the last full pay period in June of the current reporting period.

There are no comparable statistics for the preceding year because Ports Victoria is a new entity, starting operations on 1 July 2021.

	June 2022						
	All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
<b>Demographic data</b>							
<b>Gender</b>							
Male	74	59.1	39	2	40.1	33	19
Female	10	9	4	0	4	6	5
Self-described	0	0	0	0	0	0	0
<b>Age</b>							
15-24	0	0	0	0	0	0	0
25-34	7	4	4	0	4	0	0
35-44	19	18	12	0	12	6	6
45-54	18	14.79	9	1	9.79	5	5
55-64	27	24	14	0	14	10	10
65+	13	7.32	4	1	4.32	3	3
<b>Classification data</b>							
<b>EBA employees</b>	71	55.1	30	2	31.1	39	24
<b>Senior employees Executives</b>	13	13	13	0	13	0	0
<b>Total employees</b>	<b>84</b>	<b>68.1</b>	<b>43</b>	<b>2</b>	<b>44.1</b>	<b>39</b>	<b>24</b>

Note – in the table above no FTE is assigned to casual employees. At 30 June 2022, there were 15 casual employees engaged.

## Workforce inclusion policy

Ports Victoria intends to create a more diverse and inclusive workforce. Our Diversity, Equity and Inclusion Action Plan 2022-25 came into effect on 23 March 2022.

The plan sets out initiatives we will undertake to actively increase diverse representation within our workforce. These include traineeship programs aimed at increasing the representation of women and people who identify as Aboriginal or Torres Strait Islander in the maritime industry. We will continue to monitor our progress and look for more opportunities to grow as an organisation.

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Section 4:

# Other disclosures

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## Local Jobs First

The *Local Jobs First Act 2003 (Vic)* requires public sector bodies to apply the Local Jobs First policy in all projects valued at \$3 million or more in metropolitan Melbourne or for statewide projects, or \$1 million or more for projects in regional Victoria.

### Projects started – Local Jobs First Standard

During 2021-22, Ports Victoria started three Local Jobs First Standard projects for \$6.52 million, in metropolitan Melbourne. The outcomes expected from the implementation of the Local Jobs First policy to this project where information was provided, are as follows:

- A commitment for 87.73 per cent local content.
- A total of 11.5 new jobs (AEE\*) were committed, but there were 32.9 existing jobs to be retained.
- Three positions were committed for apprentices, trainees and cadets.
- There were two existing apprenticeships, traineeships and cadets to be retained.

### Projects completed – Local Jobs First Standard

During 2021-22, Ports Victoria completed four Local Jobs First Standard projects for \$15.96 million, in metropolitan Melbourne. The outcomes expected from the implementation of the Local Jobs First policy to this project where information was provided, were as follows:

- A commitment of 86.15 per cent local content.
- A total of 56 jobs (AEE\*) were committed, including the creation of 21 new jobs and the retention of 35 existing jobs (AEE\*).
- Thirteen new positions for apprentices, trainees and cadets were committed.
- There were nine existing apprenticeships, traineeships and cadets to be retained.

### Reporting requirements – all projects

During 2021-22, there were two small to medium-sized business that prepared a VIPP Plan or Local Industry Development Plan (LIDP) for a contract, successfully appointed as Principal Contractor.

During 2021-22, 38 small to medium-sized businesses were engaged through the supply chain on this project.

\* AAE = *annualised employee equivalent*

## Disclosure of government advertising expenditure

In 2021-22 Ports Victoria did not undertake any advertising campaigns with a total media spend of \$100,000 or greater (exclusive of GST).



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## Consultancy expenditure

### Details of consultancies under \$10,000

During the period 1 July 2021 to 30 June 2022, 14 consultants were engaged where the value of the consultancy was less than \$10,000. The total expenditure was \$0.1 million excluding GST.

### Details of consultancies over \$10,000

During the period 1 July 2021 to 30 June 2022, 31 consultants were engaged where the value of the consultancy was greater than \$10,000.

The total expenditure was \$2.0 million, excluding GST. Details of individual consultancies can be found on Ports Victoria's website at [www.vicports.vic.gov.au](http://www.vicports.vic.gov.au).

## Information and Communication Technology (ICT) expenditure

For the 2021-22 reporting period, Ports Victoria had a total ICT expenditure of \$3.8 million, with the details shown below.

All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
	Non-Business as Usual (non-BAU) ICT expenditure Total = OPEX + CAPEX	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
Business As Usual (BAU) ICT expenditure			
\$3.3 million	\$0.5 million	\$0.3 million	\$0.2 million

Note:

- **ICT expenditure** refers to Ports Victoria's costs in providing business enabling ICT services within the current reporting period. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure.
- **Non-BAU ICT expenditure** relates to extending or enhancing Ports Victoria's current ICT capabilities.
- **BAU ICT expenditure** is all remaining ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability.

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## Freedom of information

The *Freedom of Information Act 1982 (Vic)* (FOI Act) enables members of the public to obtain information held by Ports Victoria. The object of the FOI Act is to create a general right of access to information, limited only by exceptions and exemptions necessary to protect essential public interests, privacy, and business affairs.

An applicant has a right to apply for access to documents held by Ports Victoria. This comprises documents both created by Ports Victoria or supplied to Ports Victoria by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by Ports Victoria is available on the Ports Victoria website, [www.vicports.vic.gov.au](http://www.vicports.vic.gov.au), under its Part II Information Statement.

The FOI Act allows Ports Victoria to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include: Cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; documents that disclose Ports Victoria's business, commercial or financial information; and information provided to Ports Victoria in-confidence.

Once Ports Victoria has received a valid request, a decision on whether to grant access to the documents will be provided within the time limit stipulated in the FOI Act. This is normally 30 days, but longer time limits are permitted in certain circumstances (for example, where consultation with third parties is required by certain provisions of the FOI Act the time limit will be extended to 45 days). The time limit for processing a request can also be extended by agreement with the applicant.

If an applicant is not satisfied by a decision made by Ports Victoria they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter, under section 49A of the FOI Act.

### Making a request

FOI requests to Ports Victoria can be lodged by emailing [foi@ports.vic.gov.au](mailto:foi@ports.vic.gov.au).

FOI requests can also be posted to:  
Freedom of Information Officer  
Ports Victoria  
GPO Box 1135  
GEELONG VIC 3220

An application fee of \$30.60 applies. Access charges may also be payable if the document pool is large and the search for material is time consuming.

When making an FOI request, applicants should ensure requests are in writing and clearly identify what types of material/documents are being sought.

### FOI statistics

Ports Victoria did not receive any FOI requests during 2021-22.

### More information

More information regarding the operation and scope of FOI can be found in the FOI Act, the regulations made under the FOI Act and from the OVIC: [www.ovic.vic.gov.au](http://www.ovic.vic.gov.au).

More information regarding the process for making an FOI request to Ports Victoria can be found on Ports Victoria's website: [www.vicports.vic.gov.au](http://www.vicports.vic.gov.au).

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## **Compliance with the *Building Act 1993 (Vic)***

Buildings were maintained in accordance with relevant building and maintenance provisions in the *Building Act 1993 (Vic)* and Building Regulations 2018.

To ensure buildings conform with building standards, Ports Victoria retains experienced building maintenance contractors who are required to be up to date with all relevant standards.

Ports Victoria uses an asset management system for recording maintenance requests, essential service inspections, reporting, scheduling, and rectification and maintenance works on existing buildings.

During the 2021-22 reporting period the following applied to buildings owned by Ports Victoria:

- There were three major works projects (greater than \$50,000). One was completed during the year and two were still under way at 30 June 2022.
- One building permit and no certificates of final inspection were issued.
- No emergency orders or building orders were issued.
- No buildings were brought into conformity with building standards.

## **Competitive neutrality policy**

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

Ports Victoria continues to comply with the requirement of the Competitive Neutrality Policy and conform with the instructions for public construction procurement.

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## Compliance with the *Public Interest Disclosures Act 2012 (Vic)*

The purpose of the *Public Interest Disclosures Act 2012 (Vic)* (PIDA) is to encourage and facilitate disclosure of improper conduct by public officers and public bodies and to provide protection for persons who make those disclosures. The PIDA also aims to ensure that disclosures are properly assessed and investigated and that the confidentiality of a disclosure and the identity of the person making the disclosure is maintained.

The PIDA was amended with effect from 1 January 2020 to improve access for those making public interest disclosures and to provide greater flexibility for investigating entities. The title of the legislation, and the terminology used under the legislation, was also changed from “protected disclosures” to “public interest disclosures”.

Ports Victoria is a public body and disclosures under the PIDA can therefore be made about Ports Victoria or Ports Victoria’s members, officers or employees. A public interest disclosure can be made about “improper conduct” which includes corrupt conduct, the dishonest performance of public functions, a breach of public trust, substantial mismanagement of public resources or conduct that constitutes a substantial risk to health, safety or the environment.

Ports Victoria does not tolerate improper conduct by employees nor the taking of detrimental action in reprisal for the disclosure of such conduct. Ports Victoria is supportive of public interest disclosures being made and recognises that the protection of persons in connection with public interest disclosures is essential for the effective implementation of the PIDA. Ports Victoria will take all reasonable steps to protect Ports Victoria employees and others from any detrimental action as a result of a public interest disclosure being made.

### Reporting procedures

Disclosures of improper conduct or detrimental action by Ports Victoria or any of its members, officers or employees must be made directly to one of the following bodies:

#### **Independent Broad-based Anti-Corruption Commission (IBAC):**

Postal: GPO Box 24234, Melbourne VIC 3001  
Telephone: +61 1300 735 135  
Email: [info@ibac.vic.gov.au](mailto:info@ibac.vic.gov.au)  
Website: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

#### **Ombudsman:**

Postal: Level 2, 570 Bourke Street, Melbourne VIC 3000  
Telephone: +61 3 9613 6222  
Email: [vomedia@ombudsman.vic.gov.au](mailto:vomedia@ombudsman.vic.gov.au)  
Website: [www.ombudsman.vic.gov.au](http://www.ombudsman.vic.gov.au)

#### **Victorian Inspectorate:**

Postal: PO Box 617 Collins Street West, Melbourne VIC 8007  
Telephone: +61 3 8614 3225  
Email: [info@vicinspectorate.vic.gov.au](mailto:info@vicinspectorate.vic.gov.au)  
Website: [www.vic.gov.au/vicinspectorate.html](http://www.vic.gov.au/vicinspectorate.html)

### More information

Ports Victoria’s Public Interest Disclosures Procedures which outline the system for reporting disclosures of improper conduct or detrimental action by Ports Victoria or any of its members, employees or officers are available on Ports Victoria’s website: [www.vicports.vic.gov.au](http://www.vicports.vic.gov.au).

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## Social Procurement

Social procurement is when organisations use their buying power to generate social value above and beyond the monetary value of the goods, services, or construction being procured.

The Victorian Government has a Social Procurement Framework designed to support the expansion and standardisation of social procurement practice across all government procurement activities, to benefit all Victorians.

The creation of Ports Victoria has necessitated the review of documents from the two predecessor organisations in order to create new documents suitable for the new entity and its role. As part of this process, the Social Procurement Strategy is under review with the purpose of drafting a document specific to Ports Victoria and its procurement activities.

The Victorian Government's framework has a target of one per cent total procurement across departments from Aboriginal businesses. It encourages individual agencies to achieve this also.

Working with the Department of Transport, Ports Victoria is represented on the Transport Portfolio Aboriginal Business Engagement Working Group and the Transport Portfolio Aboriginal Employment Working Group.

## Statement of availability of other information

### Additional information available on request

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994* (Vic), details in respect of the items listed below have been retained by Ports Victoria and are available on request, subject to the provisions of the *Freedom of Information Act 1982* (Vic):

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of publications produced by Ports Victoria about Ports Victoria and how these can be obtained.
- Details of changes in prices, fees, charges, rates and levies charged by Ports Victoria.
- Details of any major external reviews carried out on Ports Victoria.
- Details of major research and development activities undertaken by Ports Victoria.
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by Ports Victoria to develop community awareness of the organisation and its services.
- A general statement on industrial relations within Ports Victoria and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by Ports Victoria, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors including consultants/contractors engaged, services provided; and expenditure committed to for each engagement.

### Additional information included in the report

The following details are included in the Annual Report on the pages indicated:

- Details of assessments and measures undertaken to improve the occupational health and safety of employees. See page 30.

### Information that is not applicable to Ports Victoria

The following information is not applicable to Ports Victoria:

- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.

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Attestation for financial management compliance with Ministerial  
Standing Direction 5.1.4

**Ports Victoria Financial Management Compliance Attestation Statement**

I Howard Ronaldson, on behalf of the Responsible Body, certify that Ports Victoria has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* (Vic) and Instructions.

A handwritten signature in black ink, appearing to be 'HR', with a long horizontal line extending to the right from the bottom of the signature.

Howard Ronaldson  
Chair

Section 5:

# Financial Statements

---

**How this report is structured**

Ports Victoria came into existence on 1 July 2021 as a for-profit entity and has no comparative prior period information. It has presented its audited general purpose financial statements for the financial year ended 30 June 2022 in the following structure to provide users with the information about Ports Victoria's stewardship of resources entrusted to it.

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**Ports Victoria**  
**Certification of Financial Statements**  
**30 June 2022**

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We certify that the attached financial statements for Ports Victoria have been prepared in accordance with the Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards, including Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2022 and financial position of Ports Victoria as at 30 June 2022.

At the time of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 26 October 2022.



Mr Howard Ronaldson  
Chair

26 October 2022



Mr Brendan Webb  
Chief Executive Officer

26 October 2022



Ms Jacinta Mackey  
Chief Financial and  
Accounting Officer

26 October 2022

## Independent Auditor's Report

### To the Board of Ports Victoria

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<b>Opinion</b>	<p>I have audited the financial report of Ports Victoria (the entity) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 June 2022</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• certification of financial statements.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

---

MELBOURNE  
28 October 2022



Simone Bohan  
*as delegate for the Auditor-General of Victoria*

**Ports Victoria**  
**Comprehensive Operating Statement**  
**For the year ended 30 June 2022**

	Notes	2022 \$'000
<b>Continuing operations</b>		
Revenue	2.1	42,223
Finance income		114
Other income	2.2	780
<b>Total revenue and income from transactions</b>		<b>43,117</b>
Expenses from transactions	3.1	(39,968)
Finance costs	8.1.2	(73)
<b>Total expenses from transactions</b>		<b>(40,041)</b>
<b>Net result from transactions</b>		<b>3,076</b>
<b>Other economic flows included in net result</b>		
Net gain/(loss) on non-financial assets	3.4	(24,394)
Other gain/(loss) from other economic flow	3.4	(524)
<b>Total other economic flows included in net results</b>		<b>(24,918)</b>
<b>Net result before income tax</b>		<b>(21,842)</b>
Income tax (expense)/benefit	7.1	(318)
<b>Net result after income tax</b>		<b>(22,160)</b>
<b>Other comprehensive income / (loss)</b>		
Revaluation of infrastructure assets, net of tax	9.2.2	6,580
Actuarial gain on defined benefit liability, net of tax	9.2.2	8,804
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>15,384</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>(6,776)</b>

*The accompanying notes form part of these financial statements. Ports Victoria came into existence on 1 July 2021 as a result of administrative restructuring, as a for profit entity and has no comparative prior period information. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.*

**Ports Victoria**  
**Balance Sheet**  
**As at 30 June 2022**

	Notes	2022 \$'000
<b>Current assets</b>		
Cash and cash equivalents	6.2	42,450
Receivables	5.1	6,365
Current tax asset	7.1	470
Other non-financial assets	5.3	1,297
		<b>50,582</b>
<b>Non-current assets</b>		
Property, plant and equipment	4.1	66,296
Intangible assets	4.2	111
Deferred tax asset	7.2	-
		<b>66,407</b>
<b>Total assets</b>		<b>116,989</b>
<b>Current liabilities</b>		
Payables	5.2	4,747
Provisions - employee benefits	3.2.2	7,730
Interest bearing liabilities - leases	6.1.2	562
Other provisions		91
Other liabilities		195
		<b>13,325</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	7.2	-
Provisions - employee benefits	3.2.2	251
Interest bearing liabilities - leases	6.1.2	1,271
		<b>1,522</b>
<b>Total liabilities</b>		<b>14,847</b>
<b>NET ASSETS</b>		<b>102,142</b>
<b>Equity</b>		
Contributed capital	9.2.1	114,882
Reserves	9.2.2	15,384
Accumulated losses		(28,124)
<b>TOTAL EQUITY</b>		<b>102,142</b>

*The accompanying notes form part of these financial statements. Ports Victoria came into existence on 1 July 2021 as a result of administrative restructuring, as a for profit entity and has no comparative prior period information. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.*

**Ports Victoria**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2022**

	Notes	Contributed capital \$'000	Asset revaluation reserve \$'000	Employee benefits reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 July 2021</b>		-	-	-	-	-
Net result after income tax		-	-	-	(22,160)	(22,160)
Other comprehensive income	9.2.2	-	6,580	8,804	-	15,384
<b>Total comprehensive income for the year</b>		-	<b>6,580</b>	<b>8,804</b>	<b>(22,160)</b>	<b>(6,776)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Contributions of equity at 1 July 2021, net of transaction costs	9.2.1	114,882	-	-	-	114,882
<b>Deferred tax - de-recognised</b>	7.2(a)	-	-	-	(5,964)	(5,964)
		<b>114,882</b>	-	-	<b>(5,964)</b>	<b>108,918</b>
<b>Balance at 30 June 2022</b>		<b>114,882</b>	<b>6,580</b>	<b>8,804</b>	<b>(28,124)</b>	<b>102,142</b>

*The accompanying notes form part of these financial statements. Ports Victoria came into existence on 1 July 2021 as a result of administrative restructuring, as a for profit entity and has no comparative prior period information. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.*

**Ports Victoria**  
**Cash Flow Statement**  
**For the year ended 30 June 2022**

	Notes	2022 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers		46,249
Payments to suppliers and employees		(37,241)
Interest received		114
Interest paid		-
Interest paid on lease payments		(68)
Income tax instalments (paid)/refund	7.1(d)	788
Goods and Services Tax (paid)/refund		(1,688)
Other receipts		780
<b>Net cash inflow/(outflow) from operating activities</b>	6.2.1	<b>8,934</b>
<b>Cash flows from investing activities</b>		
Payments for infrastructure, plant and equipment		(1,093)
Proceeds from sale of infrastructure, plant and equipment		50
<b>Net cash (outflow) from investing activities</b>		<b>(1,043)</b>
<b>Cash flows from financing activities</b>		
Principal elements of lease payments		(421)
Capital contribution from owner		34,980
<b>Net cash inflow/(outflow) from financing activities</b>		<b>34,559</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>42,450</b>
Cash and cash equivalents at the beginning of the financial year		-
<b>Cash and cash equivalents at end of the financial year</b>	6.2	<b>42,450</b>

*The accompanying notes form part of these financial statements. Ports Victoria came into existence on 1 July 2021 as a result of administrative restructuring, as a for profit entity and has no comparative prior period information. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.*



## **1 ABOUT THIS REPORT**

### **Introduction**

This section provides overall information about Ports Victoria and its framework for the preparation of these financial statements.

### **Structure**

- 1.1 Corporate information
- 1.2 Basis of preparation
- 1.3 Compliance information
- 1.4 Critical accounting estimates and judgements
- 1.5 Restructure of administrative arrangement

### **1.1 Corporate information**

Ports Victoria is a Government Business Enterprise established by the Victorian Government under the Transport Integration Act 2010 (Vic) (TIA). The Board of Ports Victoria is directly accountable to the Victorian Government through the Minister for Ports and Freight and the Treasurer. Ports Victoria came into existence on 1 July 2021 as a for profit entity and has no comparative prior period information.

The main objective of Ports Victoria is to ensure that port waters and channels are managed for access on a fair and reasonable basis. Ports Victoria is responsible for the navigation of commercial shipping in the Port Phillip, Geelong and Hastings shipping channels, together with the management and maintenance of Station Pier and West Finger Pier, the Geelong channel and the Hastings channel. Additionally, Ports Victoria is responsible for ensuring the port operator in the Port of Portland is managing and maintaining the Portland shipping channels in accordance with the port operator's contractual obligations.

These financial statements incorporate all activities of Ports Victoria as an individual reporting entity.

Ports Victoria principal address is East 1E, 13-35 Mackey Street, North Geelong, 3215.

### **1.2 Basis of preparation**

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis. The financial statements have been prepared on a going concern basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Ports Victoria. Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Refer to note 1.5.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements have been disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

## **1 ABOUT THIS REPORT**

### **1.2 Basis of preparation (continued)**

Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in note 1.4 under the heading: 'Critical accounting estimates and judgements'.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated. Figures in the financial statements may not equate due to rounding.

### **1.3 Compliance information**

These general-purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (Vic) and applicable AASs, which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 Whole of Government and General Government Sector Financial Reporting.

The annual financial statements were authorised for issue by the Board of Ports Victoria on 26 October 2022.

### **1.4 Critical accounting estimates and judgements**

Critical judgements that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognised in the financial statements are:

#### **(i) Recovery of deferred tax assets**

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

#### **(ii) Defined benefit superannuation plan**

The value of the defined benefit superannuation plan, that applies to some employees, has been calculated using the Projected Unit Credit method, as required by AASB 119. The objective under this method is to expense each member's benefits in the Fund as they would accrue, taking into consideration future salary increases and the benefit allocation formula. Thus the total benefit to which each member is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

## **1 ABOUT THIS REPORT**

### **1.4 Critical accounting estimates and judgements (continued)**

#### **(iii) Fair value of infrastructure, property, plant and equipment**

All non-current physical assets are measured initially at cost and subsequently revalued at fair value in accordance with FRD 103.

The Valuer-General of Victoria (VGV) undertakes an independent revaluation every five years. Ports Victoria is scheduled to undertake an independent revaluation as at 30 June 2025 (unless there is an indication of impairment of an asset class resulting in a movement of 40% or more).

In accordance with FRD 103, a fair value assessment was undertaken by management to determine if the carrying amount of all non-current physical assets reasonably approximated their fair value. Land, building, infrastructure property, plant and equipment assets were allocated to a Cash Generating Unit (CGU) and valued using a discounted cash flow method (Value in Use) or Fair Value Less Cost of Disposal (FVLCD). The Value in Use method was used where there was no market based evidence of fair value (value through sale) of these style of assets given the specialised nature of the assets in question.

In the absence of observed market inputs, future-oriented estimates are necessary to measure the recoverable amount of classes of land, buildings, infrastructure, plant and equipment. Determining the carrying amounts of the CGU requires estimation of the effects of uncertain future events on the CGU at the end of the reporting period. The major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of the channel asset within the next financial year are disclosed in note 8.

Right of use assets that are allocated to the non-financial asset class 'buildings' have been measured based on AASB 16 and their carrying value approximate their fair value.

#### **(iv) COVID-19 Pandemic**

A state of emergency was declared in Victoria on 16 March 2020 as a result of the ongoing worldwide pandemic of the coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). In response to the challenge faced by the pandemic, throughout the year ended 30 June 2022 the state government continued to put in place measures including staged restrictions within communities to support social distancing and spread of the diseases.

In response to the impacts on its customers, Ports Victoria put in place measures to identify and support those facing financial hardship as directed by the Victorian Government.

The following account balances have been deemed affected by COVID-19 due to management's judgements and assumptions about the future and a source of estimate uncertainty:

- fair value of non-financial assets (Note 8.3.1)
- impairment of non-financial assets (Note 4.1)

## 1 ABOUT THIS REPORT

### 1.5 Restructure of administrative arrangement

On 25 February 2021, the Victorian Government announced the administrative restructure of Victorian Ports Corporation (Melbourne) (VPCM) and Victorian Regional Channels Authority (VRCA) to form Ports Victoria to lead the strategic management of commercial ports and waterways, taking effect from 1 July 2021. The formation of Ports Victoria was by way of a Transport Restructuring Order under the TIA.

The subsequent Transfer Order (TO) allowed for the transfer of staff and functions of VPCM and VRCA to Ports Victoria. It was approved by the Minister and Governor in Council, resulting in the establishment of Ports Victoria as a new sector transport agency and provided for the functions and powers of VPCM and VRCA to be transferred to Ports Victoria.

As part of the TO, all employees of VPCM and VRCA were transferred to Ports Victoria. In addition, all the commitments relating to VPCM and VRCA were novated to Ports Victoria.

In accordance with Financial Reporting Direction 119 Transfer through contributed capital (FRD 119), the transfer of the assets and liabilities from VPCM and VRCA was deemed to be a Restructure of Administrative Arrangements.

As a result, the transfer of the assets and liabilities has been accounted for as a contribution by owner, whereby the transfer was recorded as a direct adjustment to equity through contributed capital on 1 July 2021 at carrying value determined by the predecessor entities (as detailed in the below table). No fair value adjustments were made to the brought forward asset and liability balances at the date of transfer in accordance with FRD 119 (resulting in the carrying values reported in the 30 June 2021 Financial Statements of VRCA and VPCM being recognised by Ports Victoria on 1 July 2021).

	<b>1 July 2021</b>
	<b>\$'000</b>
<b>Assets</b>	
Cash and cash equivalents	34,980
Receivables	6,188
Other non-financial assets	1,311
Property, plant and equipment	84,954
Current tax asset	1,663
Deferred tax asset	17,384
Intangible assets	177
	<u>146,657</u>
<b>Liabilities</b>	
Payables	(3,843)
Provisions - employee benefits	(19,104)
Other provisions	(87)
Other liabilities	(195)
Deferred tax liabilities	(6,292)
Interest bearing liabilities	(2,254)
	<u>(31,775)</u>
<b>Net Assets Recognised at carrying value</b>	<b><u>114,882</u></b>

## 2 FUNDING DELIVERY OF OUR SERVICES

### Introduction

This section provides additional information about how Ports Victoria is funded and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

### Structure

- 2.1 Revenue from contracts with customers
- 2.2 Other income
- 2.3 Operating leases

#### 2.1 Revenue from contracts with customers

	<b>2022</b>
	<b>\$'000</b>
Wharfage fees	13,044
Channel fees	11,275
Anchorage fees	1,067
Berth hire and Site Occupation charge	170
Port Manager contribution	16,409
Other charges for services	258
<b>Total revenues from contracts with customers</b>	<b>42,223</b>

Ports Victoria recognises revenue when or as the performance obligation is satisfied i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Revenue is recognised at a point of time or over time depending upon the satisfaction of performance obligations. Please refer below for further details.

Revenue is recognised for the major business activities as follows:

#### (i) Wharfage fees

Wharfage fees are charged per unit of quantity, volume or weight of cargo for all cargoes loaded on or discharged from vessels or between vessels in the port of Melbourne. Revenue is recognised after the vessel’s departure from its designated berth, at a point in time.

#### (ii) Channel fees

Channel revenue represents revenue earned from the levying of channel fees (use of shipping channels). The performance obligation allocated to the contract with the customer is when Ports Victoria has fulfilled its contractual obligations (generally the use of the shipping channel by a customer). Revenue is recognised after the vessel’s departure from the channel, at a point in time.

#### (iii) Anchorage fees

Anchorage fees are charged for the provision of an area for use by vessels seeking safe anchorage in lieu of mooring at a port berth. Fees are charged based on time spent in port waters with a minimum charge of 24 hours. Revenue is recognised over time.

#### (iv) Berth hire and Site Occupation Charge

Berth hire is a time-based fee charged for the provision of berths for the purpose of loading or discharging specialised cargo and lay-up or other purpose approved by Ports Victoria. Berth hire is not applicable to passenger vessels to which a Site Occupation Charge (SOC) will be levied. The SOC is a charge levied in reference to both the number of incoming passengers arriving on the cruise vessel and the amount of time for which the site was reserved or occupied by such cruise vessel. Revenue is recognised over time.

---

## 2 FUNDING DELIVERY OF OUR SERVICES

### 2.1 Revenue from contracts with customers (continued)

#### (v) Port Manager contribution

Contribution by the Port Manager under the Port Concession Deed and Port Operations Service Deed. Revenue is recognised on an annual basis over the term of the Deed. Revenue is recognised over time.

#### (vi) Other charges for services

Other charges for services is recognised at the time the service to which the revenue relates is provided or work is undertaken and the revenue is receivable. This revenue is recognised at a point in time.

#### (vii) Disaggregation of revenue from contracts with customers

	<b>2022</b>
	<b>\$'000</b>
<b>Timing of revenue recognition</b>	
At a point in time	24,577
Over time	17,646
<b>Total revenues from contracts with customers</b>	<b>42,223</b>

### 2.2 Other income

	<b>2022</b>
	<b>\$'000</b>
Rent and licence fees	780
<b>Total other income</b>	<b>780</b>
<b>Total revenue and other income</b>	<b>43,003</b>

#### (i) Rent and licence fees

Revenue from operating leases is recognised when earned and accrued in accordance with the terms and conditions implicit in the leasing contract.

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**2 FUNDING DELIVERY OF OUR SERVICES**

<b>2.3 Operating leases</b>	<b>2022</b>
	<b>\$'000</b>
<b><i>Non-cancellable operating lease receivable</i></b>	
- within one year	306
- later than one year but not later than five years	-
- later than five years	-
	<b>306</b>

**As Lessor**

Ports Victoria has entered into a number of short-term leases and preferential berthing licences for land, buildings and infrastructure. The leases and licences terms range from one year to five years.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease agreement.

As a lessor, it classifies its leases as either operating or finance leases. An asset is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating if it does not.

### 3 THE COST OF DELIVERING SERVICES

#### Introduction

This section provides additional information about how Ports Victoria's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

#### Structure

- 3.1 Summary of expenses incurred in delivery of services
- 3.2 Employee benefits
- 3.3 Other operating expenses
- 3.4 Other economic flows included in net result

#### 3.1 Summary of expenses incurred in delivery of services

	Notes	2022 \$'000
Employee benefits expense	3.2.1	15,093
Depreciation	4.1.2	4,080
Amortisation	4.2	66
Other operating expenses	3.3	20,729
<b>Total expense incurred in delivery of services</b>		<b>39,968</b>

#### 3.2 Employee benefits

##### 3.2.1 Employee benefits in the comprehensive operating statement

	Notes	2022 \$'000
Defined contribution superannuation expense		1,870
Salaries and employee benefits expenses		13,223
<b>Total employee expenses</b>	3.1	<b>15,093</b>

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, WorkCover premiums, defined benefits superannuation plans, and defined contribution superannuation plans. Ports Victoria does not recognise any defined benefit liability in respect of the State Superannuation Scheme. Department of Treasury and Finance (DTF) recognises and discloses the defined benefit liabilities for the State Superannuation Scheme in its financial report.

The amount recognised in the comprehensive operating statement in relation to superannuation is the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

Defined Benefits under the Port of Melbourne Superannuation Fund are disclosed under Note 3.2.3.



### 3 THE COST OF DELIVERING SERVICES

#### 3.2.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date inclusive of on-costs and recorded as an expense during the period the services are delivered.

	Notes	<b>2022</b> <b>\$'000</b>
<b>Current employee benefits:</b>		
<b>Annual leave entitlements</b>		
<i>Unconditional and expected to wholly settle within 12 months</i>		865
<i>Unconditional and expected to wholly settle after 12 months</i>		289
<b>Long service leave entitlements</b>		
<i>Unconditional and expected to wholly settle within 12 months</i>		140
<i>Unconditional and expected to wholly settle after 12 months</i>		1,620
<b>Defined benefits superannuation fund liability</b>	3.2.3	4,551
<b>Provision for on-costs</b>		
<i>Unconditional and expected to wholly settle within 12 months</i>		138
<i>Unconditional and expected to wholly settle after 12 months</i>		127
<b>Total current employee benefits and on-costs</b>		<b>7,730</b>
<b>Non-current employee benefits</b>		
Long service leave entitlements		239
On-costs		12
<b>Total non-current employee benefits and on-costs</b>		<b>251</b>
<b>Total employee benefits and related on-costs</b>		<b>7,981</b>
<b>Reconciliation of movement in on-cost provision</b>		
<b>Opening balance</b>		-
Transfer in - contribution by owner via contributed capital		434
Less: Provision adjustment		(6)
Less: Reductions arising from payments		(151)
<b>Closing balance</b>		<b>277</b>
<b>Current</b>		265
<b>Non-current</b>		12
		<b>277</b>

### 3 THE COST OF DELIVERING SERVICES

#### 3.2.2 Employee benefits in the balance sheet (continued)

##### **Wages, salaries and sick leave**

Liabilities for wages and salaries, expected to be settled within 12 months of the reporting date, are measured at their nominal amounts (including on-costs) using the remuneration rates expected to apply at the time of the settlement and are recognised as current liabilities. Ports Victoria does not have an unconditional right to defer settlement of these liabilities. No liability is recognised for non-vesting sick leave as the anticipated pattern of future sick leave taken indicates that accumulated non-vesting leave will not be used. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

##### **Annual leave**

Annual leave entitlements are accrued on a pro-rata basis in respect of services provided by employees up to the reporting date, having regard to rates expected to apply when the liabilities are settled. The entire obligation has been recognised as a current liability as Ports Victoria does not have an unconditional right to defer settlement. Those liabilities which are expected to be wholly settled within 12 months of the reporting period, are measured at their undiscounted (nominal) values.

##### **Long service leave**

Long service leave entitlements are assessed at balance date having regard to expected employees' remuneration rates on settlement, employment related on-costs and other factors including expected accumulated years of employment on settlement and past experience. Commonwealth bond rates are used for discounting future cash flows.

Unconditional long service leave is disclosed as a current liability even when the liability is not expected to settle within 12 months as Ports Victoria does not have an unconditional right to defer the settlement. Those liabilities which are expected to be wholly settled within 12 months of the reporting period, are measured at their undiscounted (nominal) values. Those liabilities that are not expected to be wholly settled within 12 months are measured at present value.

Conditional long service leave is disclosed as a non-current liability as there is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional long service leave is disclosed as a non-current liability measured at present value.

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### 3 THE COST OF DELIVERING SERVICES

#### 3.2.3 Defined benefit superannuation

##### **Defined benefit superannuation plan**

A liability in respect of the Port of Melbourne Superannuation Fund (PMSF) is recognised in the Statement of Financial Position, and is measured in accordance with AASB 119 as the present value of the Defined Benefit Obligation at year end less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The value of the defined benefit superannuation plan has been calculated using the Projected Unit Credit method, as required by AASB 119. The objective under this method is to expense each member's benefits in the Fund as they would accrue, taking into consideration future salary increases and the benefit allocation formula. Thus the total benefit to which each member is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

The PMSF was transferred into the State Superannuation Fund with the Emergency Services Superannuation Scheme (ESSS), effective 29 November 2019. Ports Victoria remains the employer responsible for meeting the accruing costs and liabilities of the transferred members of the PMSF. There were no scheme amendments, curtailments and/or settlements of which Ports Victoria is aware.

The PMSF is a legacy fund that as at 30 June 2022 has 1 active member, 0 deferred pension member and 31 members drawing a pension. The total annual pensions was \$1.8M. The PMSF is closed to new members.

The ESSS Board, as Trustee, is responsible for the governance of the PMSF. The Trustee has the following roles:

- Administration of the Fund including payment of benefits to beneficiaries in accordance with the governing rules;
- Management and investment of the assets of the Fund, the responsibility for which is outsourced to Victorian Funds Management Corporation; and
- Compliance with superannuation law and other applicable regulations.

Future taxes, such as taxes on investment income and employer contributions, are taken into account in the actuarial assumptions used to determine the relevant components of Ports Victoria's defined benefit liability.

The Superannuation Industry Supervision (SIS) legislation governs the superannuation industry and provides the framework within which superannuation plans operate. The SIS Regulations require an actuarial valuation to be performed for each defined benefit superannuation plan every three years, or every year if the plan pays defined benefit pensions unless an exemption has been obtained. An actuarial valuation has been undertaken as at 30 June 2022.

##### **Contribution recommendations**

Employer contributions are based on recommendations by the Plan's actuary. The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. Ports Victoria has no legal obligation to settle this liability with an immediate obligation or additional one-off contributions.

### 3 THE COST OF DELIVERING SERVICES

#### 3.2.3 Defined benefit superannuation (continued)

##### **Funding method**

The method used to determine the employer contribution recommendations at the last actuarial review was the aggregate funding method. The method adopted affects the timing of the cost to Ports Victoria.

##### **Nature of asset/liability**

The PMSF does not impose a legal liability on Ports Victoria to cover any deficit that exists in the fund. If the fund were wound up, there would be no legal obligation on Ports Victoria to make good any shortfall. The Trust Deed of the fund states that if the fund winds up, the remaining assets are to be distributed by the Trustee of the fund in an equitable manner as it sees fit.

Ports Victoria may, at any time by notice to the Trustee, terminate its contributions. Ports Victoria has a liability to pay the contributions due before the effective date of the notice, but there is no requirement for it to pay further contributions, irrespective of the financial condition of the fund. However, Ports Victoria does have a constructive obligation for the fund and therefore has recognised a current liability in the Statement of Financial Position in respect of its defined benefit superannuation arrangements.

There are several risks to which the Fund exposes Ports Victoria to. The more significant risks relating to the defined benefits are:

**Investment risk** - the risk that investment returns will be lower than assumed and Ports Victoria will need to increase contributions to offset this shortfall;

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

**Pension risk** - the risk is that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period;

**Inflation risk** - the risk that inflation is higher than anticipated, increasing pension payments, and thereby requiring additional employer contributions, and

**Salary growth risk** - the risk that salaries or wages (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

**Timing of members leaving service** - as the fund is a small fund (i.e. has a small number of members), if members with high benefits leave, this may impact on the financial position of the fund at the time they leave. The impact may be positive or negative depending on the circumstances and timing of withdrawal.

The defined benefit assets are invested with the Victorian Funds Management Corporation, together with the assets of the other State Superannuation Fund schemes. The percentage contribution of each major category of assets is detailed in Note 3.2.3(h). There were no plan amendments affecting the defined benefits payable, curtailments or settlements during the year.

### 3 THE COST OF DELIVERING SERVICES

#### 3.2.3 Defined benefit superannuation (continued)

##### (a) Balance sheet

	Notes	2022 \$'000
Defined Benefit Obligation		35,826
Scheme Assets		(31,275)
Deficit/(Surplus)		4,551
Adjustment for asset ceiling		-
<b>Net liability/(asset)</b>	3.2.3 (b)	<b>4,551</b>

##### (b) Reconciliation of the Net Defined Benefit Liability/(Asset)

Movements in the net defined benefit liability/(asset) were as follows:

	Notes	2022 \$'000
<b>Net defined benefit liability/(asset) at start of the year</b>		-
Transfer in - contribution by owner via contributed capital		15,789
Current services cost		34
Net interest		490
Remeasurement in Other Comprehensive Income	3.2.3 (c)	(11,739)
Employer contributions		(23)
<b>Net defined benefit liability/(asset) at end of the year</b>	3.2.3 (a)	<b>4,551</b>

##### (c) Other Comprehensive Income

	2022 \$'000
<b>Remeasurement in Other Comprehensive Income</b>	
Actuarial (gain)/loss for year arising from changes in demographic assumptions	-
Actuarial (gain)/loss for year arising from changes in financial assumptions	(10,885)
Actuarial (gain)/loss for year arising from experience	(1,177)
Return on assets less interest income	323
<b>Total remeasurements recognised in Other Comprehensive Income</b>	<b>(11,739)</b>

### 3 THE COST OF DELIVERING SERVICES

#### 3.2.3 Defined benefit superannuation (continued)

##### (d) Reconciliation of Fair Value of Fund Assets

Movements in the fair value of the Defined Benefit Fund assets were as follows:

	Notes	2022 \$'000
<b>Fair value of Fund assets at beginning of the year</b>		32,490
Interest income		977
Actual return on Fund assets less interest income		(323)
Employer contributions		23
Contributions by Fund participants		9
Benefits paid		(1,857)
Taxes, premiums and expenses paid		(45)
<b>Fair value of Fund assets at end of the year</b>	3.2.3 (f)	<b>31,274</b>

##### (e) Reconciliation of Defined Benefit Obligation

Movements in the defined benefit obligation were as follows:

	2022 \$'000
<b>Present value of Defined Benefit Obligation at beginning of the year</b>	<b>48,279</b>
Current service cost	34
Interest cost	1,468
Contributions by Fund participants	9
Actuarial losses/(gain) arising from changes in financial assumptions	(10,885)
Actuarial gain arising from changes in liability experience	(1,177)
Benefits paid	(1,857)
Taxes, premiums and expenses paid	(45)
<b>Present value of Defined Benefit Obligation at end of the year</b>	<b>35,826</b>

### 3 THE COST OF DELIVERING SERVICES

#### 3.2.3 Defined benefit superannuation (continued)

##### (f) Fair value of Defined Benefit Fund assets

As at 30 June 2022		Carrying	Fair value measurement at reporting date:		
Asset category	Notes	Amount	Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000	\$'000
Investment funds		31,274	-	31,274	-
<b>Total</b>	3.2.3 (d)	<b>31,274</b>	<b>-</b>	<b>31,274</b>	<b>-</b>

We are not aware of the Fund assets including amounts relating to any of Ports Victoria's own financial instruments and any property occupied by, or other assets used by, Ports Victoria.

##### (g) The percentage invested in each asset class at reporting date

	2022
	%
Australian equity	22
International equity	33
Domestic and international debt assets	18
Property	6
Alternatives/Other	12
Cash	9
	<b>100</b>

##### (h) Significant actuarial assumptions at the reporting date

Assumptions to determine Defined Benefit Cost	2022
	%
Discount rate p.a.	5.3
Future salary increase p.a.	2.0
First year pension indexation	4.1
Long-term pension indexation p.a.	2.5
Mortality	As per the most recent valuation of the State's pension schemes (30 June 2022)
Expected remaining lifetime at age 65	
Male	26.2
Female	27.5

### 3 THE COST OF DELIVERING SERVICES

#### 3.2.3 Defined benefit superannuation (continued)

##### (i) Sensitivity Analysis

The defined benefit obligation (not including tax provisions) is presented on following scenarios:

<i>Scenario A:</i>	0.5% per annum higher discount rate sensitivity
<i>Scenario B:</i>	0.5% per annum lower discount rate sensitivity
<i>Scenario C:</i>	0.5% per annum higher salary increase rate sensitivity
<i>Scenario D:</i>	0.5% per annum lower salary increase rate sensitivity
<i>Scenario E:</i>	90% per annum of the State Pension Scheme Standard pensioner mortality sensitivity
<i>Scenario F:</i>	110% per annum of the State Pension Scheme Standard pensioner mortality sensitivity
<i>Scenario G:</i>	0.5% per annum higher pension increase rate sensitivity
<i>Scenario H:</i>	0.5% per annum lower pension increase rate sensitivity

Defined Benefit Obligation - Base	<u>\$'000</u>
	35,143

	Notes	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
Discount rate		5.3% pa	5.83%	4.83%	-	-
Salary increase rate		2.0% pa	-	-	2.50%	1.50%
Pension increase rate		2.5% pa	-	-	-	-
Defined Benefit Obligation			33,400	37,082	35,165	35,121
Change in obligation			(1,743)	1,939	22	(22)
Percentage change in obligation			(4.96%)	5.52%	0.06%	(0.06%)

	Notes	Base Case	Scenario E	Scenario F	Scenario G	Scenario H
Discount rate		1.5% pa	-	-	-	-
Salary increase rate		3.0% pa	-	-	-	-
Pension increase rate		2.5% pa	-	-	3.00%	2.00%
Defined Benefit Obligation			34,605	35,746	37,342	33,128
Change in obligation			(538)	603	2,199	(2,015)
Percentage change in obligation			(1.53%)	1.72%	6.26%	(5.73%)



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**3 THE COST OF DELIVERING SERVICES**

**3.2.3 Defined benefit superannuation (continued)**

**(j) Funding arrangements and funding policy**

For the year ended 30 June 2022, based on the actuary's recommendation, Ports Victoria contributed the following to the Fund:

- 20% of superannuation salaries
- Expenses, approximately \$9,700 per annum, were met from the assets within the Fund.

**(k) Expected contributions**

**2023**

	<b>\$'000</b>
Expected employer contributions	23

**(l) Maturity profile of Defined Benefit Obligations**

The weighted average duration of the defined benefit obligation as at 30 June 2022 is 12 years.

	<b>\$'000</b>
30 June 2023	1,914
30 June 2024	1,969
30 June 2025	2,009
30 June 2026	2,116
30 June 2027	2,155
Following 5 years	11,307

**(m) Asset-Liability matching strategies**

The assets are invested as shown in the disclosures.

The assets chosen are not designed to match the liabilities exactly, although the nature of the liabilities is considered in setting the investment strategy.

### 3 THE COST OF DELIVERING SERVICES

#### 3.3 Other operating expenses

	Notes	2022 \$'000
Contractors and consultant expenses		15,791
Operating lease expenses - minimum lease payments		257
Other expenses		4,681
<b>Total operating expenses</b>	3.1	<b>20,729</b>

Other operating expenses from transactions are recognised as they are incurred and reported in the financial year to which they relate. Operating expenses generally represent day-to-day running costs incurred in normal operations.

The following operating lease payments are recognised on a straight-line basis:

- short-term leases – leases with a term less than 12 months; and
- low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset leased) is no more than \$10,000.

#### 3.4 Other economic flows included in net result

	Notes	2022 \$'000
Net gain/(loss) on non-financial assets		(625)
Loss on sale of asset		(23,769)
Impairment of property, infrastructure, plant & equipment	4.1.3	(24,394)
<b>Total</b>		<b>(24,394)</b>
Other gain/(loss) from other economic flow		(524)
Defined benefit superannuation expense		(524)

#### 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

##### Introduction

Ports Victoria controls non-current physical assets comprising land, buildings & infrastructure (includes shipping channels) and other plant & equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to Ports Victoria for delivery of those outputs. In determining the fair value as at 30 June 2022, key assumptions have been considered in accordance with AASB 13, AASB 136 and FRD 103. As the entity is a for profit entity, a Discounted Cash Flow (DCF) for each Cash Generating Unit (CGU) was prepared to assess fair value and consider any indicators of impairment (i.e. where the carrying value of a class of assets does not approximate its fair value). The values assigned to the key assumptions in the DCF represented management's assessment of future industry trends and incorporated historical data from both external and internal sources. The outcome of this assessment indicated that an impairment of the infrastructure asset class representing the Hastings, Melbourne Shipping and Station Pier CGU had occurred, together with an increase in the value of the Geelong Channel CGU that also forms the infrastructure class of assets. There was also an impairment of the buildings, plant, equipment and vehicles and capital work in progress asset classes included in the Station Pier CGU. Refer to the table in Note 4.1.2 for impairment details across asset classes and Note 8.3 regarding the fair value assessment.

##### Structure

- 4.1 Property, Infrastructure, plant and equipment
  - 4.1.1 Right-of-use assets: buildings, plant, equipment and vehicles
  - 4.1.2 Depreciation and impairment
  - 4.1.3 Reconciliation of movements in carrying amount
- 4.2 Intangible assets

##### 4.1 Property, Infrastructure, plant and equipment

	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	2022	2022	2022
	\$'000	\$'000	\$'000
Land	3,457	-	3,457
Buildings	11,493	(2,641)	8,852
Plant and equipment & motor vehicles	7,184	(2,462)	4,722
Infrastructure	70,061	(22,746)	47,315
Cultural assets	817	-	817
Assets under construction, at cost	1,133	-	1,133
Net carrying amount	<b>94,145</b>	<b>(27,849)</b>	<b>66,296</b>

All items of Property, Infrastructure, plant and equipment are allocated to the purpose group of 'Transport' under the 'classification of the functions of government' (COFOG) framework.

##### Initial recognition

Items of property, infrastructure, plant and equipment, are measured initially at cost (excluding assets contributed by owner under FRD 119) and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount via contributed capital (as a contribution by owner). All items with a cost or value in excess of \$1,000 and with a useful life greater than one year are recognised as assets, provided the recognition criteria of future economic benefits exists. The cost of constructed non-financial physical assets includes the cost of all materials used in construction and an appropriate proportion of variable and fixed overheads.

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#### 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

##### 4.1 Property, plant and equipment (continued)

###### Initial recognition (continued)

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

###### Subsequent measurement

Items of property, infrastructure, plant and equipment, are subsequently measured at their fair value in accordance with FRD 103.

Revaluation and impairment adjustments are recorded in accordance with Financial Reporting Direction 103 Non-Financial Physical Assets. An independent valuation is undertaken by the Valuer General of Victoria (VGV) every 5 years. The next independent valuation is scheduled to occur for the year ending 30 June 2025. An independent valuation for a class of non-current physical assets is also obtained where a fair value assessment has indicated a movement in excess of 40% in the fair value of that asset class. Non-financial assets transferred in (via equity) under FRD 119 as a Machinery of Government (MoG) change were last valued by the VGV at 30 June 2020.

To assess fair value, items of property, infrastructure, plant and equipment assets are allocated to a CGU and a DCF calculation is performed for each CGU. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

If an asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading of asset revaluation reserve net of applicable tax and shown in the Comprehensive Operating Statement under "Other Comprehensive Income". However, the increase is recognised in the Comprehensive Operating Statement under "Other economic flows included in net result" to the extent that it reverses a revaluation decrease previously recognised in the net result in respect of that asset.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the Comprehensive Operating Statement under "Other economic flows included in net result". However, the decrease is debited directly to equity under the heading of asset revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

Gains and losses on disposals of assets are determined by comparing proceeds from sale with the carrying amount and selling costs. These are included in profit or loss. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold or written off is transferred to retained profits.

Refer to Note 8.3 for additional information on fair value determination of land, buildings, infrastructure (including shipping channels), plant and equipment.

###### Initial measurement - Right-of-use asset acquired by lessees

Ports Victoria recognises a right-of-use assets and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- Any lease payments made at or before the commencement date less any lease incentive received; plus
- Any initial direct costs incurred; and
- An estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use-assets transferred as part of a machinery of government change are transferred at their carrying amount as a contribution by owner via contributed capital.

#### 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

##### 4.1 Property, plant and equipment (continued)

###### Subsequent measurement - Right-of-use asset

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use assets arising from leases with significantly below market terms and conditions, which are subsequently measured at cost.

Ports Victoria depreciates the right-of-use assets (ROU) on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

##### 4.1.1 Right-of-use assets: buildings, plant, equipment and vehicles

	Gross carrying amount	Accumulated amortisation	Net carrying amount
	2022	2022	2022
	\$'000	\$'000	\$'000
Buildings at fair value	1,821	(435)	1,386
Plant and equipment & motor vehicles at fair value	40	(18)	22
Net carrying amount	<b>1,861</b>	<b>(453)</b>	<b>1,408</b>
	Buildings at fair value	Plant and equipment & motor vehicles at fair value	Total
	2022	2022	2022
	\$'000	\$'000	\$'000
Carrying amount 1 July 2021	-	-	-
Transfer in - contribution by owner via contributed capital - Note 1.5	1,821	40	1,861
Amortisation	(435)	(18)	(453)
Carrying amount 30 June 2022	<b>1,386</b>	<b>22</b>	<b>1,408</b>

#### 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

##### 4.1.2 Depreciation and impairment

	Notes	2022 \$'000
<b>Depreciation</b> (including amortisation of ROU assets)		
Buildings		823
Plant and equipment & vehicles		831
Infrastructure		2,426
<b>Total depreciation</b>	3.1	<b>4,080</b>
<b>Impairment</b>		
Land		-
Buildings		1,818
Plant and equipment & vehicles		1,631
Infrastructure		20,320
<b>Total impairment</b>	3.4	<b>23,769</b>
<b>Total depreciation and impairment</b>		<b>27,849</b>

##### Depreciation expense

Land and cultural assets held by Ports Victoria are not depreciated. All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives (or, in the case of leasehold improvements and certain leased plant and equipment, the lease term if shorter) as follows:

	2022
Buildings	1 - 50 years
Infrastructure	1 - 60 years
Plant, equipment and vehicles	1 - 20 years

Assets under construction are not depreciated. At the point the asset has been constructed and is available for use, the asset is transferred to the appraise asset class and then depreciated.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where Ports Victoria obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

##### Change in accounting estimates

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial reporting period and, where revised, are accounted for as a change in an accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

#### **4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY**

##### **4.1.2 Depreciation and impairment (continued)**

###### **Repairs and maintenance**

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated, with the exception of all costs incurred for Station Pier which are expensed as incurred, given that currently no future economic benefit exists.

###### **Major maintenance dredging costs**

The shipping channels in port waters are subject to deterioration through siltation, which reduces the depth of water available to commercial shipping. The channels are restored to proper depths by routine maintenance dredging. Dredging and associated costs (including all costs incurred under the dredging contract to restore the channels to original depths) are expensed as incurred. Dredging and associated costs (where the shipping channels are widened and improved) are capitalised and depreciated over its useful life (once the asset is ready for use).

###### **Impairment and recoverable amount**

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (impairment of assets). Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge in the Comprehensive Operating Statement under "Other economic flows included in net result" except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that specific asset. The recoverable amount for an asset is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs of disposal.

During the year ended 30 June 2022 as part of the fair value assessment process, impairment indicators were identified for the CGUs representing Hastings, Melbourne Shipping and Station Pier. The impairment indicators have primarily resulted from TT-Line departing Station Pier at the end of their current lease (expiring November 2022) and the impact of forecast costs exceeding forecast revenue.

#### 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

##### 4.1.2 Depreciation and impairment (continued)

##### Impairment and recoverable amount (continued)

The main reduction in forecast revenue is a decrease of approximately \$11M net per annum, once TT Line moves to Geelong. The main increases in costs include:

- Project costs, including costs of delivering on expanded responsibilities and specific one-off costs as a result of the administrative restructure to form Ports Victoria;
- Deferred expenditure, predominantly at Station Pier;
- Extra costs that are due to the restarting of the Cruise industry; and
- Escalation of costs due to inflation, particularly with regards to repairs, maintenance, construction and capital works.

The issue of economic obsolescence was considered due to the impairment indicators identified for Station Pier, which has resulted in impairment to the assets that represent the Station Pier CGU (excluding land) at 30 June 2022. Impairment losses for the infrastructure class of asset representing Hastings and Melbourne Shipping CGUs were recorded at 30 June 2022. It is noted that the impairment losses have been counteracted by a revaluation increment for the Geelong Channel CGU that represents the infrastructure class of assets. The net effect of this impairment and revaluation increase is detailed in the table below:

CGU	Asset Class	Notes	Other economic	Other	Net
			flows included in net result	comprehensive income	comprehensive result
			\$'000	\$'000	\$'000
Geelong	Infrastructure		-	8,773	8,773
Hastings Channel	Infrastructure		(2,962)	-	(2,962)
Melbourne	Infrastructure		(688)	-	(688)
Station Pier	Infrastructure		(16,670)	-	(16,670)
			<b>(20,320)</b>	<b>8,773</b>	<b>(11,547)</b>
Station Pier	Buildings		(1,818)	-	(1,818)
Station Pier	Plant and equipment & motor vehicles		(1,631)	-	(1,631)
Net adjustment to non-financial asset carrying values		3.4, 9.2.2	<b>(23,769)</b>	<b>8,773</b>	<b>(14,996)</b>



**Ports Victoria**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2022**

**4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY**

**4.1.3 Reconciliation of movements in carrying amount**

<b>Year ended 30 June 2022</b>	<b>Notes</b>	<b>Land \$'000</b>	<b>Buildings \$'000</b>	<b>Plant and equipment &amp; motor vehicles \$'000</b>	<b>Infrastructure \$'000</b>	<b>Cultural assets \$'000</b>	<b>Assets under construction \$'000</b>	<b>Total \$'000</b>
<b>Carrying amount 1 July 2021</b>		-	-	-	-	-	-	-
Transfer in - contribution by owner via contributed capital	1.5	3,457	11,355	7,524	61,205	817	596	84,954
Additions		-	138	335	83	-	537	1,093
Disposals		-	-	(675)	-	-	-	(675)
Revaluation - Increase		-	-	-	8,773	-	-	8,773
Revaluation - Impairment		-	(1,818)	(1,631)	(20,320)	-	-	(23,769)
Depreciation charge		-	(823)	(831)	(2,426)	-	-	(4,080)
<b>Carrying amount 30 June 2022</b>		<b>3,457</b>	<b>8,852</b>	<b>4,722</b>	<b>47,315</b>	<b>817</b>	<b>1,133</b>	<b>66,296</b>
<b>At 30 June 2022</b>								
Fair value 2022		3,457	11,493	7,184	70,061	817	-	93,012
Cost		-	-	-	-	-	1,133	1,133
Accumulated depreciation and impairment		-	(2,641)	(2,462)	(22,746)	-	-	(27,849)
<b>Net carrying amount</b>	8.3.1(a)	<b>3,457</b>	<b>8,852</b>	<b>4,722</b>	<b>47,315</b>	<b>817</b>	<b>1,133</b>	<b>66,296</b>

#### 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

##### 4.2 Intangible assets

	Notes	Gross carrying amount	Accumulated depreciation	Net carrying amount
		2022	2022	2022
		\$'000	\$'000	\$'000
Software at cost		177	(66)	111
Net carrying amount	6.2.1	177	(66)	111
<b>Year ended 30 June 2022</b>			<b>Software</b>	<b>Total</b>
			<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount 1 July 2021</b>				-
Transfer in - contribution by owner via contributed capital	1.5		177	177
Amortisation charge			(66)	(66)
<b>Net book value at 30 June 2022</b>			<b>111</b>	<b>111</b>

##### Significant intangible assets

Ports Victoria has capitalised software expenditure.

##### Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

##### Subsequent measurement

Intangible produced assets with finite useful lives, are amortised as an 'expense from transactions' on a straight line basis over their useful lives. Produced intangible assets have useful lives of 5 years. Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a straight line basis over their useful lives. The amortisation period is 3 to 5 years.

##### Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

## 5 OTHER ASSETS AND LIABILITIES

### Introduction

This section sets out any other assets and liabilities that arose from Ports Victoria's operations.

### Structure

5.1 Receivables

5.2 Payables

5.3 Other non-financial assets

### 5.1 Receivables

	Notes	2022 \$'000
<b>Current</b>		
<b>Contractual</b>		
Trade receivables (i)	8.1.1	6,365
		<b>6,365</b>
<i>(i) Ageing analysis of contractual receivables</i>		
0 - 30 days		1,653
31 - 60 days		4,608
61 - 90 days		59
91 - 120 days		45
		<b>6,365</b>

### Receivables

Receivables consist of contractual receivables. Contractual receivables mainly include trade receivables in relation to goods and services and are classified as financial instruments in Note 8.

Trade receivables are amounts due for services rendered to customers of Ports Victoria in the ordinary course of business and generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are held with the objective to collect contractual cashflows and therefore measured at amortised cost using the effective interest method, less provision for impairment.

Ports Victoria applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. Details of Ports Victoria's Impairment Policy are set out in Note 8.1. No provision for expected credit loss has been recognised given the low level of historical impairment loss and current year collection statistics.

Ports Victoria has not experienced trade receivable recoverability issues as a consequence of COVID-19.

## 5 OTHER ASSETS AND LIABILITIES

### 5.2 Payables

	Notes	2022 \$'000
<b>Current</b>		
<b>Contractual</b>		
Trade payables (i)		392
Accrued expenses (i)		3,816
	8.1.1	<b>4,208</b>
<b>Statutory</b>		
FBT payable		20
GST payable		519
		<b>539</b>
<b>Total payables</b>		<b>4,747</b>
<i>(i) Maturity analysis of contractual payables</i>		
Less than 1 month		4,204
1 - 3 months		4
3 months - 1 year		-
1 - 5 years		-
5+ years		-
		<b>4,208</b>

#### Payables

Payables consist of contractual payables and statutory payables. Contractual payables include mainly trade payables' creditors in relation to goods and services. Statutory payables include GST payable, fringe benefits tax and other tax payable. Contractual payables are classified as financial instruments in Note 8. Statutory payables are not classified as financial instruments as they do not arise from a contract.

Trade payables are carried at amortised cost. Due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to Ports Victoria prior to the end of the financial year that are unpaid as at year end. The amounts are unsecured and are usually paid within 30 days of recognition.

In response to the challenges faced by COVID-19, the policy was amended for government entities to expedite payment of suppliers within 10 days.

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5 OTHER ASSETS AND LIABILITIES

5.3 Other non-financial assets

	<b>2022</b>
	<b>\$'000</b>
<i>Current</i>	
Prepayments	1,164
Other assets	133
	<b>1,297</b>

**Other non-financial assets**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

## 6 FINANCING OUR OPERATIONS

### Introduction

This section provides information on the sources of finance utilised by Ports Victoria during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Ports Victoria.

### Structure

- 6.1 Leases
- 6.2 Cash flow information and balances
- 6.3 Commitments for expenditure

### 6.1 Leases

#### *As lessee*

Ports Victoria lease properties in Geelong, Melbourne and a number of sites for radar transmitters and navigational aids. Rental contracts are typically made for fixed periods of 5 years to 10 years, but may have extension options.

Contracts may contain both lease and non-lease components. Ports Victoria allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which Ports Victoria is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

#### 6.1.2 Amounts recognised in the Balance Sheet

	Notes	2022 \$'000
<b>Lease liabilities</b>		
Current		562
Non-current		1,271
	8.1.1	<u>1,833</u>

Right-of-use assets are presented in note 4.1.1

Additions to the right-of use assets during the 2022 financial year were \$Nil.

#### 6.1.3 Amounts recognised in the Comprehensive Operating Statement

	Notes	2022 \$'000
<b>Depreciation charge of right-of-use assets</b>		
Buildings		435
Plant and equipment & motor vehicles		18
	4.1.1	<u>453</u>
Interest expense	8.1.2	68
Expenses relating to short term leases		257
The total cash outflow for leases		489

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## 6 FINANCING OUR OPERATIONS

### 6.1.4 Accounting for leases

For any new contracts entered into, Ports Victoria considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Ports Victoria assesses whether the contract meets three key evaluations:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Ports Victoria and for which the supplier does not have substantive substitution rights;
- whether Ports Victoria has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the department has the right to direct the use of the identified asset throughout the period of use; and
- whether Ports Victoria has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in Ports Victoria, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Ports Victoria has adopted the Department of Treasury and Finance's weighted average incremental borrowing rates for discounting depending on the lease term and the nature of the underlying asset:

- non specialised building 2.75% - 4.61%
- non specialised land 3.48%
- plant, equipment and vehicles 2.79% - 4.61%

Ports Victoria is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost at initial recognition. The finance cost is charged to the Comprehensive Operating Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

#### **Separation of lease and non-lease components**

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

## 6 FINANCING OUR OPERATIONS

### 6.1.4 Accounting for leases (continued)

#### Recognition and measurement of leases as a lessee

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Ports Victoria incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

#### Lease liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

#### Short-term leases and leases of low-value assets

Ports Victoria has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Ports Victoria is party to low value leases for seabeds and locations where navigational equipment is maintained on crown land. These leases are generally for a period greater than 12 months and a nominal annual amount of \$1 is payable on demand. These low value leases are considered to be at market value.

#### Presentation of right-of-use assets and lease liabilities

Ports Victoria presents right-of-use assets as 'Property, plant and equipment'. Lease liabilities are presented as 'Interest bearing liabilities' in the balance sheet.



## 6 HOW WE FINANCED OUR OPERATIONS

### 6.2 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

	Notes	<b>2022</b> <b>\$'000</b>
<b>Cash and cash equivalents</b>		
Cash at bank and in hand (i)		42,450
	8.1.1	<b>42,450</b>

(i) Cash at bank earns a weighted average interest rate of 1.0% at 30 June 2022.

### 6.2.1 Reconciliation of profit / (loss) after income tax to net cash inflow from operating activities

	Notes	<b>2022</b> <b>\$'000</b>
Profit / (loss) after tax for the period		(22,160)
<b>Non-cash movements in income and expense</b>		
Amortisation	4.2	66
Depreciation and impairment	4.1.2	27,849
Loss on sale of assets		625
<b>Change in operating assets and liabilities</b>		
(Increase) in receivables		(177)
Decrease in deferred tax assets		4,752
Decrease in other operating assets		12
Increase in payables		904
Decrease in current tax asset		1,194
Decrease in deferred tax liabilities		(1,817)
Decrease in current provisions - employee benefits		(2,318)
Increase in other liabilities and other provisions		4
<b>Net cash from operating activities</b>		<b>8,934</b>

## 6 HOW WE FINANCED OUR OPERATIONS

### 6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

#### (a) Commitments for expenditure

	<b>2022</b>
	<b>\$'000</b>
<b>Capital expenditure commitments</b>	
Commitments for the construction and acquisition of land, buildings, infrastructure, plant and equipment, contracted for at balance date but not incurred or recognised as liabilities	1,620
<b>Total capital expenditure commitments (net of GST)</b>	<b>1,620</b>
<b>Operating expenditure commitments</b>	
Commitments for the payments of operating expenditure excluding lease commitments contracted for at balance date but not incurred or recognised as liabilities	12,090
<b>Total operating expenditure commitments (net of GST)</b>	<b>12,090</b>
<b>Total commitments for expenditure (net of GST)</b>	<b>13,710</b>

#### (b) Commitments for expenditure payable

<b>Capital expenditure commitments payable</b>	
- within one year	1,620
- later than one year but not later than five years	-
- later than five years	-
<b>Total capital expenditure commitments (net of GST)</b>	<b>1,620</b>
<b>Operating expenditure commitments payable (excluding lease commitments)</b>	
- within one year	5,832
- later than one year but not later than five years	6,258
- later than five years	-
<b>Total operating expenditure commitments (excluding lease commitments)</b>	<b>12,090</b>
<b>Total commitments for expenditure payable (net of GST)</b>	<b>13,710</b>

## 7 TAXATION AND TRANSACTIONS WITH THE STATE

Ports Victoria is subject to the National Tax Equivalent Regime (NTER). In accordance with this legislation, Ports Victoria is required to pay to the State Government Consolidated Fund, amounts determined to be equivalent to the amounts that would be payable by Ports Victoria if it was subject to the Income Tax Assessment Act 1936 (Cwlth) and Income Tax Assessment Act 1997 (Cwlth).

### Structure

- 7.1 Income tax
- 7.2 Deferred tax
- 7.3 Dividends

### 7.1 Income tax

	Notes	2022 \$'000
<b>(a) Income tax expense</b>		
Current tax expense/(benefit)		318
Deferred tax expense/(benefit)		-
<b>Income tax expense/(benefit) recognised in the statement of comprehensive income</b>		<b>318</b>
Deferred income tax (benefit)/expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	7.2(a)	-
Increase/(decrease) in deferred tax liabilities	7.2(b)	-
		-

The tax expenses or income represents the tax payable on the current year's taxable income or tax loss based on the prevailing income tax rate, adjusted for changes in deferred tax assets and liabilities. For 2021-22, the income tax rate is 25%.

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**7 Taxation and transactions with the State**

**7.1 Income tax expense (continued)**

	<b>Notes</b>	<b>2022 \$'000</b>
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit/(loss) before income tax expense		(21,842)
Tax/(benefit) at the Australian tax rate of 25.0%		(5,461)
Tax effect of non deductible/(taxable) and other reconciling items		(278)
Net deferred tax not recognised		6,057
<b>Income tax (benefit)/expense</b>		<b>318</b>
<b>(c) Tax expense/(benefit) relating to items of other comprehensive income</b>		
Asset revaluation reserve	9.2.2	2,193
Employee benefits reserve	9.2.2	2,935
		<b>5,128</b>
<b>(d) Movement in current tax (assets)/liabilities:</b>		
<b>Carrying amount 1 July</b>	<b>Notes</b>	<b>2022 \$'000</b>
Charged to income tax expense	7.1(a)	318
Income tax instalment paid		(788)
<b>Carrying amount 30 June</b>		<b>(470)</b>

## 7 Taxation and transactions with the State

### 7.2 Deferred tax

#### (a) Deferred tax assets

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

**The balance the deferred tax asset comprises of:**

	<b>2022</b>
	<b>\$'000</b>
<b>Temporary differences</b>	
Property, Infrastructure, plant and equipment	18,710
Accrued expenses	52
Income received in advance	49
Lease liability	129
Employee entitlements	2,005
Provisions	13
	<b>20,958</b>
Deferred tax assets offset against deferred tax liability	(8,485)
Deferred tax assets de-recognised via equity (i)	(5,964)
Deferred tax assets not recognised during the year	(6,509)
<b>Total deferred tax asset</b>	<b>-</b>

**Movement in deferred tax assets:**

<b>Carrying amount 1 July</b>		-
Transfer in - contribution by owner via contributed capital	1.5	17,384
Equity movement via Other Comprehensive Income	9.2.2	(2,935)
Deferred tax liability offset against deferred tax asset		(8,485)
Deferred tax assets de-recognised via equity (i)		(5,964)
<b>Carrying amount 30 June</b>		<b>-</b>

**Deferred tax assets not brought to account, the benefits of which will only be recognised when it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised:**

Temporary differences	12,021
Tax losses	
- revenue losses	-
- capital losses	2,508

(i) In accordance with paragraph 61A of AASB 112 Income Taxes.

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7 Taxation and transactions with the State

7.2 Deferred tax (continued)

(b) Deferred tax liabilities

Deferred income tax liabilities are recognised for all taxable temporary differences.

	Notes	2022 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Property, Infrastructure, plant and equipment		8,650
Prepayments		287
		<b>8,937</b>
Deferred tax liability offset against deferred tax asset		(8,485)
Deferred tax liability not recognised during the year		(452)
		-
<b>Movement in deferred tax liabilities:</b>		
<b>Carrying amount 1 July</b>		-
Transfer in - contribution by owner via contributed capital	1.5	6,292
Equity movement via Other Comprehensive Income	9.2.2	2,193
Deferred tax assets offset against deferred tax liability		(8,485)
<b>Carrying amount 30 June</b>		-
<b>Net deferred tax (asset)/liability</b>		-

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

## **7 Taxation and transactions with the State**

### **7.2 Deferred tax (continued)**

Where the tax costs bases of assets and liabilities transferred in under a Machinery of Government change result in a temporary difference to the carrying value recognised, the temporary difference may be recognised as a deferred tax asset and/or liability.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and Ports Victoria intends to settle its current tax assets and liabilities on a net basis.

### **7.3 Dividends**

Ports Victoria may be required to pay a dividend in accordance with a determination of the Treasurer of Victoria under the Transport Integration Act 2010 (Vic). The obligation to pay a dividend arises after consultation between Ports Victoria's Board, the Minister for Ports and Freight and the Treasurer of Victoria. Following this consultation process, the Treasurer may make a formal determination. Only dividends declared on or before reporting date are recognised as a liability.

For the current reporting period, the dividends declared was nil.

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## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### Introduction

Ports Victoria is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for Ports Victoria related mainly to fair value determination.

### Structure

- 8.1 Financial instruments specific disclosures
- 8.2 Contingent assets and contingent liabilities
- 8.3 Fair value determination

### 8.1 Financial instruments specific disclosures

#### Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Ports Victoria's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

#### *Categories of financial instruments*

##### (i) Financial assets at amortised cost

Financial assets measured at amortised cost are financial instruments which meet both of the following criteria and are not designated at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Ports Victoria recognises the following financial assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits.



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## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.1 Financial instruments specific disclosures (continued)

#### (ii) Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the weighted average interest rate method.

Ports Victoria recognises the following financial assets in this category:

- contractual payables; and
- interest bearing liabilities.

#### (iii) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- Ports Victoria retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- Ports Victoria has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

#### (iv) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

#### (v) Impairment of financial assets

Under AASB 9, loss allowances are measured on either of the following bases:

- 12-month Expected Credit Loss (ECL): these are ECLs that result from possible default events within the 12 months after
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Ports Victoria measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

No provision for ECL has been recognised given the low level of historical impairment loss and current year collection experience.

## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

	Notes	2022 \$'000
<b>8.1.1 Financial instruments: Categorisation</b>		
<b>Contractual financial assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6.2	42,450
Trade receivables	5.1	6,365
<b>Total contractual financial assets</b>		<b>48,815</b>
<b>Contractual financial liabilities</b>		
<b>Liabilities at amortised cost</b>		
<b>Current liabilities</b>		
Interest bearing liabilities	6.1.2	562
Payables	5.2	4,208
<b>Non Current liabilities</b>		
Interest bearing liabilities	6.1.2	1,271
<b>Total contractual financial liabilities</b>		<b>6,041</b>
<b>8.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category</b>		
Interest income on contractual financial assets (i)		114
Interest expense on contractual financial liabilities (ii)		5
Interest expense on Interest bearing liabilities	6.1.3	68
		73
<b>Total</b>		<b>41</b>

(i) The net holding gain/(loss) on contractual financial assets equates to the interest income on cash and cash equivalents.

(ii) The net holding gain/(loss) on contractual financial liabilities equates to the interest expense on Interest bearing liabilities.

Interest expense includes costs incurred relating to the interest component of lease repayments. Interest expense is recognised in the period in which it is incurred.

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## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.1.3 Financial risk management objectives and policies

As a whole, Ports Victoria's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in the relevant notes.

The main purpose in holding financial instruments is to prudentially manage Ports Victoria's financial risks within the State Government's policy parameters. Ports Victoria's main financial risk is liquidity risk. Ports Victoria manages these financial risks in accordance with various financial management policies.

#### **Financial risk management**

Ports Victoria maintains a Risk Management System which is integrated with its business planning processes. There is a formally documented Risk Management Policy, Risk Management Procedures and a framework. A Financial Risk Management Assessment is presented to the Audit and Finance Committee of the Board on an annual basis in line with the requirements of the Standing Directions of the Minister for Finance, under the Financial Management Act 1994 (Vic).

#### **Financial instruments: Liquidity risk**

Liquidity risk is the risk that Ports Victoria will be unable to meet its financial obligations as and when they fall due. Ports Victoria, cognisant of the seasonal nature of the cruise industry, manages its liquidity risk to ensure that adequate cash funds are available at all times to meet its commitments as they arise. This objective is met through:

- sound cash management practices;
- regular identification and monitoring of the maturity profile of liquid assets and liabilities together with regular cash flow forecasting;
- having sufficient temporary purpose financial accommodation from Treasury Corporation of Victoria; and
- investments that are limited to highly liquid and secure assets.

Ports Victoria's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed in Note 8.1.1.

## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.1.3 Financial risk management objectives and policies (continued)

#### Financial instruments: Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to Ports Victoria. The carrying amount of Ports Victoria's financial assets recognised in the Balance Sheet, net of any provisions for doubtful debts, represents Ports Victoria's maximum exposure to credit risk from financial assets.

Ports Victoria actively manages its credit risk using a range of processes and procedures. These include performing credit checks for new and existing customers as required, obtaining bank guarantees where considered appropriate and monitoring the performance of significant trading partners on an ongoing basis. Ports Victoria does not engage in hedging for its contractual assets and only deals with banks with high credit ratings.

No provision for impairment of financial assets has been recognised based on past experience and current and expected changes in client's credit ratings. Ports Victoria's exposure to credit risk is low as detailed in the ageing analysis provided in Note 5.1.

#### Financial instruments: Market risk

Ports Victoria's exposures to market risk are limited to interest rate risk where Ports Victoria holds instrument bearing variable interest rates, which has been assessed to limited to cash & cash equivalents.

#### Financial instruments: Foreign currency risk

Ports Victoria's exposures to foreign currency risk are minimal as the financial transactions are generally dominated in Australian dollars.

#### Interest rate risk and financial liability and financial asset maturity analysis

The exposure to variable interest rate risks, the effective weighted average interest rates for financial assets and financial liabilities and their maturity profiles at the reporting date are as follows:

2022	Carrying Amount \$'000	Floating Interest \$'000	Non Interest Bearing \$'000
<b>Financial assets</b>			
Cash and cash equivalents ( <i>Weighted average interest rate 1.0%</i> )	42,450	42,450	-
Trade receivables	6,365	-	6,365
<b>Financial liabilities</b>			
Interest bearing liabilities ( <i>Weighted average interest rate 3.7%</i> )	(1,833)	(1,833)	-
Payables	(4,208)	-	(4,208)
<b>Net financial assets/(liabilities)</b>	<b>42,774</b>	<b>40,617</b>	<b>2,157</b>

## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

#### Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Ports Victoria has no contingent assets as at the reporting date.

#### Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligations cannot be measured with sufficient reliability.

Ports Victoria has no contingent liabilities as at the reporting date.

## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.3 Fair value determination

Ports Victoria's property, plant and equipment assets are measured and disclosed at fair value for financial reporting purposes as per Note 4.1. In order to determine fair value of an asset or a liability, Ports Victoria uses market-observable data to the extent it is available. The carrying value of all of Ports Victoria's financial assets and liabilities approximate their fair value.

#### 8.3.1 Net fair value of non-financial physical assets

In accordance with FRD 103: Non-Financial Physical Assets requirements, as at each balance date, management assesses the fair value of non-financial physical assets and undertakes a scheduled independent valuations of all such assets every 5 years (next due in 2025). An independent valuation for a class of non-current physical assets is also obtained where a fair value assessment has indicated a movement in excess of 40% in the fair value of that asset class.

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

#### (a) Fair value measurement hierarchy for assets as at 30 June 2022

Asset class	Carrying amount \$'000	Fair value measurement at reporting period using		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land	3,457	-	1,097	2,360
Buildings	8,852	-	1,386	7,466
Plant and equipment & motor vehicles	4,722	-	22	4,700
Infrastructure	47,315	-	-	47,315
Cultural assets	817	-	-	817
<b>Total</b>	<b>65,163</b>	<b>-</b>	<b>2,505</b>	<b>62,658</b>

## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.3 Fair value determination (continued)

#### 8.3.1 Net fair value of non-financial physical assets (continued)

##### (b) Reconciliation of Level 3 fair value as at 30 June 2022:

	Land	Buildings	Plant and equipment & motor vehicles	Infrastructure
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance - 1 July 2021:</b>	-	-	-	-
Transfer in - contribution by owner via contributed capital	2,360	9,534	7,484	61,205
Transfer in - Transfer of assets under construction at cost	-	-	-	-
Additions	-	138	335	83
Disposals	-	-	(675)	-
Revaluation	-	-	-	8,773
Impairment	-	(1,818)	(1,631)	(20,320)
Depreciation	-	(388)	(813)	(2,426)
<b>Closing balance - 30 June 2022:</b>	<b>2,360</b>	<b>7,466</b>	<b>4,700</b>	<b>47,315</b>

	Cultural assets	Total
	\$'000	\$'000
<b>Opening balance - 1 July 2021: (continued)</b>	-	-
Transfer in - contribution by owner via contributed capital	817	81,400
Transfer in - Transfer of assets under construction at cost	-	-
Additions	-	556
Disposals	-	(675)
Revaluation	-	8,773
Impairment	-	(23,769)
Depreciation	-	(3,627)
<b>Closing balance - 30 June 2022:</b>	<b>817</b>	<b>62,658</b>

## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.3 Fair value determination (continued)

#### 8.3.1 Net fair value of non-financial physical assets (continued)

##### (c) Key assumption used in determining the fair value at 30 June 2022

Based on the specialised nature of Ports Victoria non-financial assets, Value in Use valuations were performed for the identified Cash Generating Units (CGUs). The Value in Use calculations were assessed against the carrying value of the non-financial assets to determine the recoverable amount.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The CGUs identified are:

- Geelong Channel: representing the channel, navigational aids and Vessel Traffic Services (VTS) controlled by Ports Victoria for access to the Port of Geelong.
- Hastings Channel: representing the channel, navigational aids and VTS controlled by Port Victoria for access to the Port of Hastings.
- Station Pier: representing the assets controlled by Ports Victoria for access to Station Pier.
- Melbourne Shipping: representing the VTS and services provided to the Port of Melbourne under the Port Operation Services Deed.

	Geelong Channel	Hastings Channel	Melbourne Shipping	Station Pier
(i) CGU Allocation after impairment and revaluation	\$'000	\$'000	\$'000	\$'000
Land	-	-	1,097	2,360
Buildings	-	-	7,466	-
Plant and equipment & motor vehicles	882	30	3,370	-
Infrastructure	46,179	1,136	-	-
Assets under construction	516	85	370	-
	<b>47,577</b>	<b>1,251</b>	<b>12,303</b>	<b>2,360</b>

The above table does not include corporate assets.



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## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.3 Fair value determination (continued)

#### 8.3.1 Net fair value of non-financial physical assets (continued)

##### (c) Key assumption used in determining the fair value at 30 June 2022 (continued)

###### (ii) Station Pier and Melbourne Shipping CGU - Land

Land is held at fair value. The fair value has been initially determined on the basis of comparable land sales / market-based evidence (Level 2 in nature) prior to the consideration of economic obsolescence for the land allocated to the CGU. Comparable land sales are based on an independent valuation report obtained by the predecessor entities for the year ending 30 June 2020 (being the entity that controlled the land prior to the transfer to Ports Victoria) and adjusted for indexation published by the Victorian Valuer Generals Office. The land is within a port zone and considered specialised land. To assess economic obsolescence, a discounted cash flow (DCF) model, representing a Value In Use calculation, for the CGUs has been used to cross-check for potential economic obsolescence and impairment of the carrying value. The assets carrying values have approximated fair value, noting a 'minimal value' of the land approximated the land value based on comparable land sales (per the 2020 valuation) and adjusted for indexation published by the Valuer-General Victoria.

###### (iii) Station Pier and Melbourne Shipping CGU - Buildings, Plant and Equipment

Buildings, infrastructure and plant and equipment are held at fair value. These assets have been measured at fair value based initially on their FVLCD (considering the current replacement cost, less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset), prior to the consideration of economic obsolescence. Classification with respect to the fair value hierarchy has been determined as being Level 3 in nature. To assess economic obsolescence, a discounted cash flow (DCF) model, representing a Value In Use calculation, for the CGUs has been used to cross-check for potential economic obsolescence and impairment of the carrying value. For the Melbourne Shipping CGU, the assets carrying values of buildings approximated fair value (noting a 'minimal value' of the buildings approximated the building value based on comparable land sales (per the 2020 valuation) and adjusted for indexation published by the Valuers General Victoria. An impairment was recorded for Buildings, Plant & Equipment allocated to the Station Pier CGU.

## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.3 Fair value determination (continued)

#### 8.3.1 Net fair value of non-financial physical assets (continued)

##### (c) Key assumption used in determining the fair value at 30 June 2022 (continued)

##### (iv) Station Pier and Melbourne Shipping CGU - Infrastructure

Infrastructure is held at fair value. Piers and other port related assets were valued using a discounted cash flow method (value in use). This method was applied to piers and other port as there was no market based evidence of fair value (value through sale) of these type of assets given the specialised nature of the assets in question (the assets would rarely be sold (if ever), except as part of a continuing business). This has resulted in an impairment of Infrastructure allocated to the Station Pier and Melbourne Shipping CGUs.

##### (v) Geelong Channel and Hastings Channel CGU - Infrastructure

Infrastructure is held at fair value. Channel asset and navigation aids were valued using a discounted cash flow method (value in use). This method was applied to channel asset and navigational aids as there was no market based evidence of fair value (value through sale) of these type of assets given the specialised nature of the assets in question (the channel assets and navigational aids would rarely be sold (if ever), except as part of a continuing business). This resulted in a increase in the fair value of the infrastructure asset class for the Geelong CGU. An impairment was recorded for infrastructure relating to the Hastings CGU.

##### (vi) Geelong Channel and Hastings Channel CGU - Plant and Equipment

Plant and equipment and assets under construction are held at fair value. Fair value is determined using the current replacement cost, less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Carrying value approximated fair value for these assets.

##### (vii) Corporate assets not assigned to a CGU

Buildings are held at fair value and represent a right-of-use asset under AASB 16 (refer note 4.1). Management make an assessment each period of the contractual terms that support the right of use asset against current market conditions, noting carrying value approximated fair value for these assets. Vehicles are held at fair value. Fair value is determined using the current replacement cost, less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Ports Victoria acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by management who set relevant depreciation rates during use to reflect the utilisation of the vehicles. Carrying value approximated fair value for these assets.

## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.3 Fair value determination (continued)

#### 8.3.1 Net fair value of non-financial physical assets (continued)

##### (c) Key assumption used in determining the fair value at 30 June 2022 (continued)

(viii) Value in Use assumptions	Geelong Channel	Hastings Channel	Station Pier	Melbourne Shipping
<b>Cash flows:</b>				
Cash flow period	40 years	40 years	10 years	44 years
Growth rate - annual	2.5%	2.5%	2.5%	2.5%
<b>Discount Rate post tax:</b>				
Risk free rate	7.68%	7.68%	8.35%	8.13%
Equity market risk	4.26%	4.26%	4.26%	4.26%
Equity market risk	6.45%	6.45%	6.45%	6.45%
Equity beta	0.45	0.45	0.45	0.45
Alpha risk	0.88%	0.88%	1.65%	1.40%

##### *Cash flows:*

Cash flow projections are based on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the period of the cash flows. Cash flow projections are consistent with the most recent financial budgets/forecasts approved by the Board and exclude any estimated future cash inflows or outflows expected to arise from future restructurings). Estimate cash flow projections beyond the period covered by the most recent budgets/forecasts have been extrapolated by applying a using a growth rate for subsequent years and adjusting for specific planned future cash flows events.

##### *Risk free rate:*

Based on 10-year Victorian Government bond rate.

##### *Equity market risk premium:*

Based on Industry valuations practices survey.

##### *Equity beta:*

Professional judgement based on Australian companies who operate Infrastructure assets or operating in the transportation industry.

##### *Alpha risk:*

Alpha risk represents additional risks regarding the operations and nature of the CGU. Primary Alpha applied due to the inherent uncertainty of the future of Station Pier and impact of emission reductions requirements on shipping that was not adjusted in the cash flows.

## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.3 Fair value determination (continued)

#### 8.3.2 Description of significant unobservable inputs to level 3 valuations

	Valuation technique	Significant unobservable inputs	Range/Weighted Average	Sensitivity of fair value measurements to change in significant
Land	Market approach adjusted for economic obsolescence (where applicable) via a Value in Use calculation.	Refer note 8.3.1(c).	N/A	Refer note 8.3.3.
Buildings	Market approach adjusted for economic obsolescence (where applicable) via a Value in Use calculation.	Refer note 8.3.1(c).	N/A	Refer note 8.3.3.
Infrastructure	Value in Use (discounted cash flow)	Refer note 8.3.1(c).	N/A	Refer note 8.3.3.
Plant & equipment - Station Pier and Melbourne Shipping	Current replacement cost adjusted for economic obsolescence via a Value in Use calculation.	Refer note 8.3.1(c).	N/A	Refer note 8.3.3.
Plant & equipment - Non Station Pier and Melbourne Shipping	Current replacement cost.	Cost per Unit	\$32,457	Refer note 8.3.3.
		Useful life of plant and equipment	Note 4.1.2.	
Vehicles	Current replacement cost.	Cost per Unit	\$52,000	Refer note 8.3.3.
		Useful life of plant and equipment	Note 4.1.2.	

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## 8 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### 8.3 Fair value determination (continued)

#### 8.3.3 Significant unobservable inputs to level 3 valuations sensitivity analysis

In the absence of observed market inputs, future-oriented estimates are necessary to measure the recoverable amount of classes of land, buildings, infrastructure, plant and equipment. Determining the carrying amounts of these assets requires estimation of the effects of uncertain future events on the assets at the end of the reporting period. The major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amount are detailed at note 8.3.1(c).

There is a relationship between cash flows assumptions and the discount rate. A significant increase in cash flows may result in an adjustment to the discount rate. The adjustment to the discount rate would consider the additional risk in achieving the increased cash flows. Conversely, a significant decrease in cash flows that represents a reduced level of risk may result in a decrease to the discount rate.

Given the unique nature of the land, buildings, infrastructure, plant and equipment, it is impracticable to disclose the extent of the possible effects a change of an estimate would have on the other assumed estimate at the end of the reporting period. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the land, buildings, infrastructure, plant and equipment asset classes in the future.

#### **Sensitivity of fair value measurement to changes in significant unobservable inputs**

Free cash flows	A significant increase or decrease in the free cash flows would result in a significantly higher or lower fair value.
Cash flow period	A significant increase or decrease in the period of cash flows would result in a significantly higher or lower fair value.
Growth Rate	A significant increase or decrease in the growth rate would result in a significantly higher or lower fair value.
Discount Rate	A significant increase or decrease in the discount rate would result in a significantly lower or higher fair value.

## **9 OTHER DISCLOSURES**

### **Introduction**

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

### **Structure**

- 9.1 Ex-gratia expenses
- 9.2 Equity disclosure
- 9.3 Responsible persons
- 9.4 Remuneration of executives
- 9.5 Related parties
- 9.6 Remuneration of auditors
- 9.7 Subsequent events
- 9.8 Australian Accounting Standards issued that are not yet effective

#### **9.1 Ex-gratia expenses**

In accordance with FRD 11 Disclosure of Ex-Gratia Expenses Ports Victoria must disclose in aggregate the total amount of material (greater than \$5,000) expenses.

For 2021-22, Ports Victoria incurred no ex-gratia expenses.

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**9 OTHER DISCLOSURES**

**9.2 Equity disclosure**

**9.2.1 Contributed capital**

Consistent with applicable Australian reporting requirements and the Financial Management Act 1994 (Vic), transfers and appropriation for additions of net assets between Ports Victoria and State Government Departments designated as a contribution by owner (via contributed capital), are recognised as capital transactions. Transfers of net assets arising from administrative restructures and/or from all other arrangements which are deemed to be contributions by owners, where there is insufficient contributed capital for distribution, are recognised as an expense by the transferor and income by the transferee in accordance with FRD 119 - Transfers through Contributed Capital.

	Notes	<u>2022 \$'000</u>
<b>Carrying amount 1 July</b>		-
Transfer in - contribution by owner via contributed capital	1.5	114,882
<b>Carrying amount 30 June</b>		<u><b>114,882</b></u>

**Capital management**

Ports Victoria does not have any externally imposed debt-related covenants, financial ratios or any other capital requirements.

Ports Victoria's Treasury Management Policy and procedures are in compliance with the Borrowing and Investment Powers Act 1987 (Vic), the DTF's Treasury Management Guidelines and Standing Direction 4.5.6 Treasury Risk Management.

In accordance with the Borrowings and Investment Powers Act 1987 (Vic), the Treasurer granted a temporary purpose financial accommodation of \$20 million to Ports Victoria for the reporting period 1 July 2021 to 30 June 2022, which has also been extended for the year ending 30 June 2023.

## 9 OTHER DISCLOSURES

### 9.2 Equity disclosure (continued)

#### 9.2.2 Reserves

	Notes	<u>2022</u> \$'000
<b>Reserves</b>		
Asset revaluation reserve		6,580
Employee benefits reserve		8,804
		<u>15,384</u>
<b>Movement in asset revaluation reserve:</b>		<u>2022</u> \$'000
<b>Carrying amount 1 July</b>		-
Gain from asset revaluation	4.1.2	8,773
Tax effect from asset revaluation	7.1(c)	(2,193)
<b>Total movement</b>		<u>6,580</u>
<b>Carrying amount 30 June</b>		<u>6,580</u>

Ports Victoria has a separate asset revaluation reserve for Land, Buildings & Infrastructure and Plant & Equipment. The reserves record the increments and decrements in the fair value of the assets net of the tax effect.

		<u>2022</u> \$'000
<b>Movement in employee benefits reserve:</b>		
<b>Carrying amount 1 July</b>		-
Actual return on Fund assets less interest income	3.2.3(d)	(323)
Actuarial losses/(gain) arising from changes in financial assumptions	3.2.3(e)	10,885
Actuarial gain arising from changes in liability experience	3.2.3(e)	1,177
Tax effect on actuarial gain on movements	7.1(c)	(2,935)
Total movement in employee benefits reserve		<u>8,804</u>
<b>Carrying amount 30 June</b>		<u>8,804</u>

This reserve has been established in accordance with the revised AASB 119 *Employee Benefits* to capture the movements in the actuarial gains and losses in respect of the Port of Melbourne Superannuation Fund. Refer to Note 3.2.3 for further details.



## 9 OTHER DISCLOSURES

### 9.3 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

#### (a) Names

The names of persons who held the positions of Ministers and Accountable Officers in Ports Victoria at any time during the financial year were:

##### Responsible Ministers:

The Hon. Melissa Horne MP	<i>Minister for Ports and Freight since December 2018</i>
The Hon. Tim Pallas MP	<i>Treasurer of Victoria since December 2014</i>

##### Directors

Mr H Ronaldson	<i>Chairman</i>
Ms E Carbines	<i>Deputy Chair</i>
Ms J van Reyk	<i>Term expired 30 June 2022</i>
Mr P Tuohy	<i>Term expired 30 September 2022</i>
Mr D Powell	

##### Accountable Officer:

Mr B Webb	<i>Chief Executive Officer (from January 2022)</i>
Mr P Mannion	<i>Acting Chief Executive Officer (July 2021 to January 2022)</i>

#### (b) Remuneration

Remuneration received or receivable by responsible persons in connection with the management of Ports Victoria during the reporting period was:

	<b>2022</b>
<b>Income band</b>	
\$50,000 to \$59,999	4
\$90,000 to \$99,999	1
\$150,000 to \$159,999	1
\$170,000 to \$179,999	1
<b>Total number of responsible persons</b>	<b>7</b>
<b>Total remuneration (\$'000)</b>	<b>647</b>

## 9 OTHER DISCLOSURES

### 9.4 Remuneration of executives

The number of executive officers, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 Employee Benefits) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

**Termination benefits** include termination of employment payments, such as severance packages.

	<b>2022</b>
	<b>\$'000</b>
<b>Remuneration of executive officers</b>	
<b>(Including Key Management Personnel - see related parties note)</b>	
Short-term employee benefits	2,467
Post-employment benefits	255
Termination	233
<b>Total remuneration</b>	<b>2,955</b>
<b>Total number of executives (i)</b>	<b>16.0</b>
<b>Total annualised employee equivalents (ii)</b>	<b>14.1</b>

*(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure.*

*(ii) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.*

## 9 OTHER DISCLOSURES

### 9.5 Related parties

Ports Victoria is a wholly owned and controlled entity of the State of Victoria.

Related parties of Ports Victoria include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all Cabinet Ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

#### Significant transactions with government-related entities

The Victorian State Government prepares consolidated financial statements relating to its controlled entities. For the purpose of preparing the State Government's Annual Financial Report (AFR), transactions which Ports Victoria has undertaken with other State Government controlled entities will be eliminated in the State Government's AFR.

The aggregate amounts of Ports Victoria's transactions conducted during the year and its assets and liabilities at the end of the year which relate to State Government controlled entities are as follows:

	Notes	<b>2022</b> <b>\$'000</b>
<b>Operating revenue and (expenses)</b>		
Albert Park College		5
Parks Victoria		38
Port of Hastings Development Authority		(63)
Workers' Compensation Victoria		(52)
Department of Health and Human Services		
State Revenue Office		(618)
South East Water		(12)
Victorian Auditor General's Office		(81)
Other revenue and expenses		(15)
<b>Income tax instalments</b>		
Department of Treasury and Finance	7.1(d)	(788)
<b>Income tax obligations for VRCA and VPCM</b>		
Department of Treasury and Finance		(158)

## 9 OTHER DISCLOSURES

### 9.5 Related parties (continued)

Key management personnel (KMP) are those who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of Ports Victoria. This includes responsible Ministers, Directors, Chief Executive Officer and Executive General Managers. KMP for 2022 are detailed as follows:

Mr H Ronaldson - Chair  
Ms E Carbines - Deputy Chair  
Ms J van Reyk - Director (until 30 June 2022)  
Mr P Tuohey - Director  
Mr D Powell - Director  
Mr B Webb - Chief Executive Officer (from January 2022)  
Mr P Mannion - Chief Operating Officer  
Ms J Mackey - Chief Financial Officer and Head of Corporate Services  
Mr J Bazelmans - Head of Business and Strategy  
Mr D Henderson - Head of Infrastructure and Programs  
Mr S Christie - Head of Development

The compensation detailed below excludes the salaries and benefits the Portfolio and Shareholder Ministers receive. The Ministers' remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* (Vic) and are reported within the Department of Parliamentary Services' Financial Report.

	<b>2022</b>
	<b>\$'000</b>
<b>Compensation of KMP (i)</b>	
Short-term employee benefits	1,501
Post-employment benefits	118
<b>Total</b>	<b>1,619</b>

(i) Note that KMPs are also reported in the disclosure of remuneration of responsible persons (Note 9.3) and executive officers (Note 9.4).

#### Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* (Vic) and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

## 9 OTHER DISCLOSURES

### 9.5 Related parties (continued)

The terms and conditions of transactions entered into with responsible persons' related entities occurred within a normal customer and supplier relationship on terms and conditions no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to other entities on an arm's length basis.

No transactions have occurred with KMP and their related parties. There are no outstanding balances, including commitments, with such parties.

### 9.6 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditors of Ports Victoria:

<b>Victorian Auditor-General's Office</b>	<b>2022</b>
	<b>\$'000</b>
Audit of financial reports	<u>71</u>

## 9 OTHER DISCLOSURES

### 9.7 Subsequent events

#### Change of Directors

Effective 1 October 2022, the below persons have been appointed as directors for a three year term:

Ms M Bourke-O'Neil  
Mr T Garwood  
Ms P Alexander

Ms C Hopper  
Mr D Powell (renewed)

Mr P Tuohey retired as a director effective 30 September 2022.

#### TT Line

The last sailing of TT Line (Spirit of Tasmania) from Station Pier was 22 October 2022. Subsequent to this date the Spirit of Tasmania will operate from the Port of Geelong. The subsequent reduction in revenue has impacted the assessment of fair value and consequent impairment of infrastructure assets at Station Pier at 30 June 2022 (Note 4.1.2).

There are no other events identified subsequent to 30 June 2022 requiring disclosure.

### 9.8 Australian Accounting Standards issued that are not yet effective

Certain new accounting standards and interpretations that are deemed relevant to Ports Victoria have been published, but are not mandatory for the 30 June 2022 reporting period. Ports Victoria has not adopted these standards early in accordance with DTF stating that entities must not early adopt.

Assessment of the impact of those new standards and interpretations which affect Ports Victoria is set out below:

Reference	Summary	Application date	Impact on Ports Victoria's financial statements
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date</i> to defer the application by one year to periods beginning on or after 1 January 2023.	1 Jan 2023	The standard is not expected to have a material impact.

## 9 OTHER DISCLOSURES

### 9.8 Australian Accounting Standards issued that are not yet effective (continued)

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2021-22 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- *AASB 17 Insurance Contracts*
- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.*
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.*
- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.*
- *AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.*
- *AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.*

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# Appendix

# Disclosure index

The annual report of Ports Victoria is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of Ports Victoria's compliance with statutory disclosure requirements.

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