PORT OF HASTINGS
DEVELOPMENT AUTHORITY

Annual Report

2017/18

PORT OF
HASTINGS
DEVELOPMENT AUTHORITY

Contents

SECTION 1: Year in Review

Chairperson's Report

Dear Minister,

The Port of Hastings Development Authority (PoHDA) assumed responsibility for the direct management of the operations in the Port of Hastings (the Port) from 1 July 2017. The assumption of responsibility for the day to day port operations signalled the beginning of a period of great opportunity as PoHDA seeks to capitalise on its strategic strengths and capture new trade opportunities, many of which PoHDA is presently pursuing.

The transition to direct management also created challenges for PoHDA. The maintenance of port infrastructure was previously carried out in accordance with the minimum standards set out under the terms of the 20 year old previous Port Management Agreement (the PMA). As a result much of the plant and equipment handed back at the end of the PMA did not meet current standards. PoHDA continues to transform itself as an organisation in order to raise the maintenance standards of the Port, implement improved systems, start to address the current maintenance backlog and reduce total lifecycle maintenance costs.

During the year PoHDA welcomed the announcement by AGL Ltd that the Port's jetty located at Crib Point is the preferred location for AGL's Gas Import Jetty project. This project will help secure the State's gas supply needs and bring competition to the domestic market. PoHDA is working closely with AGL and the State Government to support the project. Remediation work is being undertaken now to ensure the currently under-utilised bulk liquid and gas berth is ready in time for the AGL Gas Import Jetty project, should the project proceed to final investment decision by AGL.

The Port is in an enviable position in having the deepest navigable waters in Victoria, being located in close proximity to the southeast of Melbourne and the Gippsland regions and having 3,453 hectares of appropriately zoned land to support port related activities. Although only 6 hectares of this land is owned by PoHDA.

The Port is well placed for bulk liquid and gas developments and PoHDA is striving to remove barriers to Port development. Such barriers include the paucity of port land actually owned by PoHDA, the lack of access to a flexible berth suitable for dry bulk and break-bulk cargoes and contractual legacy issues. In particular, PoHDA is working with Transport for Victoria (TfV) and the Department of Environment, Land Water and Planning (DEWLP to try to ensure a strategic parcel of land previously earmarked for Port related purposes and currently owned by DELWP is available for Port development. This land parcel has been consistently identified in government planning instruments and policy documents as appropriate for port development purposes. The time is right to finally vest control of this land in PoHDA to enable PoHDA to pursue its objective of facilitating the growth and development of the Port of Hastings.

I would like to acknowledge and thank the CEO Malcolm Geier and his team for their valuable contributions to PoHDA during the past year and for the leadership and guidance shown during a period of significant change experienced by PoHDA.

During the year the former Chair of PoHDA, Craig Cook, decided to pursue other interests. I thank him for the expertise he contributed to PoHDA over a number of years. The year also saw the appointment of a new Director, Arthur Apted, who comes with a wealth of experience. I thank all the Directors on the Board and the independent, non-Director member of our Audit and Risk Committee for their commitment to the sound governance of PoHDA.

The year ahead will be a year of growth in the Port as PoHDA looks to continue work with AGL and seeks to secure other potential bulk and break-bulk opportunities that are consistent with whole of Government objectives. PoHDA will complete work on a revised Port Development Strategy during the year that will address opportunities for the Port.

All at PoHDA remain committed to ensuring the Port of Hastings grows as a vital, commercial, deep-water bulk port, and a critical link in the State's infrastructure network.

Jennifer Acton
CHAIR

Chief Executive Officer's Report

Dear Minister,

The 2018 financial year commenced with the Port of Hastings Development Authority (PoHDA) assuming responsibility for the management of landside port operations following the expiry of the Port Management Agreement under which day to day port operations were managed by Linx Cargo Care and its predecessors such as Patricks Ports (Linx) for 20 years until 30 June 2017. The transition to managing the day to day port operations is a significant event in the history of PoHDA. The transition followed a transformation in the structure and capabilities of the organisation during the 2017 financial year.

Importantly, PoHDA is now a self-sufficient commercial port operator that whose operations are fully funded via the revenues it receives from port operations. PoHDA even returned a profit in its first year of directly managing port operations, this is in contrast to prior years where PoHDA required Government grants in excess of $2 million per annum to sustain its port oversight functions.

That the transition on 1 July occurred seamlessly is thanks to the substantial efforts of the PoHDA team and close co-operation with the Victorian Regional Channels Authority (VRCA) who assumed responsibility for the management of the Port of Hastings port waters on 1 July 2017. This close co-operation between VRCA and PoHDA sees VRCA's Hastings' operations co-located at PoHDA's Stony Point site with PoHDA's maintenance capabilities deployed repairing and servicing VRCA's navigation aids.

In line with its new responsibilities, in July 2017 PoHDA relocated its administrative function from the town centre of Hastings to its Stony Point depot and offices on the shores of Western Port.

In addition to management of the day to day port operations, PoHDA has continued pursuing its objective of marketing and developing the port for bulk trades. Following an announcement by AGL Limited (AGL) that PoHDA's jetty located at Crib Point was the preferred location for AGL's gas import project, PoHDA has continued to work with AGL throughout the reporting period with long term agreements executed with AGL on 12 June 2018. These agreements will enable the project to proceed to completion should AGL decide to proceed with the project and receive the necessary Government approvals.

During the reporting period PoHDA continued to refine is Asset Management Accountability Framework (AMAF), which saw PoHDA achieve compliance with the new AMAF requirements during the year.

PoHDA repaired and certified much of the plant and equipment that transferred to PoHDA following the expiry of the Port Management Agreement and was found not to meet current standards. During the year PoHDA reviewed its wharf maintenance strategy and accumulated the financial reserves that will enable it to commence efficiently addressing the maintenance backlog on its wharves in 2019. The knowledge gained through this work and through work on the AGL gas import jetty project prompted a revaluation of PoHDA's jetties as at 30 June 2018.

I would like to thank the team at PoHDA who have worked throughout the year to ensure that the transition to direct management occurred smoothly as well as continuing to deliver the ongoing port development and governance functions. I would also like to thank PoHDA's new Chair Jennifer Acton, who commenced in the role on 1 October 2017, PoHDA's outgoing Chair Craig Cook and PoHDA's Board for their ongoing support during this period of transformation.

I look forward to PoHDA seeing the Port of Hastings playing an increasingly important role in Victoria's transport network by capitalising on its advantages of natural deep channels, substantial areas of appropriately zoned land and close proximity to Melbourne and Gippsland.

Malcolm Geier
CHIEF EXECUTIVE OFFICER

Annual Report

For the Period 1 July 2017 to 30 June 2018

The Annual Report of the Port of Hastings Development Authority (PoHDA) is presented together with the Financial Statements made up to 30 June 2018 in conformity with the provisions of the *Financial Management Act 1994*.

Objectives and Functions

PoHDA exercises its functions and powers consistently with Government policy and strategies and in accordance with both the Transport Integration Act 2010 and a Ministerial directive dated 27 May 2015.

In accordance with these Directions, PoHDA's focus is on the following:

- Management of the day to day operations of the Port of Hastings from 1 July 2017;
- Ensuring that essential Port services are available and cost effective;
- Collaborating with responsible bodies to effectively integrate the Port within the State transport network;
- Marketing and developing the Port of Hastings for bulk trades;
- Ensuring that port developments are consistent with State freight and port policies and strategies; Ensuring that port developments do not constrain future options for the future development of the port; and
- Supporting existing port tenants and customers.

The Transport Integration Amendment (Head, Transport for Victoria and Other Governance Reforms) Act 2017 established the Head, Transport for Victoria as a new statutory office and the lead transport agency in Victoria to integrate and coordinate the State's transport system. The Port of Hastings Development Authority is now part of TfV.

Government policy in relation to Victoria's second container port is that the development of a second container port will be demand driven and the Port of Melbourne's capacity should be fully utilised before a second container port commences operation. Infrastructure Victoria (IV) provided advice to Government on the preferred location of Victoria's second container port concluding that Victoria's second container port should be located at Bay West between Melbourne and Geelong.

The Government has considered IV's Advice and responded as part of Delivering the Goods, the Victorian Freight Plan released in July 2018, and agrees with the recommendation to plan for Bay West as Victoria's second container port. However, Government will also ensure that the Port of Hastings is retained as an option in reserve.

Authority Values

In order to foster the development of its culture, PoHDA has adopted four values. These are:

Our Values

Leadership

We will lead with vigour and ensure we demonstrate exemplar behaviours in all aspects of our interaction with others. Presenting clear and actionable solutions, our performance will be to the highest possible standard, setting benchmarks for industry and government. Our performance will be monitored against the standards we set. We will engage positively with all, taking responsibility for our conduct, by setting clear accountabilities, upholding our values and by our commitment to achieving the best possible outcomes for all Victorians.

Integrity

We will be open, honest and transparent in all our dealings, using our powers responsibly and ensuring that any improper conduct is reported and dealt with appropriately. We will avoid any real or apparent conflicts of interest and seek to drive value for money outcomes for all Victorians.

Respect

Respecting others we will treat everyone fairly and objectively, ensuring all our interactions are free from discrimination, harassment and bullying. We will engage proactively when presenting our own views while listening to others to collaboratively improve outcomes for all Victorians.

Sustainability

We will put safety and health first in our ongoing operations and the decisions we make. Aware of our responsibilities to the environment and the Victorian community, we will seek to deliver lasting economic, social and environmental benefits for all Victorians.

Strategy

Vision:

To be a vibrant and growing port facilitating continued growth and development of existing and new bulk trades in a sustainable manner.

The following factors have been determined to be critical to PoHDA's future success:

- Being attractive for our customers (port users);
- Port has a citizen / leadership role in the region;
- Removing barriers to development within the Port; and
- Increasing utilisation of existing assets.

Mission:

To manage and operate the Port of Hastings and to continue to respond to requests from bulk proponents who are seeking to use and/or develop facilities within the Post of Hastings.

The Government is seeking to grow employment and create the necessary conditions to sustainably develop the Victorian economy. Development opportunities will be assessed to ensure that as far as possible these two goals can be met.

Objectives:

PoHDA's objectives are:

- Safely and efficiently manage the Port operations;
- Market the port and respond to requests from bulk proponents who are seeking to use and/or develop facilities within the Port of Hastings;
- Ensure Port developments do not constrain the future options for development of the port;

- Assist the State's consideration of future ports policy development;
- Deliver effective governance of Authority activities; and
- Manage Authority resources efficiently and effectively.

Principles:
In achieving its vision, mission and objectives, PoHDA commits to the following principles:

- Integrating sustainability considerations in our planning, management and operations;
- Engaging with the community and stakeholders;
- Ensuring a safe, competitive, economic and financially viable port;
- Complying with relevant legislation and regulation;
- Transparent reporting of our performance; and
- Striving to continuously improve.

Port of Hastings Trade Summary

The Port of Hastings is one of Victoria's four commercial trading ports. Its channels offer the deepest navigable commercial waters in Victoria with an annual capacity of over 2,000 vessel movements per annum. To date development has focussed on bulk commodities with the majority of the trade being liquid bulk commodities. The value of trade each year is approximately $1.4 billion.

The Port's main trade commodities include crude oil, liquified petroleum gas (LPG), unleaded petrol, diesel and steel. The Port's facilities include the Stony Point jetty and depot, Crib Point liquid berths 1 and 2, Long Island Point bulk liquid and gas berth and the BlueScope jetty, owned by BlueScope. Stony Point is used by passenger ferries, the Royal Australian Navy, the fishing industry, small commercial vessels and harbour tugs.

The 2017/18 financial year saw a decrease in the number of ships visiting the port and the overall Port trade volumes decreasing in 2017/18. While gas exports and steel volumes remained steady year on year, fuel imports and oil exports declined.

Export/Import (tonnes)

	2017/2018	2016/2017	2015/16	2014/15
Exports				
Gas	545,570	538,083	479,116	430,507
Oil	112,871	243,285	235,213	735,031
Steel	95,941	140,580	40,758	
Other *	0	0	128	477
Total Exports	754,382	921,948	755,215	1,166,015
Export Ships	56	63	76	44
Imports				
Fuel	457,645	538,115	509,034	470,216
Steel	57,834	92,382	119,449	
Other *	9,689	0	168	26,055
Total Imports	525,168	630,497	628,651	496,271
Import Ships	30	32	35	28
Import & Export Ships				
Steel	207,574	123,208	0	0
Total Import and Export	**207,574**	**123,208**	**0**	**0**
Import / Export Ships	9	5		
Total Imports/Exports	1,487,124	1,675,653	1,383,866	1,662,286
Import/Export Ships	95	100	111	72

*Other includes rig tenders, project cargo and bulk cargo.

Current Year Financial Summary

Five Year Financial Summary

	($thousand)				
Financial Summary	*2018*	*2017*	*2016*	*2015*	*2014*
State government grant	-	2,870	2,200	3,100	2,000
Total income from transactions	5,739	1,531	1,100	1,151	1,415
Total expenses from transactions	(5,394)	(4,632)	(5,525)	(23,684)	(18,560)
Net result from transactions	1,120	(231)	(2,219)	(19,434)	(15,145)
Net result for the period	98,730	522	(2,902)	(19,420)	(15,145)
Net cash flow from operating activities	1,667	1,359	(52)	(22,253)	(9,614)
Total assets(i)	137,119	38,240	37,979	40,937	17,105
Total liabilities	580	431	692	748	5,510

(i) A VGV revaluation of fixed assets completed March 2015. A managerial revaluation was completed in June 2017. A VGV revaluation of the Ports Infrastructure assets was completed in June 2018

Overview

The Port of Hastings Development Authority (PoHDA) assumed responsibility for the direct management of the operations in the Port of Hastings (the Port) from 1 July 2017. This change to direct management removed the requirement to draw down State Government funding in the 2017/2018 financial year. In the previous financial year the State Government allocated operational funding of $2.40 million and a redundancy provision of $0.47 million to the Port of Hastings Development Authority which was fully drawn down.

In 2017/18, PoHDA recorded a net result from transactions of $1.12 million, which was $1.35 million more than the previous financial year. Income from transactions including port operating fees, interest and other income increased to $5.74 million during the year ended 30 June 2018 from $1.53 million for the year ended 30 June 2017 as a direct result of PoHDA's transition to direct management. The increased revenue in port operating fees arose as a result of the transition by PoHDA to direct management. In 2017/2018 PoHDA directly charged port users for wharfage fees and shared revenue with the Victorian Regional Channels Authority (VRCA) for revenue charged by the VRCA directly to vessel agents for tonnage, flagfall and anchorage.

Total expenses from transactions increased to $5.39 million in the year ($4.63 million 2017) for the year ended 30 June 2018. This increase was driven primarily by increased maintenance expenditure of $0.36 million, increased insurance of $0.10 million and increased office expenses of $0.20 million, but expenses were $1.67 million below budget for the year ending 30 June 2018. PoHDA's budgeted maintenance expenditure for the year ended 30 June 2018 was, in part, delayed until 2018/2019. This timing delay of expenditure was driven by requirements to bring assets required for maintenance activities up to standard, delaying PoHDA's ability to perform maintenance early in the reporting period and by the timing of PoHDA's recruitment of a new engineering manager. This role will enable PoHDA to more effectively and efficiently manage its maintenance requirements. PoHDA expects that the 2018/2019 reporting period will show a significant uplift in maintenance expenditure as it seeks to clear the maintenance backlog that it has identified during the transition to direct management.

Total assets increased by $98.89 million in 2017/18 to $137.13 million driven primarily through a revaluation of infrastructure assets of $97.61 million and transfer of assets from Linx of $0.78 million as a result of assuming direct management. This was offset by annual depreciation of $1.85 million. Cash and deposits increased by $1.43 million. Total liabilities increased by $0.15 million in 2017/18 to $0.58 million.

The net cash inflow from operations was $1.67 million.

Financial Performance and Business Review

Income from transactions is related to wharfage charges, shared revenue with the VRCA of tonnage fees, anchorage fees and flagfall fees for vessel visits, charges for maintenance activities, bank interest, and other income. The reduction of Management fees in 2017-18 related to the expiry of the port management contract with Linx in 2016/2017.

The main corporate expenses were employee and related costs, depreciation of assets, professional services and maintenance costs.

Financial Position – Balance Sheet

Net assets increased by $98.73 million over the year to $136.54 million. There has been no major capital expenditure during the year. An-out-of-cycle revaluation of PoHDA's infrastructure fixed assets was undertaken as at June 2018 resulting in an upwards revaluation of land assets of $97.61 million.

Total liabilities increased by $0.15 million to $0.58 million, with an increase in trade and accrued payables of $0.13 million and an increase in borrowings and provisions of $0.02 million.

Total financial assets increased by $2.11 million, with an increase in cash and deposits of $1.43 million and an increase in trade receivables of $0.68 million. The cash increase was predominantly driven by delayed maintenance expenditure as previously mentioned.

Capital expenditure amounted to $0.19 million for the year.

Cash Flows

The overall cash surplus of $3.07 million for the 2017-18 financial year was a net increase of $1.43 million compared to the previous year. No State Government grants were received. There was an increase in receipts from port customers of $4.01 million. Outflows increased for payments to suppliers and employees to $3.64 million and also net payments of GST to the ATO increased by $0.29 million to $0.34 million.

Capital Project / Asset Investment Programs

PoHDA has declared a nil report for Capital Projects and Asset Investment Programs for the financial year. PoHDA did not undertake any major capital projects during the financial year.

Subsequent Events

There have been no subsequent events to the reporting period of PoHDA post 30 June 2018. Refer to Note 8.5 of the Financial Statements.

SECTION 2: Governance and Organisational Structure

Governance and Organisational Structure

PoHDA's Board was appointed by the Minister for Ports and commenced responsibilities on 1 January 2012. The Board comprised three independent Directors during the year- a Chair, Deputy Chair and one Director.

Board of Directors

PoHDA is governed by its Board of Directors. The Board has overall responsibility for the corporate governance of PoHDA and may exercise powers as set out in the Transport Integration Act 2010. The Board is directly accountable to the Victorian Government through the Minister for Ports and the Treasurer.

Corporate governance is the process by which PoHDA is directed, controlled and held to account. It encompasses authority, accountability, stewardship, leadership, direction and control exercised in the organisation. Governance includes the legislative framework under which PoHDA was established, the role of the Board and PoHDA formally delegated to the Chief Executive Officer to carry out the functions of PoHDA.

Directors

Craig Cook
Craig was appointed a non-executive Director of PoHDA on the 1st July 2015, and appointed non-executive Chair on 1st January 2016. Craig has extensive experience in policy and corporate relations, and has held a number of advisory and governance roles. Craig completed his term as Chair and as a member of the Board on 30th September 2017.

Jennifer Acton
Jennifer was appointed a non-executive Director of PoHDA on the 1st July 2015 and was appointed Chair of the Remuneration Committee on 21st January 2016. Jennifer was appointed Chair of the Board on 1st October 2017. Jennifer has many years of experience in strategic development, continuous improvement, stakeholder engagement, collaborative conflict resolution, workplace relations, and sound governance. She has been a leader in many areas. Currently Jennifer is Chair of State Trustees Ltd and Chair of STL Financial Services Ltd. She is also an adjunct Professor of Law at Monash University. Further she has more than twenty years' experience as a Presidential member of industrial tribunals.

Claire Filson
Claire was appointed a non-executive Director of PoHDA on the 1st January 2012, and appointed as non-executive Deputy Chair on 1st July 2015. Claire was also appointed as Chair of the Audit & Risk Committee on 1st July 2015. Claire has an extensive background in financial services, superannuation, insurance, funds management and infrastructure and property. Claire is currently a Director with TT Line Pty Ltd, Moorebank Intermodal Company, Box Hill Institute, Western Water and Murray Irrigation Limited. Claire is currently Chair of the Audit Committee for Hume City Council as well as a member of the Audit Committees for Kingston and Boroondara City Councils, and the Department of Premier and Cabinet.

Arthur Apted
Arthur was appointed as a non-executive Director of PoHDA on the 1st October 2017. Arthur has many years experience as Chief Executive Officer and at director level in superannuation funds management

and property and farm investment management. Currently Arthur is Chair of the Major Transport Infrastructure Program Procurement Oversight Committee (MTIP POC) and an independent member of the BlackRock Investment Management (Australia Limited) Compliance Committee and the Non-Government Schools Super Fund Investment Committee

The Board met 7 times during the year.

Table 1: Board Members and Attendance

Position	Name	Appointed	Term Expires	Attended	Eligible to Attend	Total Meetings Held
Chair	Mr Craig Cook	1/07/2015 (Appointed Chair 1/1/2016)	30/09/2017	2	2	7
Chair	Ms Jennifer Acton	1/07/2015 (Appointed Chair 1/10/2017)	31/03/2019	7	7	7
Deputy Chair	Ms Claire Filson	1/07/2012	31/03/2019	6	7	7
Director	Mr Arthur Apted	1/10/2017	31/03/2019	5	5	7

PoHDA is committed to meeting its governance requirements and has been active in its policy and procedure development program to ensure compliance with the Government's Financial Management Compliance Framework. PoHDA was fully compliant as at 30 June 2018.

Audit and Risk Committee

The Audit and Risk Committee consists of the following members

- Ms Claire Filson, Chair (independent member)
- Mr Arthur Apted (independent member), and
- Mr Peter Wickenden (external independent member)

Peter Wickenden

Peter was appointed as an external independent member of the Audit and Risk Committee on the 16th November 2015. Peter is a fellow of the Certified Practicing Accountants, company auditor and principal in the accounting firm Burke Bond Partners since 1981. Peter is a member of several boards and committees and is currently the Chair of Toorak College, Mount Eliza and Deputy Chair of the Bays Hospital Mornington.

The main responsibilities of the Audit Committee are to:

- review and report independently to the Board of Directors on the annual report and all other financial information published by the Port of Hastings Development Authority;

- assist the Board of Directors in reviewing the effectiveness of PoHDA's internal control environment covering:
  - effectiveness and efficiency of operations;
  - reliability of financial reporting; and
  - compliance with applicable laws and regulations;
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors;
- maintain effective communication with external auditors;
- consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised; and
- oversee the effective operation of the risk management framework.

The Audit and Risk Committee met 6 times during the year.

Table 2: Audit Committee Meeting & Attendance

Audit Committee Member	Attended	Eligible to Attend	Total Meetings Held
Ms Filson (Chairman)	6	6	6
Ms Acton (1 July 2017 to 30 September 2017)	2	2	6
Mr Wickenden	6	6	6
Mr Apted (1 October 2017 to 30 June 2018)	4	4	6

Executive Remuneration Committee

The Executive Remuneration Committee comprises

- Ms Jennifer Acton, Chair (independent member)
- Mr Arthur Apted (independent member), and
- Ms Claire Filson (independent member)

The Executive Committee undertakes and makes recommendations to the Board on matters pertaining to senior executive remuneration and succession planning issues facing PoHDA. The Executive Remuneration Committee Charter applies in respect of Authority Executive Officers employed under the GSERP framework.

The Executive Remuneration Committee met 4 times during the year.

Table 3: Executive Remuneration Committee Meeting & Attendance

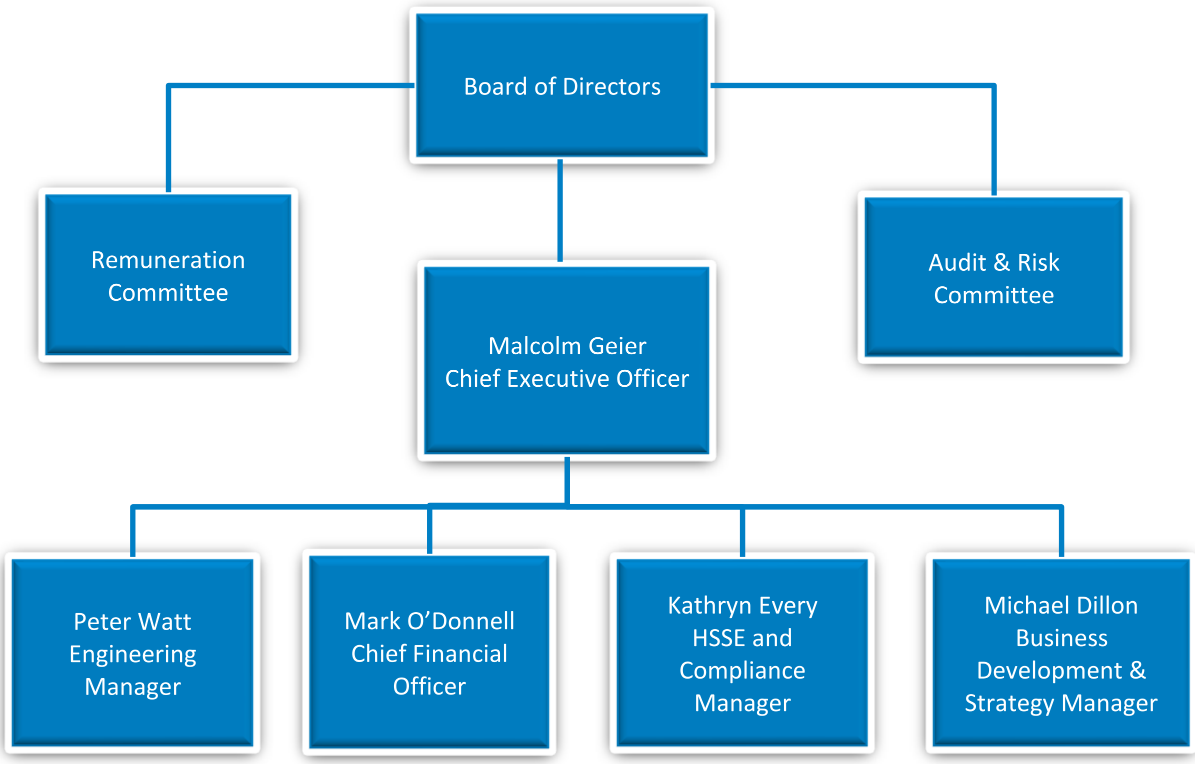
Executive Remuneration Committee Member	Attended	Eligble To Attend	Total Meetings Held
Ms Acton (Chair)	4	4	4
Mr Cook (1 July 2017 to 30 September 2017)	2	2	4
Mr Apted (1 October 2017 to 30 June 2018)	2	2	4
Ms Filson	4	4	4

Senior Executives

Malcolm Geier
Malcolm was appointed Chief Executive Officer in March 2016 to lead PoHDA. Malcolm is responsible for the management and operations of PoHDA and the business development of the Port.

Mark O'Donnell
Mark is the Chief Financial Officer and was appointed to the role in November 2016. Mark is responsible for all financial operations and services, IT, people, performance and culture function of PoHDA.

Organisational Structure as at 30 June 2018



Occupational Health and Safety

The goal of the PoHDA's occupational health and safety (OH&S) strategy is to ensure all staff remain safe and healthy at work. An OH&S management system has been put in place and OH&S local action plans have been implemented aimed at enhancing safety performance and ensuring safe systems of work.

During the 2017-18 financial year, PoHDA developed a number of initiatives to improve the health and safety of staff as part of PoHDA's following the assumption of direct management responsibilities. These initiatives included the implementation of a comprehensive Health, Safety and Environment Management System, the provision of Health Safety and Environment awareness training to all PoHDA managers and the development of a 'whole of port' Safety and Environment Management Plan.

Incident Management

Incidents include injuries, 'near-misses' and detected workplace. The workplace environment within PoHDA significantly changed in the reporting period. The transition to direct management of the Port introduced more complexity to PoHDA's day to day operations through the introduction of operational and maintenance activities. There were no lost time injuries and there were no workers compensation claims made during the 2017/18 reporting period (Nil 2016/17). There were two medical treatment injuries in the 2017/2018 reporting period (Nil 2016/2017). There was one reported near miss in the 2017/2018 reporting period (Nil 2016/2017). There were four reported detected workplace hazards in the 2017/2018 reporting period (Nil 2016/2017).

SECTION 3: Workforce Data

Employment and Conduct and Principles

The Port of Hastings Development Authority 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.

Workforce Data

The *Public Administration Act 2004* established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

PoHDA introduced policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. PoHDA advises its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

The following table discloses the head count and full-time staff equivalents (FTE) of all active employees of PoHDA, employed in the last full pay period in June 2018 and the last full pay period of the previous reporting period June 2017.

Staff at 30 June 2018

	2018				2017			
	Male	**Female**	**Self Described**	**Total**	**Male**	**Female**	**Self Described**	**Total**
Full-time permanent	6	2	0	8	5	1	0	6
Part-time	0	1	0	1	0	2	0	2
Totals	**6**	**3**	**0**	**9**	**5**	**3**	**0**	**8**

PoHDA is working towards creating a balanced working environment where equal opportunity and diversity are valued.

PoHDA values staff with non-binary gender identities at all levels. PoHDA acknowledges that due to historic and current barriers to disclosure of non-binary gender identities, staff may not choose to disclose this information. As a result, targets or quotas are not currently a useful way to promote opportunities for gender diverse staff at all levels.

Financial Statements

Financial Statements Declaration

The attached financial statements for the Port of Hastings Development Authority have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance 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 accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and financial position of the Port of Hastings Development Authority at 30 June 2018.

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

We authorise the attached financial statements for issue on 31 August 2018

SIGNATURE

Mark O'Donnell
Chief Financial Officer
Port of Hastings Development Authority

Crib Point
04 September 2018

SIGNATURE

Malcolm Geier
Chief Executive Officer
Port of Hastings Development Authority

Crib Point
04 September 2018

SIGNATURE

Jennifer Acton
Board Chair
Port of Hastings Development Authority

Crib Point
04 September 2018

Financial Statements

The Port of Hastings Development Authority (PoHDA) has pleasure in presenting its audited general purpose financial statements for the financial year ended 30 June 2018 and provides users with the information about PoHDA's stewardship of resource entrusted to it. It is presented in the following structure

Financial Statements

Notes to the Financial Statements

Comprehensive operating statement for the financial year ended 30 June 2018

		Notes	2018	2017
			($thousand)	
	Continuing Operations			
	Income from transactions			
	State government grants	2(a)	-	2,870
	Port Operating income	2(b)	5,266	-
	Management fees	2(c)	8	1,460
	Interest	2(d)	32	10
(i)	Assets received Free of Charge	2(e)	775	-
	Other Income	2(f)	433	61
	Total income from transactions		**6,514**	**4,401**
	Expenses from transactions			
	Employee expenses	3.1	(1,919)	(1,894)
	Depreciation and amortisation	3.2(a)	(1,891)	(1,907)
	Office expenses	3.2(b)	(389)	(183)
	Travel		(24)	(19)
	Interest expense		(1)	0
	Professional services	3.2 (c)	(546)	(467)
	Maintenance of Infrastructure		(388)	(27)
	General Insurance		(154)	(60)
	Subscriptions & Memberships		(40)	(49)
	Other operating expenses		(42)	(26)
	Total expenses from transactions		**(5,394)**	**(4,632)**
	Net result from transactions (net operating balance)		**1,120**	**(231)**
	Other economic flows included in net result			
(ii)	Net loss on non-financial assets		(2)	(5)
	Total other economic flows included in net result		**(2)**	**(5)**
	Net result from continuing operations		**1,118**	**(236)**
	Other comprehensive income		**1,118**	**(236)**
	Items that will not be reclassified to net result			
	Changes in physical asset revaluation surplus	4.2	97,612	758
	Total other comprehensive income		**97,612**	**758**
	Comprehensive result		**98,730**	**522**

The accompanying notes form part of these financial statements.

(i) 'Assets received free of charge' includes assets that were transferred to PoHDA by Linx when PoHDA assumed responsibility for the direct management of the port on 1 July 2017.

(ii) 'Net loss on non-financial assets' includes net realised losses from the disposal of physical assets. This represents the net disposal of leased motor vehicles via Vicfleet in 2017/2018 and 2017/2016. In 2017/2018 also recorded was a net disposal of leasehold improvements, intangible assets and furniture and fittings relating to the premises at 32 High Street, Hastings at the end of the lease.

Balance sheet as at 30 June 2018

		($thousand)	
	Notes	*2018*	*2017*
Assets			
Financial assets			
Cash and deposits	6.2	3,066	1,641
Receivables	5.1	835	148
Total financial assets		**3,901**	**1,789**
Non-financial assets			
Property, plant and equipment	4.1	133,000	36,322
Intangible assets	4.2	27	35
Other non-financial assets	5.3	191	94
Total non-financial assets		**133,218**	**36,451**
Total assets		**137,119**	**38,240**
Liabilities			
Payables	5.2	391	260
Borrowings	6.1	48	33
Provisions	5.4	141	138
Total Liabilities		**580**	**430.8**
Net assets		**136,539**	**37,809**
Equity			
Accumulated surplus/(deficit)		(37,255)	(38,373)
(i) Physical Asset Revaluation Reserve		123,784	26,172
Contributed capital		50,010	50,010
Net worth		**136,539**	**37,809**
Commitments for expenditure	6.3	245	185

The accompanying notes form part of these financial statements.

(i) A managerial revaluation of Land was completed as at 30 June 2017 resulting in a net increase of $757,740. A Valuer General Victoria revaluation of Infrastructure assets was completed as at 30th June 2018 resulting in a net increase of $97,612,500.

Statement of changes in equity for the financial year ended 30 June 2018

	($thousand)			
	Physical asset revaluation reserve	*Accumulated Surplus /(Losses)*	*Contributions by Owners*	***Total***
Balance at 30 June 2016	25,414	**(38,137)**	**50,010**	**37,287**
Revaluation of Land	758	-	-	**758**
Net result for the year	-	(236)	-	**(236)**
Balance at 30 June 2017	**26,172**	**(38,373)**	**50,010**	**37,809**
Revaluation of Infrastructure	97,612	-	-	**97,612**
Net result for the year	-	1,118	-	**1,118**
Balance at 30 June 2018	**123,784**	**(37,255)**	**50,010**	**136,539**

The accompanying notes form part of these financial statements.

Cash flow statement for the financial year ended 30 June 2018

	Notes	2018 ($thousand)	2017 ($thousand)
Cash flows from operating activities			
Receipts			
Receipts from government		-	2,877
Receipts from other entities (inclusive of GST)		5,617	1,650
Interest received		32	10
Total receipts		**5,649**	**4,537**
Payments			
Payments to suppliers and employees (inclusive of GST)		(3,643)	(3,130)
(i) Net payment of Goods and Services Tax to the ATO		(339)	(48)
Interest and other costs of finance paid		-	-
Total payments		**(3,982)**	**(3,178)**
Net cash flows from/(used in) operating activities	6.2(b)	**1,667**	**1,359**
Cash flows from investing activities			
Purchases of non-financial assets (inclusive of GST)		(235)	(21)
Net cash flows from/(used in) investing activities		**(235)**	**(21)**
Cash flows from financing activities			
Repayment of borrowings and finance leases		(7)	(9)
Owner Contributions by State Government		-	-
Net cash flows used in financing activities		**(7)**	**(9)**
Net increase/(decrease) in cash and cash equivalents		**1,425**	**1,329**
Cash and cash equivalents at beginning of financial year		1,641	312
Cash and cash equivalents at end of financial year	6.2(a)	**3,066**	**1,641**
Non-cash transactions		-	-

The accompanying notes form part of these financial statements.

(i) Goods and Services Tax paid to the ATO is presented on a net basis.

1 About these Financial Statements

The Port of Hastings Development Authority (PoHDA) is a government agency of the State of Victoria. A description of the nature of its operation and its principal activities is included in the Report of Operations but does not form part of these financial statements.

These annual financial statements represent the audited general purpose financial statements for PoHDA for the year ended 30 June 2018. The purpose of the report is to provide users with information about PoHDA's stewardship of resources entrusted to it.

(A) *Statement of compliance*

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(B) *Basis of accounting preparation and measurement*

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 accrual basis of accounting has been applied in the preparation of 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.

PoHDA has been assessed as a for profit entity under *Financial Reporting Direction 108*.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by the Board and management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings, infrastructure, plant and equipment; and
- Employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for:

- Non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses.

1. About these financial statements *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For the purpose of fair value disclosures, PoHDA has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, PoHDA determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is PoHDA's independent valuation agency. A revaluation of land and buildings was last completed in March 2015 for the 2014/15 financial year, in line with the five-year schedule of PoHDA. A management revaluation of land was completed in June 2017. An out-of-cycle revaluation of infrastructure assets was completed as at June 2018 for the 2017/18 financial year. The next scheduled VGV revaluation will be in the 2019/20 financial year.

2 Funding delivery of our services

PoHDA's overall objective is to provide oversight to and develop, promote and support the use of the Port of Hastings.

To enable PoHDA to fulfil its objectives it receives income, predominantly port operating revenue.

Summary of revenue that funds the delivery of our services

		($thousand)	
		2018	*2017*
(a)	**State Government Grants**		
	General purpose	-	2,870
(b)	**Port Operating Revenue**		
	Wharfage Fees	2,910	-
	Tonnage Fees	1,821	-
	Maintenance Charges	436	-
	Recharge and Recoveries	99	-
(c)	**Management Fees**		
	Management fees	8	1,460
(d)	**Interest**		
	Interest on bank deposits	32	10
(e)	**Fair value of assets and services received free of charge or for nominal consideration**		
	Assets received Free of Charge	775	-
(f)	**Other Income**		
	Other Income	433	61
	Total Income	**6,514**	**4,401**

Income is recognised to the extent that it is probable that the economic benefits will flow to PoHDA and the income can be reliably measured at fair value.

Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Port Operating revenue

Income from port operating revenue streams are recognised when PoHDA provides the service.

Grants

Income from grants (other than contribution by owners) was recognised when PoHDA obtained control over the contribution.

Fair value of assets and services received free of charge or for nominal consideration

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

3 The cost of delivering services

This section provides an account of the expenses incurred by PoHDA in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded. Section 4 discloses aggregated information in relation to the income and expenses by output.

3.1 Employee Benefits expenses

		($thousand) 2018	2017
(a)	**Employee expenses**		
	Defined contribution superannuation expense	139	130
	Salaries, wages and long service leave	1,540	1,268
(i)	Allowances	5	7
	Redundancy expense	-	318
(ii)	Recruitment expenses	73	47
	State Government Taxes	83	85
	Training and Professional Development	45	26
	Workcover Victoria	4	11
	Other employee expenses	30	2
	Total Employee expenses	**1,919**	**1,894**

(i) Allowances paid to employees relate to telephone usage.
(ii) Recruitment expenses include the reimbursement to staff of re-location costs incurred during the recruitment process where applicable.

Employee expenses

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation

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

3. The cost of delivering services *(continued)*

3.2 Other operating expenses

		($thousand)	
		2018	*2017*
(a)	**Depreciation and amortisation**		
	Buildings	98	76
	Plant, equipment, vehicles and intangibles	182	216
	Infrastructure	1,580	1,580
	Leasehold improvements	32	35
	Total Depreciation	**1,892**	**1,907**
(b)	**Office expenses**		
	Rent, rates & outgoings	167	115
	Printing, stationery & supplies	7	5
	Cleaning & waste disposal	33	16
	Data & communication expenses	16	11
	Electricity	132	14
	Office Maintenance	20	14
	Other office expense	14	8
	Total Office expense	**389**	**183**
(c)	**Professional services**		
	Consultants	279	214
	Audit Services	45	34
	Legal Services	127	102
	IT Services	32	56
	Other Professional Services	63	61
	Total Professional services	**546**	**467**

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Refer to Note 4 for the depreciation policy for leasehold improvements.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

The following are typical estimated useful lives for the different asset classes for current and prior years.

Asset	*Useful life*
Buildings	5 to 15 years
Port infrastructure	10 to 25 years
Plant, equipment and vehicle (incl. leased assets)	1 to 10 years
Leasehold improvements	2 to 5 years

Interest expense

Interest expense represents costs incurred in connection with borrowings. It includes interest components of finance lease repayments. Interest expense is recognised in the period it is incurred.

4 Assets available to support output delivery

PoHDA controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to PoHDA to be utilised for delivery of those outputs.

4.1 Property, plant and equipment

Table 4.1: Gross carrying amount and accumulated depreciation

($thousand)

	Gross carrying amount		*Accumulated depreciation*		*Net carrying amount*	
	2018	*2017*	*2018*	*2017*	*2018*	*2017*
Land at fair value	5,468	5,468	-	-	5,468	5,468
Buildings at fair value	914	766	(275)	(153)	639	613
Plant, equipment and vehicles at fair value	1,424	593	(608)	(486)	816	107
Infrastructure at fair value	126,077	33,267	0	(3,165)	126,077	30,102
Leasehold improvements at fair value	1	155	(1)	(123)	-	32
	133,884	**40,249**	**(884)**	**(3,927)**	**133,000**	**36,322**

4. Assets available to support output delivery *(continued)*

Table 4.2: Movements in carrying amounts

($thousand)

	Land	*Buildings*	*Plant, Equip, & Veh.*	*Infrastructure*	*Leasehold Imp*	*Total*
Balance at 1 July 2017	5,468	613	107	30,102	32	**36,322**
Additions	-	66	900	-	-	**966**
Disposals	-	-	(32)	-	-	**(32)**
Transfer to/(from)	-	57	-	(57)	-	**0**
Revaluation of Infrastructure	-	-	-	97,612	-	**97,612**
Depreciation	-	(97)	(159)	(1,580)	(32)	**(1,868)**
Balance at 30 June 2018	**5,468**	**639**	**816**	**126,077**	-	**133,000**

	Land	*Buildings*	*Plant, Equip, & Veh.*	*Infrastructure*	*Leasehold Imp*	*Total*
Balance at 30 June 2018						
At fair value	5,468	914	1,424	126,077	1	**133,884**
Accumulated Depreciation	-	(275)	(608)	0	(1)	**(884)**
	5,468	**639**	**816**	**126,077**	**-**	**133,000**

	Land	*Buildings*	*Plant, Equip, & Veh.*	*Infrastructure*	*Leasehold Imp*	*Total*
Balance at 1 July 2016	4,710	635	300	31,682	67	**37,394**
Additions	-	54	27	-	-	**81**
Disposals	-	-	(53)	-	-	**(53)**
Revaluation of PPE	758	-	-	-	-	**758**
Depreciation	-	(76)	(167)	(1,580)	(35)	**(1,858)**
Balance at 30 June 2017	**5,468**	**613**	**107**	**30,102**	**32**	**36,322**

	Land	*Buildings*	*Plant, Equip, & Veh.*	*Infrastructure*	*Leasehold Imp*	*Total*
Balance at 30 June 2017						
At fair value	5,468	766	593	33,267	155	**40,249**
Accumulated Depreciation	-	(153)	(486)	(3,165)	(123)	**(3,927)**
	5,468	**613**	**107**	**30,102**	**32**	**36,322**

4. Assets available to support output delivery *(continued)*

Table 4.3: Fair value measurement hierarchy for assets as at 30 June 2018

($thousand)

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)(ii)
Land at fair value	5,468		2,550	2,918
Buildings at fair value	639			639
Plant, equipment and vehicles at fair value	816			816
Infrastructure at fair value	126,077			126,077
Leasehold improvements at fair value	-			-
	133,000	**-**	**2,550**	**130,450**

($thousand)	($thousand) Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)(ii)
Land at fair value	5,468	-	2,550	2,918
Buildings at fair value	613	-	-	613
Plant, equipment and vehicles at fair value	107	-	-	107
Infrastructure at fair value	30,102	-	-	30,102
Leasehold improvements at fair value	32	-	-	32
	36,322	**-**	**2,550**	**33,772**

Notes:

(i) *Classified in accordance with the fair value hierarchy.*

(ii) *Reconciliation of Level 3 fair value not performed as carrying amount is deemed fair value as at 30 June 2017.*

All non-financial physical assets are measured initially at cost 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.

Non-financial physical assets such as Crown land are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

Items with a cost or value in excess of $1,000 (2017: $1,000) and a useful life of more than one year are recognised as assets. All other assets are expensed as acquired.

The fair value of infrastructure, plant, equipment and vehicles, is normally determined by reference to the asset's current replacement cost. This cost generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

The initial cost for non-financial physical assets under a finance lease (refer to Note 6.3) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under Note 8.1 *Impairment of non-financial assets*.

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years based upon the asset's classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations and are engaged through the Valuer General Victoria. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value. Net revaluation increases (where the carrying amount of a class of asset is increased as a result of a revaluation) are recognised in 'Other economic flows – other comprehensive income', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense (other economic flows) in the net result.

Net revaluation decrease is recognised in 'Other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same asset. Otherwise, net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'Other economic flows – other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets in a class of property, plant and equipment, are offset against one another in that class but are not offset in respect of assets in different classes. The asset revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

Land and buildings

Non-specialised land is valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

The market approach is also used for specialised land, although adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the majority of PoHDA's specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant unobservable inputs, specialised buildings are classified as Level 3 fair value measurements.

4. Assets available to support output delivery *(continued)*

An independent valuation of PoHDA's specialised land and specialised buildings was performed by the Valuer-General Victoria as at 30 June 2015. The valuation was performed using the market approach adjusted for CSO. A managerial evaluation was performed during the prior year with an effective date of 30 June 2017.

Vehicles

Vehicles are valued using the depreciated replacement cost method. PoHDA 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 experienced fleet managers in the Department of Treasury and Finance who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2018. For all assets measured at fair value, the current use is considered the highest and best use.

Infrastructure

Infrastructure assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset.

An independent valuation of PoHDA's infrastructure assets was performed by the Valuer-General Victoria as at 30 June 2015. The valuation was performed using the Depreciated Replacement Cost approach. An independent valuation of PoHDA's infrastructure assets was performed by the Valuer-General Victoria as at June 2018. The valuation was performed using the Depreciated Replacement Cost approach.

Leasehold improvements

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

4. Assets available to support output delivery *(continued)*

Table 4.4: Description of significant unobservable inputs to Level 3 valuations 2018 and 2017

2018 and 2017	Valuation technique	Significant Unobservable Inputs (Level 3 only)	Expected fair value level	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Land	Market approach	Community Service Obligation (CSO) adjustment	Level 3	$48^2- $55/m^2	A significant increase or decrease in the land index would result in a significantly higher or lower fair value.
Buildings	Depreciated replacement cost	Direct cost per square metre	Level 3	$500 - $2,500/m^2 ($1,825)	A significant increase or decrease in the direct cost per square metre of the asset would result in a significantly higher or lower valuation.
Buildings	Depreciated replacement cost	Useful life of buildings	Level 3	5-15 years (10.5 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Vehicles	Depreciated replacement cost	Useful life of vehicles	Level 3	5-10 years (6.17years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Useful life of plant and equipment	Level 3	3-10 years (8.73 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Infrastructure	Depreciated replacement cost	Direct cost per square metre	Level 3	$25 - $2,372/m^2 ($1,307)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Infrastructure	Depreciated replacement cost	Useful life of infrastructure	Level 3	10-25 years (21.73 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

The significant unobservable inputs have remained unchanged from 2017.

4.2 Intangible assets

Table 4.5: Gross carrying amount and accumulated depreciation

($thousand)

	Gross carrying amount		*Accumulated amortisation*		*Net carrying amount*	
	2018	*2017*	*2018*	*2017*	*2018*	*2017*
Intangible assets:						
- Computer Software	150	185	(123)	(150)	27	35
	150	**185**	**(123)**	**(150)**	**27**	**35**

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment.

Asset	***Useful life***
Intangible assets (software)	3 to 5 years

Table 4.6: Movements in carrying amounts

($thousand)

	2,018	*2,017*
Gross carrying amount		
Opening Balance	**185**	**164**
Additions	16	21
Disposals	0	0
Closing Balance	**201**	**185**
Accumulated amortisation		
Opening Balance	**(150)**	**(101)**
Amortisation charged on existing intangible assets	(23)	(49)
Closing Balance	**(173)**	**(150)**
Net written down value at end of financial year	**27**	**35**

PoHDA has capitalised $15,580 of additional expenditure for intangible assets for the year ended 30 June 2018. The carrying amount of the capitalised software expenditure is $26,962 (2017: $34,812). The software's useful life is three years and the cost will be amortised over its useful life.

5 Other assets and liabilities

This section sets out those assets and liabilities that arose from PoHDA's controlled operations.

5.1 Receivables

Receivables consist of:

- Contractual receivables, such as debtors in relation to goods and services, and accrued investment income; and
- Statutory receivables, such as amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

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
- PoHDA 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
- PoHDA has transferred its rights to receive cash flows from the asset and either:
  a) has transferred substantially all the risks and rewards of the asset; or
  b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where PoHDA has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of PoHDA's continuing involvement in the asset.

Impairment of financial assets

At the end of each reporting period, PoHDA assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result. There are no doubtful receivables as at the reporting date (Nil 2017).

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

5. Other assets and liabilities *(continued)*

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

		($thousand)	
		2,018	*2,017*
	Current receivables		
	Contractual		
(i)	Sale of goods and services	809	130
		809	**130**
	Statutory		
	GST Input tax credit recoverable	28	20
	Fringe Benefits Tax Prepayment	(2)	(2)
		26	**18**
	Total current receivables	**835**	**148**

Notes:

(i) The average credit period for sales of goods and services and for other receivables is thirty eight days. No interest is charged on outstanding balances.

(a) Ageing analysis of contractual receivables

All contractual receivables fall due within 30 days of the reporting date and are therefore all categorised as not past due and not impaired.

(b) Nature and extent of risk arising from contractual receivables

Please refer to Note 7 for the nature and extent of risks arising from contractual receivables.

5.2 Payables

	($thousand)	
	2018	*2017*
Current Payables		
Contractual		
Supplies and services	291	216
	291	216
Statutory		
Payroll Tax - State	5	6
GST Input tax payable	66	12
PAYG Withholding Tax	28	26
	99	44
Total current payables	**390**	**260**
Total payables	**390**	**260**

Payables consist of:

- Contractual payables, such as accounts payable, and unearned income including deferred income. Accounts payable represent liabilities for goods and services provided to PoHDA prior to the end of the financial year that are unpaid, and arise when PoHDA becomes obliged to make future payments in respect of the purchase of those goods and services; and
- Statutory payables, such as goods and services tax and fringe benefits tax payables.

5. Other assets and liabilities *(continued)*

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

(a) Maturity analysis of contractual payables

Please refer to Note 7.1(b) for the maturity details of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 7 for the nature and extent of risks arising from contractual payables.

5.3 Other non-financial assets

	($thousand)	
	2018	*2017*
Current other assets		
Prepayments	191	94
Total current other assets	**191**	**94**
Total other assets	**191**	**94**

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.

5.4 Provisions

	($thousand)	
	2018	*2017*
Current provisions		
Employee benefits – annual leave:		
Unconditional and expected to settle wholly within 12 months	39	38
Unconditional and expected to settle after 12 months	19	8
Employee benefits – long service leave:		
Unconditional and expected to settle after 12 months	4	29
Other Provisions		
Unconditional and expected to settle wholly within 12 months	24	25
Total current provisions	**86**	**100**
Non-current provisions		
Employee benefits – long service leave	55	38
Total non-current provisions	**55**	**38**
Total provisions	**141**	**138**

Provisions are recognised when PoHDA has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

5. Other assets and liabilities *(continued)*

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave are recognised in the provision for employee benefits, classified as current liabilities, because PoHDA does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- Undiscounted value - if PoHDA expects to wholly settle within 12 months; or
- Present value - if PoHDA does not expect to wholly settle within 12 months.

ii. Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where PoHDA does not expect to settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Undiscounted value - if PoHDA expects to wholly settle within 12 months; and
- Present value - if PoHDA does not expect to wholly settle within 12 months.

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

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction.

iii. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. PoHDA recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

5. Other assets and liabilities *(continued)*

(a) Employee benefits and on-costs

	($thousand)	
	2018	*2017*
Current provisions		
Annual Leave		
Unconditional and expected to settle wholly within 12 months	33	33
Unconditional and expected to settle wholly after 12 months	16	7
Long Service Leave		
Unconditional and expected to settle after 12 months	3	25
Provision for On Costs		
Unconditional and expected to settle wholly within 12 months	6	5
Unconditional and expected to settle after 12 months	4	5
Total current provisions for employee benefits	**61**	**75**
Non-current provisions		
Employee benefits	46	33
On Costs	9	5
Total non-current provisions for employee benefits	**55**	**38**
Total provisions for employee benefits	**116**	**113**

Notes:

(i) Employee benefits consist of amounts for annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are recognised as a separate provision.

(ii) The amounts disclosed are nominal amounts.

(iii) The amounts disclosed are discounted to present values.

Reconciliation of movement in on-cost provision

	($thousand)
	2018
Opening balance	**15**
Additional provisions recognised	25
Reductions arising from payments/other sacrifices of future economic benefits	-18
Reductions resulting from re-measurement or settlement w ithout cost	-2
Closing balance	**19**
Current	10
Non-current	9

(b) Movements in employee benefits and on-costs

	($thousand)
	2018
Opening balance	**113**
Additional provisions recognised	96
Reductions resulting from settlement	(93)
Closing balance	**116**
Current	42
Non-current	74
	116

Restated	*($thousand)*
	2017
Opening balance	**225**
Additional provisions recognised	62
Reductions resulting from settlement	(174)
Closing balance	**113**
Current	67
Non-current	46
	113

5.5 Superannuation

Employees of PoHDA are entitled to receive superannuation benefits and PoHDA contributes to defined contribution plans. PoHDA has no employees who are members of a defined benefit plan. Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement.

	($thousand)			
Fund	*Paid contribution for the year*		*Contribution outstanding at Year End*	
	2018	*2017*	*2018*	*2017*
Defined contributions plans:				
VicSuper	45	60	-	-
Other	94	70	-	-
	139	**130**	**0**	**0**

6 Financing our operations

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

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances).

6.1 Borrowings and leases

		($thousand)	
		2018	*2017*
	Current borrowings		
(i)	Lease liabilities	9	7
	Total current borrowings	9	7
	Non-current borrowings		
(i)	Lease liabilities	39	26
	Total non-current borrowings	39	26
	Total borrowings	**48**	**33**

Notes:

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor (Vicfleet) in the event of default.

All interest-bearing liabilities are initially recognised at the fair value of the consideration received, less directly attributable transaction costs (refer also to Note 6.3 Commitments for Expenditure). The measurement basis subsequent to initial recognition depends on whether PoHDA has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

6.2 Cash flow information

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank and are subject to an insignificant risk of changes in value.

(a) Reconciliation of cash and cash equivalents

		($thousand)	
		2018	***2017***
(i)	Total cash and deposits disclosed in the balance sheet	**3,066**	**1,641**
	Balance as per cash flow statement	**3,066**	**1,641**

Note:

(i) Due to the State of Victoria's investment policy and government funding arrangements, PoHDA does not hold a large cash reserve in its bank accounts. Cash received by PoHDA from the generation of income is paid into PoHDA's bank account. Similarly, any Authority expenditure for the payment of goods and services to its suppliers and creditors are made via PoHDA's bank account.

6. Financing our operations *(continued)*

(b) Reconciliation of net result for the period

	($thousand)	
	2018	***2017***
Net result for the period	**1,118**	**(236)**
Non-cash movements:		
Depreciation and amortisation of non-current assets	1,892	1,907
Assets received Free of Charge	(775)	-
GST on non-current asset purchases	24	2
(Gain)/Loss on disposal of fixed assets	2	5
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(687)	(21)
(increase)/decrease in other financial assets	-	-
(Increase)/decrease in other non-financial assets	(39)	(99)
Increase/(decrease) in payables	130	(113)
Increase/(decrease) in provisions	3	(87)
Net cash flows from/(used in) operating activities	**1,667**	**1,358**

(c) Non-cash financing activities

During the year, PoHDA disposed of one vehicle to the value of $35,042, Leasehold improvements to the value of $32,546 and intangible assets to the value of $8,023 (2017: 2 vehicles to the value of $52,072).

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. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

		($thousand)	
	Nominal Values	***2018***	***2017***
(i)	**Operating lease commitments payable**		
	Less than one year	-	79
	Longer than one year but not longer than five years	-	-
	Total operating and lease commitments	**-**	**79**
(ii)	**Finance lease commitments payable**		
	Less than one year	10	8
	Longer than one year but not longer than five years	43	29
	Total finance lease commitments	**53**	**36**
	Other commitments payable		
(iii)	Less than one year	216	88
	Total other commitments	**216**	**88**
	Total commitments (inclusive of GST)	**269**	**204**
	Less GST recoverable from the Australian Tax Office	24	19
	Total commitments (exclusive of GST)	**245**	**185**

Notes:

(i) The office lease for 32 High St Hastings expired on 30 April 2018.

(ii) Finance lease commitments relate to motor vehicle leases which are for three years.

(iii) Other commitments payable relate to open purchase orders on general creditors not accrued at 30 June 2018.

6. Financing our operations *(continued)*

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

7 Risks, contingencies and valuation judgements

PoHDA 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 PoHDA related mainly to fair value determination.

7.1 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 PoHDA'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

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). PoHDA recognises the following assets in this category:

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

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured 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 effective interest rate method. PoHDA recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

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
- PoHDA 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
- PoHDA 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.

Where PoHDA has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the PoHDA's continuing involvement in the asset.

7. Risk, contingencies and valuation judgements *(continued)*

Impairment of financial assets: At the end of each reporting period, PoHDA assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with *AASB 136 Impairment of Assets*.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Table 7.1: Categorisation of financial instruments

($thousand)

2018	*Contractual financial assets – loans and receivables*	*Contractual financial liabilities at amortised cost*	*Total*
Contractual financial assets			
Cash and deposits	3,066	-	**3,066**
Receivables (sale of goods and services)	809	-	**809**
Total contractual financial assets	**3,875**	**0**	**3,875**
Contractual financial liabilities			
Payables (supplies and services)	-	291	**291**
Borrowings (Finance lease liabilities)	-	48	**48**
Total contractual financial liabilities	**0**	**339**	**339**
2017	*Contractual financial assets – loans and receivables*	*Contractual financial liabilities at amortised cost*	*Total*
Contractual financial assets			
Cash and deposits	1,641	-	**1,641**
Receivables (sale of goods and services)	130	-	**130**
Total contractual financial assets	**1,771**	**0**	**1,771**
Contractual financial liabilities			
Payables (supplies and services)	-	216	**216**
Borrowings (Finance lease liabilities)	-	33	**33**
Total contractual financial liabilities	**0**	**249**	**249**

Table 7.2: Net holding gain/(loss) on financial instruments by category

($thousand)

	2018	2017
Total interest income/(expense)	32	10
Total	**32**	**10**

The net holding gains or losses disclosed above are determined as follows:

- For cash and cash equivalents, receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, and minus any impairment recognised in the net result;
- For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense; and
- For financial asset and liabilities that are held for trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

(a) Credit risk

Credit risk arises from the contractual financial assets of PoHDA, which comprise cash and deposits and non-statutory receivables. PoHDA's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to PoHDA. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with PoHDA's contractual financial assets is minimal. Trade Debtors payments terms are 30 days from invoice date.

In addition, PoHDA's cash assets are mainly cash at bank.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents PoHDA's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Table 7.3: Categorisation of financial instruments

($thousand)

2018	*Financial institutions (AAA credit rating)*	*Other (min BBB credit rating)*	*Total*
Cash and deposits	3,066	-	3,066
Receivables (sale of goods and services)	-	809	809
Total contractual financial assets	**3,066**	**809**	**3,875**
2017			
Cash and deposits	1,641	-	1,641
Receivables (sale of goods and services)	-	130	130
Total contractual financial assets	**1,641**	**130**	**1,771**

7. Risk, contingencies and valuation judgements *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that PoHDA would be unable to meet its financial obligations as and when they fall due. PoHDA operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

PoHDA's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. PoHDA manages its liquidity risk by:

- Close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- Maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- Holding investments and other contractual financial assets that are readily tradeable in the financial markets;
- Careful maturity planning of its financial obligations based on forecasts of future cash flows; and
- A high credit rating for the State of Victoria (Moody's Investor Services & Standard & Poor's Triple-A, which assists in accessing debt market at a lower interest rate).

PoHDA's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of financial investments.

Table 7.4: Maturity analysis of contractual financial liabilities[(i)]

	2018	Carrying Amount	Nominal Amount	Less than 1 month	1-3 months
			($thousand)		
(ii)	**Payables:**				
	Payables (supplies and services)	291	291	291	-
	Borrowings:				
	Borrowings (Finance lease liabilities)	48	51	1	2
	Total	**339**	**342**	**292**	**2**
	2017				
(ii)	**Payables:**				
	Payables (supplies and services)	216	216	216	-
	Borrowings:				
	Borrowings (Finance lease liabilities)	33	35	1	1
	Total contractual financial assets	**249**	**251**	**217**	**1**

	2018	3 months – 1 year	1 -5 years	5+ years
(ii)	**Payables:**			
	Payables (supplies and services)	-	-	-
	Borrowings:			
	Borrowings (Finance lease liabilities)	8	41	-
	Total	**8**	**41**	**-**
	2017			
(ii)	**Payables:**			
	Payables (supplies and services)	-	-	-
	Borrowings:			
	Borrowings (Finance lease liabilities)	6	27	-
	Total contractual financial assets	**6**	**27**	**-**

Notes:

(i) Maturity analysis is presented using the contractual undiscounted cash flows.

(ii) The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

(c) Market risk

PoHDA's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage these risks are disclosed below.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. PoHDA does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

PoHDA has minimal exposure to cash flow interest rate risks through as cash and deposits are at floating rate. Refer sensitivity analysis below.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in Table 7.5.

Table 7.5: Interest rate exposure of financial instruments

($thousand)

2018	*Variable interest rate*	*Non-interest bearing*	*Total*
Financial Assets			
Cash and deposits *(weighted average interest rate 1.46%)*	3,066	-	3,066
Receivables (sale of goods and services)	-	809	809
Total financial assets	**3,066**	**809**	**3,875**
Financial Liabilities			
Payables (supplies and services)	-	291	291
Borrowings (Finance lease liabilities)*(weighted average interest rate 3.25%)*	48	-	48
Total financial liabilities	**48**	**291**	**339**
2017			
Financial Assets			
Cash and deposits *(weighted average interest rate 1.41%)*	1,641	-	1,641
Receivables (sale of goods and services)	-	130	130
Total financial assets	**1,641**	**130**	**1,771**
Financial Liabilities			
Payables (supplies and services)	-	216	216
Borrowings (Finance lease liabilities *(weighted average interest rate 3.25%)*	33	-	33
Total financial liabilities	**33**	**216**	**249**

7. Risk, contingencies and valuation judgements *(continued)*

Sensitivity disclosure analysis and assumptions

PoHDA's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period.

Table 7.6: Comparison between carrying amount and fair value

	($thousand)			
	Carrying Amount		*Fair value*	
	2018	*2017*	*2018*	*2017*
Contractual financial assets				
Cash and deposits	3,066	1,641	3,066	1,641
Receivables (sale of goods and services)	809	130	809	130
Total contractual financial assets	**3,875**	**1,771**	**3,875**	**1,771**
Contractual financial liabilities				
Payables (supplies and services)	291	216	291	216
Borrowings (Finance lease liabilities)	48	33	48	33
Total contractual financial liabilities	**339**	**249**	**339**	**249**

7.2 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.

8 Other Disclosures

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

8.1 Other economic flows included in net result

Other economic flows are changes in the volume or value an asset or liability that does not result from transactions.

Net gain/(loss) on non-financial assets
Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Revaluation gains/(losses) of non-financial physical assets
Refer to Note 4 Revaluations of non-financial physical assets.

Net gain/(loss) on disposal of non-financial assets
Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting the proceeds from the carrying value of the asset at the time.

Impairment of non-financial assets
Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as another economic flow, except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows 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 to sell.

Refer to Note 4 in relation to the recognition and measurement of non-financial assets.

8.2 Responsible persons

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

Names

The persons who held the positions of Ministers, Directors and Accountable Officers in PoHDA are as follows:

Title	Name	Period
Minister for Ports	Hon Mr Luke Donnellan	1 July 2017 to 30 June 2018
Treasurer	Hon Mr Tim Pallas	1 July 2017 to 30 June 2018
Chair	Mr Craig Cook	1 July 2017 to 30 September 2017
Chair	Ms Jennifer Acton	1 October 2017 to 30 June 2018
Director	Ms Jennifer Acton	1 July 2017 to 30 September 2017
Deputy Chairman	Ms Claire Filson	1 July 2017 to 30 June 2018
Director	Mr Arthur Apted	1 October 2017 to 30 June 2018
Chief Executive Officer	Mr Malcolm Geier	1 July 2017 to 30 June 2018

Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of PoHDA during the reporting period was in the range:

$260,000 - $279,999 full-time
(2017: $240,000 - $259,999 full time)

PoHDA has prepared the related party disclosures for the year based on reasonable enquiries made by management in relation to the portfolio minister(s) and their related parties and the information available to the organisation, with the transition to a full implementation of AASB 124 and any applicable financial reporting directions from 2016-17 onwards.

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

The number of responsible persons, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of responsible persons is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

8. Other Disclosures *(continued)*

Income bands	Total Remuneration		Base Remuneration	
	2018	2017	2018	2017
$10,000 - $19,999	1	-	2	-
$20,000 - $29,999	2	2	1	2
$30,000 - $39,999	-	-	-	-
$40,000 - $49,999	-	-	1	-
$50,000 - $59,999	1	-	-	1
$60,000 - $69,999	0	1	-	-
Total number of directors	**4**	**3**	**4**	**3**
Total amount	**116,560**	**115,648**	**106,447**	**105,615**

There were no loans in existence between PoHDA and the responsible persons and/or their related parties during the year and as at year end. There were no transactions between PoHDA and the responsible persons and/or their related parties during the year.

During the year PoHDA had related party transactions with the VRCA (Note 2) from whom it received a share of tonnage, anchorage and flagfall revenue of $1.82 million and fees for the provision of maintenance services of $0.42 million. PoHDA also had related party transactions with VIC Fleet during the year with the current outstanding balance as at 30thJune 2018 of $48k related to one executive motor vehicle. PoHDA also had related party transactions with the Department of Economic Development, Jobs, Transport and Resources for the provision of maintenance services of $2k.

8.3 Remuneration of executives and payments to other personnel

(a) Remuneration of executives

Remuneration under FRD 21C is disaggregated and separately disclosed according to the nature of the payment, consistent with the requirements of AASB 124

	Remuneration	*2018*	*2017*
	Short Term benefits	550,038	523,839
	Post-employment benefits	42,792	54,306
	Other long term benefits	7,738	14,606
	Termination Benefits	-	103,656
(a)	**Total remuneration**	**600,568**	**696,407**
(b)	**Total number of executives**	**4**	**4**
(c)	**Total annualised employee equivalent (AEE)**	**2.79**	**2.76**

Note:

(a) Remuneration represents the expenses incurred by the entity in the current reporting period for the employee, in accordance with AASB 119 Employee Benefits.
(b) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure.
(c) Annualised employee equivalent is based on the time fraction worked during the reporting period. This is calculated as the total number of days the employee is engaged to work during the week by the total number of full-time working days per week (this is generally five full working days per week).

8. Other Disclosures *(continued)*

The persons who held the positions of Key Management Personnel during the reporting period are as follows:

Title	Name	Period
Chief Executive Officer	Mr Malcolm Geier	1 July 2017 to 30 June 2018
Chief Financial Officer	Mr Mark O'Donnell	1 July 2017 to 30 June 2018
Engineering Manager	Mr Matthew Primmer	1 July 2017 to 2 January 2018
Engineering Manager	Mr Peter Watt	19 March 2018 to 30 June 2018

(b) Loans to and transactions with executives

There were no loans in existence with any executive officers and/or their related parties during the year and as at year end.

(c) Payments to other personnel (i.e. contractors with significant management responsibilities)

There were no payments to contractors with significant management responsibilities during the current or previous reporting periods.

8.4 Remuneration of auditors

	($thousand)	
	2018	***2017***
Victorian Auditor-General's Office		
Audit of the financial statements	16	17
	16	**17**

8.5 Subsequent events

Since the end of the reporting period there was not any matter or circumstance not otherwise dealt with in these statements, which has the potential to significantly affect the operations of PoHDA, the results of those operations or the state of affairs of PoHDA in subsequent financial years.

In July and August, 2018, PoHDA entered into contracts with the VRCA for the provision of office space and to maintain their land based and pile-marine based navigational aids.

In August 2018, PoHDA entered to Berth Licence agreement DefendTex Pty Ltd and entered into an agreement with Subsea7 for the use of Crib Point Jetty.

Independent Auditor's Report

Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

To the Board of the Port of Hastings Development Authority

Opinion	I have audited the financial report of the Port of Hastings Development Authority (the authority) which comprises the: • balance sheet as at 30 June 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • financial statements declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, 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. In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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 authority'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 authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority 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
4 September 2018

Simone Bohan
as delegate for the Auditor-General of Victoria

2

SECTION 4: Other Disclosures

Local Jobs First – Victorian Industry Participation Policy

The Victorian Industry Participation Policy Act 2003 requires Departments and public sector bodies to report on the implementation of the Local Jobs First – Victorian Industry Participation Policy (Local Jobs First – VIPP). Departments and public sector bodies are required to apply the Local Jobs First – VIPP in all procurement activities valued at $3 million or more in metropolitan Melbourne and for statewide projects, or $1 million or more for procurement activities in regional Victoria.

PoHDA did not enter into any new contracts to which the Local Jobs First – VIPP Policy applied in the year ended 30 June 2018.

For more information on the policy requirements.

Contact: The Victorian Industry Participation Policy -
Sector Development and Programs Division,
DEDJTR

Email: vipp@ecodev.vic.gov.au

Web link: http://www.vic.gov.au/vipp

Consultancy Expenditure

Details of consultancies (valued at $10,000 or greater)

In 2017-18, there were seven consultancies where the total fees payable to the consultants were $10 000 or greater. The total expenditure incurred during 2017-18 in relation to these consultancies is $0.26 million (excluding GST). Details of individual consultancies are outlined below

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2017-18 (excluding GST)	Future expenditure (excluding GST)
INCITIAS PTY LTD	Specialist Engineering Reviews	1/11/2017	31/05/2018	$82,551	$82,551	$0
Deloitte Financial Advisory Pty Ltd	Valuation Reporting and Financial modelling	1/11/2017	31/01/2018	$42,741	$42,741	$0
Jacobs Group (Australia) Pty Ltd	Engineering and Environmental Assessments	1/05/2017	Ongoing	$40,940	$40,940	$0
HAZCON Pty Ltd	Safework instruction resource, compliance review and audit	22/09/2016	31/03/2018	$30,231	$30,231	$0
HASKONING AUST	Engineering Consultancy	9/01/2017	Ongoing	$42,939	$23,094	$19,845
ROAM MARINE	Constructability Assessment	1/12/2017	31/12/2017	$21,284	$21,284	$0
URBIS VALUATIONS	Land Valuation	1/02/2018	28/02/2018	$15,000	$15,000	$0

In 2017/18, there were 11 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2017/18 in relation to these consultancies was $41,977 (excl. GST).

Information and communication technology expenditure

Details of information and communication technology (ICT) expenditure

In 2017/18, PoHDA had a total ICT expenditure of $47,427 (2016/17: $102,901) with the details shown below.

All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (Non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and Capital expenditure)		
48	0	32	16

ICT expenditure refers to PoHDA's costs in providing business-enabling ICT services. 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 PoHDA's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Disclosure of Major Contracts

There were no major contracts (contracts greater than $10 million) entered into during financial year 2017/18.

Freedom of information

The Act allows the public a right of access to documents held by PoHDA. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by PoHDA. This comprises documents both created by PoHDA or supplied to PoHDA by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

The Act allows PoHDA 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; and information provided to PoHDA in-confidence.

From 1 September 2017, the Act has been amended to reduce the Freedom of Information (FoI) processing time for requests received from 45 to 30 days. In some cases, this time may be extended.

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

Making a request

FoI requests can be lodged online at www.foi.vic.gov.au . An application fee of $28.40 applies. Access charges may also be payable if the document pool is large, and the search for material is time consuming.

Access to documents may be obtained through written request to the Chief Executive Officer, as detailed in s17 of the *Freedom of Information Act 1982*. In summary, the requirements for making a request are:

- it should be in writing;
- it should identify as clearly as possible which document is being requested; and
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of the Port of Hastings Development Authority should be addressed to:

Mr Malcolm Geier
Chief Executive Officer
Port of Hastings Development Authority
PO Box 249
CRIB POINT VIC 3919

Further information regarding the operation and scope of FoI can be obtained from the Act; regulations made under the Act; and www.foi.vic.gov.au.

The Port of Hastings Development Authority received one request during the 12 months ending 30 June 2018.

Government advertising expenditure

Details of government advertising expenditure (campaigns with a media spend of $100 000 or greater)

For the 2017-18 reporting period, the Port of Hastings Development Authority has declared a “nil report” on government advertising expenditure as no spend was incurred greater than $100,000.

Compliance with the Building Act 1993

PoHDA complies with the building and maintenance provisions of the *Building Act 1993,* the Buildings Regulation 2006 for publicly-owned buildings controlled by PoHDA.

PoHDA completed building renovations to update the administration area at Stony Point in the reporting period. These works cost $62k.

There were no permits issued during the reporting period. There were no emergency orders or building orders issued to PoHDA during the reporting period.

PoHDA undertakes internal inspections and performs operational maintenance. PoHDA has engaged external consultants to assess the buildings infrastructure, electrical, and fire safety systems. PoHDA also engaged a consultant to perform an audit of its buildings hazardous materials.

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.

Compliance with the Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

PoHDA does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

PoHDA will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Reporting Procedures

Disclosures of improper conduct or detrimental action by PoHDA or its employees may be made to any one of the following Authority personnel:

- The Protected Disclosure Coordinator (the Chief financial Officer);
- The Responsible Body, a member of the Board, or the Chief Executive Officer of PoHDA;
- A manager or supervisor of a person from PoHDA who chooses to make a disclosure; or
- A manager or supervisor of a person from PoHDA about whom a disclosure has been made.

Any disclosure can be made by letter, telephone, facsimile or email. The postal address is:

The Protected Disclosure Coordinator
Port of Hastings Development Authority
P O Box 249
CRIB POINT VIC 3919

Alternatively, disclosures of improper conduct or detrimental action by PoHDA or any of its employees may also be made directly to the Independent Broad-based Anti-corruption Commission (IBAC). The postal address is:

The Independent Broad-based Anti-corruption Commission
Level 1, North Tower
459 Collins Street
Melbourne VIC 3000
Phone: 1300 735 135
Internet www.ibac.vic.gov.au

During the year ended 30 June 2018, there were no disclosures made by an individual to PoHDA and is not aware of any disclosures being notified to the Independent Broad-based Anti-corruption Commission

Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

Port of Hastings Development Authority Financial Management Compliance Attestation Statement

I, Malcolm Geier, on behalf of the Responsible Body, certify that the Port of Hasting Development Authority has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

Malcolm Geier
Chief Executive Officer
04 September 2018

APPENDIX A - Ministerial Direction

Direction

I, the Hon Luke Donnellan, Minister for Ports, with the approval of the Treasurer, give the following direction under section 141V(1) of the **Transport Integration Act 2010**.

I direct the Authority to perform the following functions in the public interest:

a) cease as soon as practicable all current activities relating to development of the port of Hastings as a viable alternative to the port of Melbourne as a container port;
b) provide, by a date to be agreed between the Department of Economic Development, Jobs, Transport and Resources (the Department) and the Authority, in electronic form in an agreed structure, all reports, data and information collected for, or in respect of, development of the port of Hastings as a viable alternative to the port of Melbourne as a container port;
c) cooperate with any request from the Department or, following its establishment, Infrastructure Victoria, to contribute information and relevant studies to inform the assessment of options for Victoria's second container port;
d) provide to the Department and/or the Department of Treasury and Finance, such further reports, data and information collected by the Authority as requested by the Department and/or the Department of Treasury and Finance in writing from time to time;
e) without constraining future options for the development of a container port, continue to respond to requests from bulk proponents who are seeking to use and/or develop facilities within the port of Hastings, ensuring that responses to these requests are consistent with whole of Government objectives including the Port of Melbourne lease transaction and the State's future ports strategy; and
f) In consultation with the Department, implement a revised organisational structure consistent with this Direction and the 2015-16 Budget decision.

....

The Hon Luke Donnellan
Minister for Ports
Date: 27/5/ 2015

Approval of Treasurer

I, the Hon Tim Pallas, MP, Treasurer of the State of Victoria, approve the Direction under section 141V(1) of the **Transport Integration Act 2010**.

....

Tim Pallas MP
Treasurer of the State of Victoria
Date: 17/5/ 2015

APPENDIX A - Ministerial Direction

Disclosure Index

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

Financial Statements

Legislation	Requirement	Page

Ministerial Directions

Financial statements required under Part 7 of the FMA

SD 5.2	Declaration in financial statements	Page 22

Other requirements under Standing Directions 5.2

SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 22
SD 5.2.1(a)	Compliance with Ministerial Directions	Page 7

Other disclosures as required by FRDs in notes to the financial statements

FRD 9A	Disclosure of Administered Assets and Liabilities by Activity	Page 11
FRD 13	Disclosure of Parliamentary Appropriations	Page 11
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Page 57
FRD 103G	Non-Financial Physical Assets	Page 35
FRD 110A	Cash Flow Statements	Page 27

*Note: References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure

Legislation

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Building Act 1993	Page 65
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