

**PORT OF HASTINGS  
DEVELOPMENT AUTHORITY**

# Annual Report

**2020/21**



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## SECTION 1: Year in Review

## Chairperson's and CEO's Report

The Port of Hastings is well placed to be a pre-eminent energy, dry bulk and break-bulk cargo hub for Victoria and is continuing to pursue opportunities in this area.

During the year the Port of Hastings Development Authority (PoHDA) and United Petroleum Australia Pty Ltd (United) agreed to terms under which Crib Point Berth No. 1 would be upgraded to increase the maximum permitted weight of vessels berthing there from 100,000 tonnes to 150,000 tonnes. United is one of the largest independent fuel retailers in Australia, supplying over 400 service stations, and with fuel turnover which is growing at approximately 10% per annum. As a consequence, throughput continues to grow through United's fuel terminal at Hastings, and storage capacity has now been increased to 186,000 M3 with approval for additional tanks in the future.

PoHDA is also pursuing the development of its flexible berth capacity for dry bulk and break-bulk cargoes, with the initial focus being on exploiting the existing under-utilised and disused berth assets in the Port.

Further progress has been made in addressing the Port's land needs. The Old Tyabb Reclamation land is now available for port development, and PoHDA is seeking the rezoning of the land to 'Port Zone'. This will enable PoHDA to better pursue its objective of facilitating the growth and development of the Port of Hastings and allowing the Port to contribute further to the efficient operation of the State's transport network.

The Hydrogen Energy Supply Chain (HESC) project, a world-first pilot project to produce and transport clean hydrogen from Victoria's Latrobe Valley to Japan through the Port, is expected to commence operations in early 2022. While the pilot project is not using PoHDA facilities, PoHDA is looking forward to a successful trial of hydrogen exports by the HESC project partners and to engaging with the project partners on a commercial-scale project.

PoHDA's work with AGL Wholesale Gas Limited on its Gas Import Jetty Project ended following the State Minister for Planning's determination that the project would have unacceptable environmental effects. All contractual matters associated with the termination have been finalised including the recovery of project costs incurred by PoHDA.

The Port is classified as an essential provider and PoHDA's team has continued to work flexibly in response to changing COVID-19 restrictions. PoHDA has been able to maintain its services without interruption. Maintenance and operational functions are based on site, while administrative staff split their time between on-site work and working from home.

Following an adverse weather event during June 2021, PoHDA led an operation to save the *ex-HMAS Otama* submarine, which is berthed north of PoHDA's Crib Point jetty, from sinking. The submarine nonetheless remains a significant hazard which the vessel's owner needs to urgently address.

All of PoHDA's operational and capital requirements were self-funded, with the exception of a \$40,000 grant from the Department of Transport to construct a community shelter. PoHDA's cash position increased by \$7.4M during the year. This was predominantly due to the recovery of project expenditure plus interest from the discontinued Gas Import Jetty Project. Net results from operations were \$2.0M above the previous year despite a reduction in revenue. The main reason for the improved trading result is due to a change in depreciation rates resulting in a net gain of \$4.0M. Income for the year was \$2.1M down on the previous year largely due to the COVID-19 restrictions, which impacted demand for fuel and resulted in no oil exports.

In January 2020, PoHDA assisted in the evacuation by boat of people from the bushfires in the Victorian region near Mallacoota to come ashore in Hastings. Shortly after, with a bushfire having taken hold on French Island in Western Port, PoHDA had some bushfire prevention works undertaken near Crib Point Jetty without a permit and paid a pecuniary penalty.

On 1 July 2021, PoHDA welcomed the establishment of Ports Victoria and looks forward to working with their team in the future.

PoHDA's Board and staff 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 transport network.

We thank our customers and key stakeholders for their continued support, our Board for its continued guidance, and our staff for their dedication and resourcefulness during these unusual times.

In accordance with the *Financial Management Act 1994*, we are pleased to present the Port of Hastings Development Authority's Annual Report for the year ending 30 June 2021.



Jennifer Acton  
Chair



Malcom Geier  
Chief Executive Officer

## 1.0 Annual Report

### For the Period 1 July 2020 to 30 June 2021

The Annual Report of the Port of Hastings Development Authority (PoHDA) is presented together with the Financial Statements for the year to 30 June 2021 in conformity with the provisions of the *Financial Management Act 1994*.

## 1.1 Objectives and Functions

PoHDA is part of Victoria's integrated transport portfolio, led by the Department of Transport (DoT). The vision of the transport portfolio is to deliver an integrated and sustainable transport system that promotes:

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

We work with the DoT to drive our shared purpose of delivering simple, safe, connected journeys. We will achieve this by focussing on where people and goods need to go, rather than what mode they use. This enables us to be better equipped to respond to the changing demands on our transport network so we can stay connected to jobs and each other, whichever way we travel.

While PoHDA remains an independent statutory authority and an independent transport agency, it forms part of the transport portfolio and is a key contributor and supporter of DoT initiatives.

PoHDA was established under the *Transport Integration Act 2010 (Vic)*, and is responsible for the management and operations of the Port of Hastings. From 1 July 2021, the channels and Port waters in Western Port are within the jurisdiction of Ports Victoria, which manages them.

PoHDA exercises its functions and powers consistently with the Victorian Government's transport agenda and in accordance with both the Transport Integration Act 2010 and a Ministerial directive dated 27 May 2015.

In accordance with these guiding principles, PoHDA's focus is to:

- Directly manage the safe and efficient operation of its infrastructure and the landside port operations;
- Develop, or enable and control the development by others of, the whole, or any part of the Port of Hastings;
- Encourage new bulk and non-containerised trade proponents to use and/or develop facilities within the Port of Hastings; and
- Ensure Port developments are consistent with the whole of Government objectives and do not constrain future options for development of the port.

## 1.2 Authority Values

We operate according to Victorian government public sector values, which are:

- Responsiveness;
- Integrity;
- Impartiality;
- Accountability;
- Respect;
- Leadership; and
- Human Rights.



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

### **Leadership**

We will lead with vigour and ensure we demonstrate exemplary 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.

## **1.3 Vision, Purpose and Role**

### **Vision:**

To be a safe, environmentally responsible, competitive deep-water port operator facilitating the growth and development of bulk and non-containerised trades.

### **Purpose:**

To assist the Victorian Government in addressing the freight and logistics needs of Victoria, with particular emphasis on bulk and non-containerised development opportunities.

### **Role:**

PoHDA manages the Port of Hastings. Our role is to enable trade growth, create employment opportunities and to optimise the net worth of the State's investment in the Port by:

- Maintaining and developing its port infrastructure;
- Promoting and facilitating bulk and non-containerised trade through the Port;
- Ensuring the Port operates in a commercial and environmentally responsible manner;
- Ensuring that all port related activities are safe; and
- Promoting efficiencies in the supply chain of bulk and non-containerised goods.

## 1.4 Port of Hastings Trade Summary

The Port of Hastings is located approximately 70 kilometres south east of Melbourne on the shores of Western Port and provides a major gateway and supporting role for Victoria, Melbourne and south east Australia. The Port provides access to major industries including a hub for oil and gas imports, and a major steel product manufacturing facility.

Industries located at the Port provide connection to offshore oil and gas platforms, import and processing facilities, and connection to Victoria’s two oil refineries via pipeline. Oil, gas and petroleum products are distributed from Hastings across south east Australia supporting the energy needs of the region.

Steel product manufacturing is linked to major interstate facilities and supports local and export demand. The Port provides a major gateway to domestic supply chains and industries that provide significant economic activity and jobs for the region.

Approximately 1.3 million tonnes of petroleum products, steel, oil and gas were handled across all wharves and significant additional outputs of an equivalent scope are despatched from the Port in pipelines and via transport corridors to Melbourne and south east Australia.

The Port is responsible for a significant share of the State’s bulk liquid trade and offers the deepest shipping channel in Victoria. There are four established jetty complexes - the Long Island Point Jetty, Crib Point Jetty and Stony Point Port Services Complex controlled by PoHDA and the BlueScope Steel Wharves.

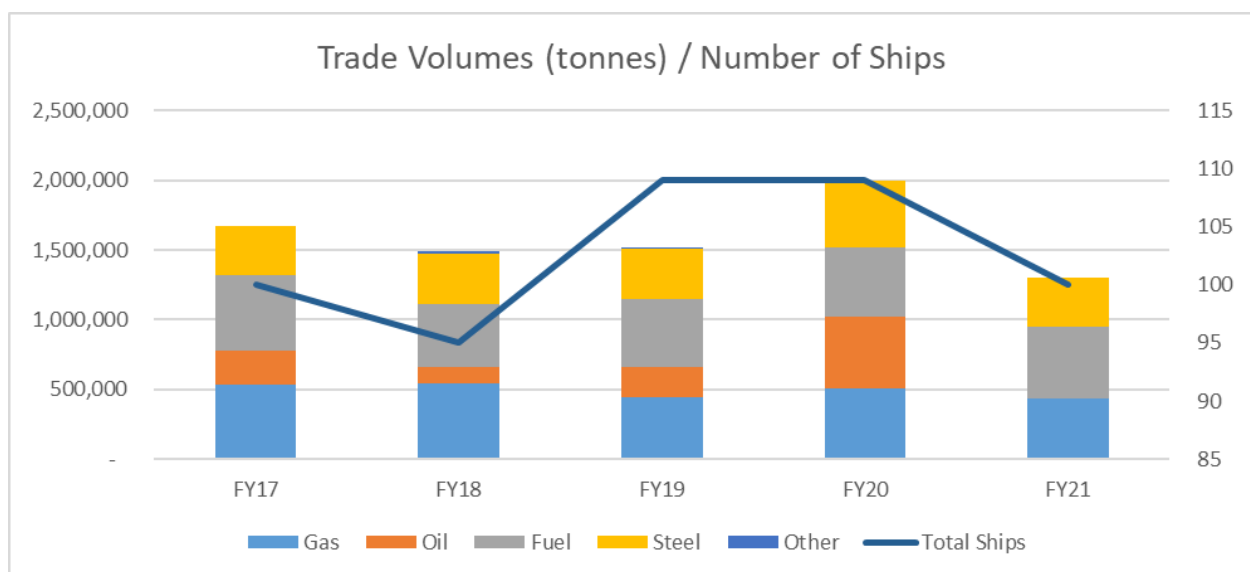
The Western Port-Altona-Gippsland (WAG) pipeline links the Bass Strait oil and gas fields with port processing facilities at Hastings and refineries in Altona and Geelong. This pipeline provides an important link in the State economy.

Major industry facilities at Hastings include:

- BlueScope’s Western Port steelworks;
- The Esso fractionation plant; and
- The United Petroleum fuels storage and distribution facility.

The 2020/21 financial year saw 100 ships visiting the Port. Total volumes (import and export) decreased by 35% to 1.3 million tonnes. Changes in the production profile in the Gippsland Basin combined with a reduction in oil prices due to oversupply brought about by the COVID-19 impact on the global economy, have resulted in no oil shipments for the year.

The table below provides a summary of trade volumes over the last five years:



## 1.5 Financial Summary

	(\$thousand)				
Financial Summary	2021	2020	2019	2018	2017
State government grant	40	-	-	-	2,870
Total income from transactions	6,208	7,571	6,924	6,482	1,521
Total operating expenses from transactions	(4,035)	(3,502)	(3,078)	(3,502)	(2,725)
<b>EBITDA (i)</b>	<b>2,213</b>	<b>4,069</b>	<b>3,846</b>	<b>2,980</b>	<b>1,666</b>
Depreciation and Amortisation	(2,569)	(6,478)	(6,369)	(1,891)	(1,907)
Net Interest	734	33	62	31	10
Net result from transactions	378	(2,376)	(2,461)	1,120	(231)
Net result for the period (ii)	(353)	4,801	(2,466)	98,730	522
Net cash flow from operating activities	8,899	4,416	3,168	1,667	1,359
Total assets <sup>(iii)</sup>	<b>140,587</b>	<b>140,334</b>	<b>136,204</b>	<b>137,119</b>	<b>38,240</b>
Total liabilities	2,067	1,461	2,132	580	431

(i) Earnings before Interest, Tax, Depreciation and Amortisation

(ii) Valuer-General Victoria (VGV) revaluation of the PoHDA's berth Infrastructure assets, land and buildings was completed in June 2020 resulting in a revaluation of assets of \$7.2M.

### Overview

In 2020/2021 PoHDA recorded Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$1.5M compared to \$4.1M the previous year with a net loss from transactions of \$0.4M compared to a net loss of \$2.4M in the previous financial year.

Depreciation and Amortisation reduced by \$3.9M due to a realignment of the depreciation rates, with the estimated useful life of infrastructure assets following the revaluation conducted during June 2020.

Income from transactions, including port operating fees, leases and other income decreased by \$2.1M (28%). The income reduction is predominantly due to no oil movements for the year, and reduced LPG and steel volumes. The COVID-19 restrictions had an impact on shipments with reduced demand for fuel and no oil exports. The loss of oil exports was a result of oversupply in oil globally, reducing oil prices combined with changes to the production profile in the Gippsland basin.

Total operating expenses from transactions increased to \$4.0M compared to \$3.5M the previous year. The main contributor to this increase was an increase in planned infrastructure maintenance.

Total assets increased by \$0.3M in 2020/21 to \$140.6M. Total liabilities increased by \$0.6M.

Net cash flow from operating activities was \$8.9M compared to \$4.4M the previous year, due to project cost recoveries from the discontinued AGL Gas Import Project.

### Financial Performance and Business Review

PoHDA's income from transactions arises mainly from the provision of port services, which principally involves providing berthing and wharfage rights to our customers. Other revenue includes property rental and maintenance services as well as interest earned. The main corporate expenses were employee related costs, depreciation of assets, professional services and maintenance costs.

PoHDA has managed its costs within its FY21 budget. Maintenance costs, whilst above last year, were lower than budget, mainly due to PoHDA's continued investigatory activities to ensure its maintenance programs are well targeted.

### Financial Position – Balance Sheet

Net assets decreased marginally compared to last year (\$0.4M), with an increase in cash and deposits of \$7.4M.

Total liabilities increased by \$0.6M to \$2.1M, with an increase in payables of \$0.5M and an increase in Employee Provisions of \$108K.

## **Cash Flows**

Net cash flow from operating activities was \$8.9M compared to \$4.4M the previous year. A State Government grant of \$40K was received for construction of a community shelter. PoHDA recovered \$5.9M in project expenditure and a further \$0.7M in interest due to the Crib Point Gas Import Jetty project not proceeding, following the decision from the State Minister for Planning that the project would cause unacceptable environmental effects to the Western Port environment. PoHDA also funded capital expenditure of \$318K and a further cash outlay of \$1.2M for projects. Net cash at the end of the financial year was \$12.4M compared to \$5.0M the previous year.

## **Subsequent Events**

There have been no subsequent events to the reporting period of PoHDA post 30 June 2021.

## SECTION 2: Governance and Organisational Structure

## 2.1 Board of Directors

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

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 Freight, 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, the Chief Executive Officer and the Chief Financial Officer.

### Directors

#### Jennifer Acton

Jennifer was appointed a non-executive Director of PoHDA on 1 July 2015 and was Chair of the Remuneration Committee from 21 January 2016 until 19 December 2019. Jennifer was appointed Chair of the Board on 1 October 2017 and appointed as member of the Audit and Risk Committee on 19 December 2019. Jennifer has many years of experience in strategic development, continuous improvement, stakeholder engagement, collaborative conflict resolution, workplace relations, and sound governance. Jennifer is currently Chair of State Trustees Ltd, Chair of STL Financial Services Ltd, and a member of the Victorian Independent Remuneration Tribunal.

#### Claire Filson

Claire was appointed a non-executive Director of PoHDA on 1 January 2012, and appointed non-executive Deputy Chair on 1 July 2015. Claire is also the Chair of the Audit & Risk Committee. Claire has an extensive background in financial services, superannuation, insurance, funds management and infrastructure and property. She is currently a Director with TT Line Pty Ltd, Greater Western Water, Deputy Chair of the Indigenous Land and Sea Corporation and Murray Irrigation Limited, Deputy Chair of the Portable Long Service Benefits Authority, Chair of the Audit Committee for the City of Kingston, and a member of the Audit Committee of the Department of Premier and Cabinet.

#### Arthur Apted

Arthur was appointed a non-executive Director of PoHDA on 1 October 2017 and was appointed Chair of the Remuneration Committee on 19 December 2019. Arthur has many years' experience as a Chief Executive Officer and Director in superannuation funds management, and property and farm investment management. Arthur is currently Chair of the Major Transport Infrastructure Program Procurement Oversight Committee (MTI POC), an independent member of the BlackRock Investment Management Australia Limited Compliance Committee and the Non-Government Schools (NGS) Super Fund Investment Committee, and is a Director of Wintringham, a not-for-profit organisation providing housing and care to aged homeless people in Victoria and Tasmania.

The Board met 11 times during the year.

**Table 1: Board Members and Attendance**

Position	Name	Appointed	Term Expires	Attended	Eligible to Attend	Total Meetings
Chair	Ms Jennifer Acton	1/07/2015 (Appointed Chair 1/10/2017)	30/06/2022	11	11	11
Deputy Chair	Ms Claire Filson	1/07/2012	30/06/2022	11	11	11
Director	Mr Arthur Apted	1/10/2017	30/06/2022	11	11	11

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 2021.

## 2.2 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);
- Ms Jennifer Acton, (independent member, appointed on 19 December 2019); and
- Mr Peter Wickenden (external independent member).

Peter Wickenden was appointed as an external independent member of the Audit and Risk Committee on 16 November 2015. Peter is a fellow of the Certified Practising Accountants, company auditor, and principal in the accounting firm Burke Bond Partners. He is also 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.

### Audit and Risk Committee Responsibilities

The main responsibilities of the Audit and Risk 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 five times during the year.

**Table 2: Audit Committee Meeting & Attendance**

Audit Committee Member	Attended	Eligible to Attend	Total Meetings Held
Ms Filson (Chair)	5	5	5
Mr Wickenden	5	5	5
Mr Apted	5	5	5
Ms Jennifer Acton	5	5	5

### 2.3 Executive Remuneration Committee

The Executive Remuneration Committee comprises:

- Mr Arthur Apted Chair (independent member); and
- Ms Claire Filson (independent member).

#### Executive Remuneration Committee Responsibilities

The Executive Remuneration 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 PoHDA executive officers employed under the Office of Public Sector Executive Remuneration (OPSER) framework.

The Executive Remuneration Committee met three times during the year.

**Table 3: Executive Remuneration Committee Meeting & Attendance**

Executive Remuneration Committee Member	Attended	Eligible to Attend	Total Meetings Held
Mr Apted appointed Chair 19 December 2019	3	3	3
Ms Filson	3	3	3

### 2.4 Senior Executives

#### Malcolm Geier

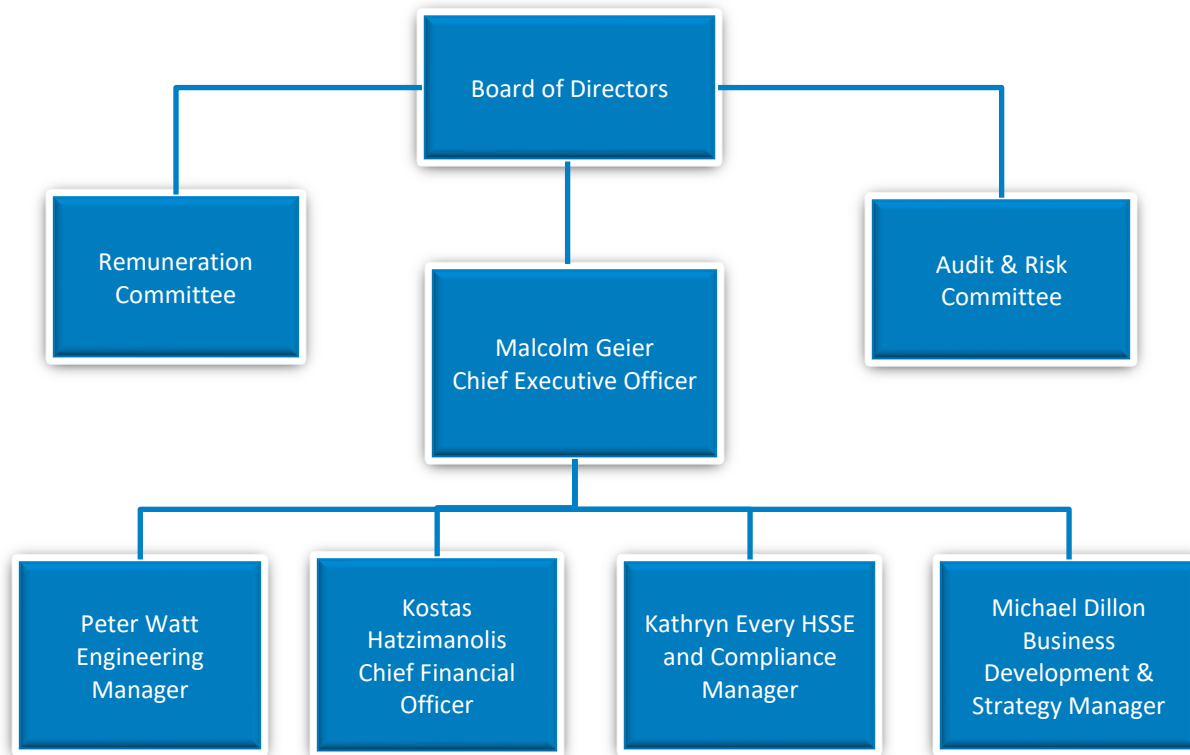
Malcolm was appointed Chief Executive Officer in March 2016. On 1 June 2019 his tenure was extended for a further term of five years. Malcolm is responsible for the management and operations of PoHDA and the development of the Port in line with Government policy.

#### Kostas Hatzimanolis

Kostas is the Chief Financial Officer and was appointed to the role in February 2019. Kostas is responsible for all financial operations and services, IT, and the people, performance and culture function of PoHDA.



## 2.5 Organisational Structure as at 30 June 2021



## 2.6 Occupational Health and Safety

Safety is important to PoHDA and is a key strategic and operational goal for the organisation. Safety underpins our work every day and forms the basis for all identified risks and control measures. This financial year, PoHDA has achieved a consistent and strong safety record, with no significant events or incidents reported.

We continue to foster a workplace culture that is inclusive and where our employees are valued. Consultation and commitment promote good health, wellbeing and flexible ways of working. With ongoing COVID-19 conditions, our employee health has never been more in focus, with employees demonstrating their willingness and flexibility to work and support our COVIDSafe Plan arrangements during the pandemic.

PoHDA as the Port Manager has the primary responsibility to safely maintain jetty infrastructure to ensure port operations occur in a safe manner across Stony Point, Crib Point and Long Island Point. This includes port security and emergency response arrangements in the event of an environmental oil spill.

PoHDA has established and maintains numerous Occupational Health and Safety (OHS) systems to ensure the provision of a safe work environment. This has enabled PoHDA to meet its key OHS objectives and targets over the past 12 months and demonstrates the effectiveness of our risk management programs.

Planning this year has resulted in a number of workshops to examine daily scheduled work in order to project risks, as well as capital works and port development opportunities. Where applicable, PoHDA seeks to engage reputable third parties and consultants to support project work and asset management. Work in a marine environment presents unique challenges, however the operations and maintenance team continues to deliver services to a high standard and safely.

PoHDA's Safety and Environmental Management Plan (SEMP) was externally audited for recertification purposes, in accordance with the SEMP Ministerial Guidelines. Minor amendments have included a review of risks and responsibilities that sit outside PoHDA's control. These include risks managed by Ports Victoria, including:

- Hazards associated with ships transiting port waters;
- Berthing, ship mooring and line boat operations;

- Loading and unloading petroleum products (ship to ship transfer); and
- Navigational aids.

PoHDA continues to build a strong port-wide security network with the regulatory bodies and port facility operators, and is committed to the security of its waterways, assets and infrastructure. Key activities have included security awareness training, regular monitoring of facilities, undergoing security exercises and drills, Port Security Committee meetings and the administration of a Maritime Security Plan. PoHDA attributes its OHS achievement to the sound experience and training of its maintenance personnel, which is supported by management's commitment to safety first. We thank our team for making safety a priority. We believe safety is everyone's business.

The Audit and Risk Committee members monitor PoHDA's health, safety and environmental performance and risk programs to certify delivery of effective governance relating to PoHDA's activities.

### **COVID-19 Activities**

Ongoing COVID-19 restrictions have not significantly impacted the port-related activities. PoHDA is classified as an essential provider and continues to enforce its COVIDSafe Plan and support regulatory arrangements, including quarantine of international shipping personnel where applicable, and reporting obligations. Aside from workplace distancing and hygiene protocols, PoHDA has been active in disseminating information to the Port community and introduced a check in with QR codes using the Service Victoria QR Code App, which helps with contact tracing and keeping Victoria safe and open.

## **2.7 Consultation and Engagement**

PoHDA is proud of its efforts to build and maintain relationships that are mutually beneficial. Engagement strategies include regular dialogue with internal and external stakeholders, from Board members to our various consultative committees and the community. A number of communication mechanisms have been established, with a noted increase in attendance and participation over the past year. These include the:

- Health and Safety Committee;
- Port User Group;
- Emergency Management & Oil Spill Committee;
- Port Security Committee; and
- Community Consultative Committee.

## **2.8 Environment**

Our commitment to zero environmental incidents is supported by our policy, planning and continuous review of our risk profile.

A high level of awareness relating to environmental responsibilities is communicated via stakeholder consultative forums. Port facility operators must ensure that all reasonable steps are taken to prevent pollutants or contaminants from escaping onto PoHDA's land, into the Port waters or the air surrounding the Port.

PoHDA promotes environmental requirements via the Port Operating Handbook for shipping activities. In addition, it maintains an Emergency Management Plan (EMP), that supports PoHDA's responsibility to provide a first strike response capability for small oil spills within port waters and up to three (3) nautical miles from the Victorian coast of Cape Schanck to Wilsons Promontory. PoHDA actively tests its capability to respond to spills and other emergencies by scheduling regular exercises and training.

PoHDA supported a research project undertaken by La Trobe University and Fathom Pacific at Stony Point. The study of the Bryozoa, commonly referred to as 'lace corals', was designed to acquire information about the ecology or biology of the Western Port Bryozoans. The 12-month program investigated the growth of the Bryozoan colonies, as well as monitoring the quality of the environment.

PoHDA ensures that any development and works are conducted in accordance with required consent under the Marine and Coastal Act 2018.

From an operational perspective, PoHDA is progressively replacing incandescent lights with LED fittings as part of upgrades to port lighting. These LED lights will require less maintenance, reduce power consumption and reduce PoHDA's environmental footprint.

## SECTION 3: Workforce Data

## 2.9 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.

### 2.10 Workforce Data

The Victorian Public Sector Commission (VPSC) was established on 1 April 2014 through the *Public Administration Act 2004*. The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

PoHDA has 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, benefits and hospitality, 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 2021, and the last full pay period of the previous reporting period in June 2020.

#### Staff at 30 June 2021

	2021				2020			
	Male	Female	Self-Described	Total	Male	Female	Self-Described	Total
Full-time permanent	9	1	0	10	9	2	0	11
Part-time	2	2	0	4	0	1	0	1
<b>Totals</b>	<b>11</b>	<b>3</b>	<b>0</b>	<b>14</b>	<b>9</b>	<b>3</b>	<b>0</b>	<b>12</b>

PoHDA has 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.

## SECTION 4: Financial Statements

## Financial Statements Declaration

The attached financial statements for the Port of Hastings Development Authority (PoHDA) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of the Port of Hastings Development Authority at 30 June 2021.

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 10 September 2021

### SIGNATURE



Chief Financial Officer  
Port of Hastings Development Authority  
Crib Point

### SIGNATURE



Chief Executive Officer  
Port of Hastings Development Authority  
Crib Point

### SIGNATURE



Jennifer Acton  
Board Chair  
Port of Hastings Development Authority  
Crib Point

The Port of Hastings Development Authority (PoHDA) has pleasure in presenting its audited general-purpose financial statements for the financial year ended 30 June 2021 and provides users with information about PoHDA's stewardship of resources entrusted to it. It is presented in the following structure:

## Financial Statements

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## Comprehensive operating statement for the financial year ended 30 June 2021

		(\$thousand)	
	Notes	2021	2020
<b>Continuing Operations</b>			
<b>Income from transactions</b>			
State Government Grants	2.1 (a)	40	-
Port Operating income	2.1 (b)	5,476	7,471
Interest	2.1 (c)	750	48
Other Income	2.1 (d)	1	100
<b>Total income from transactions</b>		<b>6,267</b>	<b>7,619</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1	(2,294)	(2,077)
Depreciation and amortisation	3.2(a)	(2,569)	(6,478)
Office expenses	3.2(b)	(211)	(206)
Travel		(1)	(15)
Interest expense		(16)	(15)
Professional services	3.2 (c)	(540)	(356)
Maintenance of Infrastructure		(769)	(630)
General Insurance		(165)	(156)
Subscriptions and Memberships		(35)	(31)
Other operating expenses		(20)	(31)
<b>Total expenses from transactions</b>		<b>(6,620)</b>	<b>(9,995)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(353)</b>	<b>(2,376)</b>
<b>Other economic flows included in net result</b>			
(i) Net loss on non-financial assets		-	(9)
<b>Total other economic flows included in net result</b>		<b>-</b>	<b>(9)</b>
<b>Net result from continuing operations</b>		<b>(353)</b>	<b>(2,385)</b>
<b>Items that may be reclassified subsequently to net result</b>			
Revaluation of Infrastructure	4.4	-	7,186
<b>Total other economic flow - other comprehensive income</b>		<b>-</b>	<b>7,186</b>
<b>Comprehensive result</b>		<b>(353)</b>	<b>4,801</b>

### The accompanying notes form part of these financial statements:

- (i) 'Net loss on non-financial assets' includes net realised losses from the disposal of a motor vehicle. This represents the net disposal of leased motor vehicles via VicFleet in 2019/2020.

## Balance sheet as at 30 June 2021

		(\$thousand)	
	Notes	2,021	2020
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.3	12,399	5045
Receivables	5.1	592	859
Other financial assets	5.2	-	4964
<b>Total financial assets</b>		<b>12,991</b>	<b>10,868</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	127,384	129266
Intangible assets	4.6	-	5
Prepayments		212	195
<b>Total non-financial assets</b>		<b>127,596</b>	<b>129,466</b>
<b>Total assets</b>		<b>140,587</b>	<b>140,334</b>
<b>Liabilities</b>			
Payables	5.3	1,288	774
Borrowings	6.1	450	466
Provisions		329	221
<b>Total Liabilities</b>		<b>2,067</b>	<b>1461</b>
<b>Net assets</b>		<b>138,520</b>	<b>138,873</b>
<b>Equity</b>			
Accumulated surplus/(deficit)		(42,460)	(42,107)
Physical Asset Revaluation Reserve		130,970	130,970
Contributed capital		50,010	50,010
<b>Net worth</b>		<b>138,520</b>	<b>138,873</b>
Commitments for expenditure	6.6	5,074	721

## Statement of changes in equity for the financial year ended 30 June 2021

	(\$thousand)			
	Physical asset revaluation reserve	Accumulated Surplus /(Losses)	Contributions by Owners	Total
<b>Balance at 30 June 2019</b>	123,784	(39,722)	50,010	134,072
Revaluation of Infrastructure	7,186	-	-	7,186
Net result for the year	-	(2,385)	-	(2,385)
<b>Balance at 30 June 2020</b>	<b>130,970</b>	<b>(42,107)</b>	<b>50,010</b>	<b>138,873</b>
Revaluation of Infrastructure	-	-	-	0
Net result for the year	-	(353)	-	(353)
<b>Balance at 30 June 2021</b>	<b>130,970</b>	<b>(42,460)</b>	<b>50,010</b>	<b>138,520</b>

## Cash flow statement for the financial year ended 30 June 2021

		(\$thousand)	
	Notes	2021	2020
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		40	-
Receipts from other entities (inclusive of GST)		12,913	7,984
Interest received		752	48
<b>Total receipts</b>		<b>13,705</b>	<b>8,032</b>
<b>Payments</b>			
Payments to suppliers and employees (inclusive of GST)		(4,543)	(3,284)
<sup>(i)</sup> Net payment of Goods and Services Tax to the ATO		(261)	(330)
<sup>(ii)</sup> Interest and other costs of finance paid		(2)	(2)
<b>Total payments</b>		<b>(4,806)</b>	<b>(3,616)</b>
<b>Net cash flows from/(used in) operating activities</b>	6.4	<b>8,899</b>	<b>4,416</b>
<b>Cash flows from investing activities</b>			
Other financial assets (inclusive of GST)		(1,208)	(2,718)
Purchases of non-financial assets (inclusive of GST)		(318)	(40)
<b>Net cash flows from/(used in) investing activities</b>		<b>(1,526)</b>	<b>(2,758)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings and finance leases		(19)	(14)
<b>Net cash flows used in financing activities</b>		<b>(19)</b>	<b>(14)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,354</b>	<b>1,644</b>
Cash and cash equivalents at beginning of financial year		5,045	3,401
<b>Cash and cash equivalents at end of financial year</b>	6.3	<b>12,399</b>	<b>5,045</b>

### The accompanying notes form part of these financial statements:

- (i) Goods and Services Tax paid to the ATO is presented on a net basis.
- (ii) PoHDA has recognised cash payments for the principal portion of lease payments as financing activities. Cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

## 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 2021. The purpose of the report is to provide users with information about PoHDA's stewardship of resources entrusted to it.

### 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.

### 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.

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 valuer. A revaluation of land and buildings was completed in June 2020.

## Income Tax

The Port of Hastings Development Authority is not subject to income tax under the *Income tax Assessment Act 1997* and is not a participating entity under National Tax Equivalent Regime in 2020-2021.

## 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.

### 1.1 Summary of revenue that funds the delivery of our services

	(\$thousand)	
	2021	2020
<b>(a) State Government Grants</b>		
General purpose	40	-
<b>(b) Port Operating Revenue</b>		
Wharfage Fees	3,037	4,518
Berth Hire	2,144	2,440
Maintenance Charges	212	437
Recharge and Recoveries	83	76
<b>(c) Interest</b>		
Interest on bank deposits	19	48
Interest on Commercial Contracts	731	
<b>(d) Other Income</b>		
Other Income	1	100
<b>Total Income</b>	<b>6,267</b>	<b>7,619</b>

Income is recognised under the principles of AASB 15 and is brought to account when a service obligation is satisfied and that it is probable that the economic benefits will flow to PoHDA, and the income can be reliably measured at fair value. There is no change in revenue recognition by the adoption of AASB 15.

PoHDA's revenue arises mainly from the provision of port services, principally this involves providing berthing and wharfage rights to our customers. Other revenue includes property rental and maintenance services.

To determine whether to recognise revenue, PoHDA follows a 5-step process:

1. Identify the contracts with a customer
2. Identify the performance obligations of the relevant contracts
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies a performance obligation.

As per the requirements of AASB 15, revenue is recognized when performance obligations are satisfied, ie after a ship has used the PoHDA facilities to berth, and upon completion of its loading and unloading tasks.

Pursuant to AASB 15:

- All revenue is collectible within 30 days of invoice / performance of service
- Berthing licenses are invoiced yearly in advance; payment is received 30 days from date of invoice
- Revenue is recognised monthly; unrecognised revenue is shown in the balance sheets as deferred income
- Rates are fixed based on contract or published tariffs; no discounts are offered for volume or early settlement. PoHDA services are not bundled
- There are implicit performance obligations, ie;
  - PoHDA must ensure that the berth is in good working order and fit for purpose when a ship arrives:
  - PoHDA must provide ongoing port safety functions including:
    - Implementation of OHS rules and procedures;
    - Oversight of contractors/consultants on the site;
    - Inductions, supervision of contractors;
    - Regulation of port users;
    - Compliance with, and development of, the port Safety and Environmental Management Plan; and
    - Emergency management
  - PoHDA must provide ongoing port security functions including:
    - Overseeing security compliance of port users;
    - Providing secure facilities in accordance with International Ship Port Security (ISPS) code;
    - Management of the port security response in respect to Maritime Security (MarSec) levels and MTOFS Act;
    - Management of business response to security incidents; and
    - Provision of facilities for Customs and Biosecurity.

### **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. For the 2020/21 financial year interest income was also received from a contractual obligation relating to the Crib Point Gas Import Jetty Project.

### **Port operating revenue**

Income from port operating revenue streams is recognised when PoHDA provides the service. Income from grants (other than contribution by owners) is recognised when the PoHDA obtains 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.

## The Cost of Delivering Services

This section provides an account of the expenses incurred by PoHDA in delivering services and outputs.

### 1.1 Employee expenses

(\$thousand)		
	2021	2020
<b>Employee expenses</b>		
Defined contribution superannuation expense	173	153
Salaries, wages and long service leave	1,972	1,766
(i) Allowances	28	27
(ii) Recruitment expenses	2	1
State Government Taxes	75	92
Training and Professional Development	18	25
Workcover Victoria	9	6
Other employee expenses	17	7
<b>Total Employee expenses</b>	<b>2,294</b>	<b>2,077</b>

(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.

These expenses include all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, redundancy payments and Workcover premiums.

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

#### 1.1.1 Employee benefits in the balance sheet

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

(\$thousand)		
	2021	2020
<b>Current employee benefits</b>		
Annual leave entitlements (Current)	144	91
Long services leave entitlements (Current)	67	21
<b>Total current provisions for employee benefits</b>	<b>211</b>	<b>76</b>
<b>Non-current employee benefits</b>		
Annual leave entitlements (non-current)	0	0
Long service leave entitlements (non current)	75	76
<b>Total non-current provisions for employee benefits</b>	<b>75</b>	<b>76</b>
Current on-costs	32	21
Non-Current on-costs	11	12
<b>Total on-costs</b>	<b>43</b>	<b>33</b>
<b>Total provisions for employee benefits</b>	<b>329</b>	<b>221</b>

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because PoHDA does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages is recognised in the balance sheet at remuneration rates which are current at the reporting date. As PoHDA expects the liabilities to be wholly settled within 12 months of the reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as PoHDA does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Unconditional LSL is disclosed as a current liability, even where PoHDA does not expect to settle the liability within 12 months, because it will 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; or
- Present value – if PoHDA does not expect to wholly settle within 12 months.

### 1.1.2 Superannuation Contributions

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.

<i>Fund</i>	<i>(\$thousand)</i>			
	<i>Paid contribution for the year</i>		<i>Contribution outstanding at Year End</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
<b>Defined contributions plans:</b>				
VicSuper	-	2	0	0
Other	169	149	7	3
	<b>169</b>	<b>151</b>	<b>7</b>	<b>3</b>



## 1.2 Other operating expenses

	<i>(\$thousand)</i>	
	2021	2020
<b>(a) Depreciation and amortisation</b>		
<b>(i) ROU Assets</b>	15	13
Buildings	89	135
Plant, equipment, vehicles and intangibles	156	157
Infrastructure	2,304	6,163
Intangible Assets	5	10
<b>Total Depreciation</b>	<b>2,569</b>	<b>6,478</b>
<b>(b) Office expenses</b>		
Rent, rates and outgoings	20	21
Printing, stationery and supplies	2	4
Cleaning and waste disposal	37	35
Data and communication expenses	14	11
Electricity	117	110
Office Maintenance	4	10
Other office expense	17	15
<b>Total Office expenses</b>	<b>211</b>	<b>206</b>
<b>(c) Professional services</b>		
Consultants	185	84
Audit Services	50	51
Legal Services	252	84
IT Services	39	43
Other Professional Services	14	94
<b>Total Professional services</b>	<b>540</b>	<b>356</b>

(i) The table incorporates depreciation of right-of-use assets as AASB 16 Leases.

### 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.

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:

<i>Asset</i>	<i>Useful life</i>
Buildings	5 to 15 years
Port infrastructure	10 to 50 years
Plant, equipment and vehicle (incl. leased assets)	1 to 10 years
Leasehold improvements	2 to 5 years

### Office expenses

Represent the day-to-day running costs incurred in normal operations.

### Professional services

Are recognised as an expense in the reporting period in which they are incurred.

## Operating lease payments

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

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

Variable lease payments that are not included in the measurement of the lease liability (ie variable lease payments that do not depend on an index or a rate and which are not, in substance, fixed) such as those based on performance or usage of the underlying asset, are recognised in the comprehensive operating statement (except for payments which have been included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occurs.

## 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.

### Infrastructure, Property, Plant and Equipment

#### 1.1 Gross carrying amount and accumulated depreciation

(\$thousand)

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021	2020	2021	2020	2021	2020
Freehold land at fair value (i)	3,820	3,820			3,820	3,820
Crown land other at fair value (ii)	1,739	1,739	(28)	(13)	1,711	1,726
Buildings at fair value	824	759	(89)		735	759
Plant, equipment and vehicles at fair value	1,802	1,689	(1,036)	(887)	766	802
Infrastructure at fair value	122,656	122,159	(2,304)		120,352	122,159
Leasehold improvements at fair value	1	1	(1)	(1)	-	-
	<b>130,842</b>	<b>130,167</b>	<b>(3,458)</b>	<b>(901)</b>	<b>127,384</b>	<b>129,266</b>

(i) Land at fair value includes freehold land and land whereby there is a Crown Lease with an entity controlled by the Victorian Government. Land (including land under a Crown Lease) that was recognised as a contribution from the owner under the requirements of AASB 1004, Interpretation 1038 and FRD119 was recognised at fair value at the time of contribution (1 January 2012) and is subsequently carried at fair value in accordance with FRD103H.

(ii) AASB 16 Leases has been applied for the first time from 1 July 2019. Land under a Crown Lease where the lease is nominal or no payment to the lessor (commonly referred to as a peppercorn lease) is carried at fair value on the basis that PoHDA is a for profit entity.

#### 1.2 Total right-of-use assets

(thousands)

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021	2020	2021	2020	2021	2020
Crown Land – other at fair value	1,739	1,739	(28)	(13)	1,711	1,726
<b>Net carrying amount</b>	<b>1,739</b>	<b>1,739</b>	<b>(28)</b>	<b>(13)</b>	<b>1,711</b>	<b>1,726</b>

### 1.3 Movement in carrying value of right-of-use assets

(thousands)

	Crown Land – other at Fair Value	Total
Opening balance – 1 July 2020 <sup>(i)</sup>	1,739	1,739
Additions	-	-
Revaluation	-	-
Disposals	-	-
Depreciation	-	-
<b>Closing balance – 30 June 2021</b>	<b>1,739</b>	<b>1,739</b>

	Crown Land – other at Fair Value	Total
Opening balance – 1 July 2019 <sup>(i)</sup>	1,739	1,739
Additions	-	-
Revaluation	-	-
Disposals	-	-
Depreciation	-	-
<b>Closing balance – 30 June 2020</b>	<b>1,739</b>	<b>1,739</b>

(i) This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 along with the transfer from finance lease assets (including land under Crown Leases where there is no or nominal payments to the lessor) to right-of-use assets (recognised under AASB 16 at 1 July 2019).

### 1.4 Movements in carrying amounts

(\$thousand)

	Land Freehold	Crown Land Other	Buildings	Plant, Equip, & Veh.	Infrastructure	Total
<b>Balance at 1 July 2020</b>	3,820	1,726	759	804	122,157	<b>129,266</b>
Additions	-	-	65	125	499	<b>689</b>
Disposals	-	-	-	(7)	-	<b>(7)</b>
Revaluation of Infrastructure	-	-	-	-	-	-
<b>Depreciation</b>	-	<b>(15)</b>	<b>(89)</b>	<b>(156)</b>	<b>(2,304)</b>	<b>(2,564)</b>
<b>Balance at 30 June 2021</b>	<b>3,820</b>	<b>1,711</b>	<b>735</b>	<b>766</b>	<b>120,352</b>	<b>127,384</b>

	Land	Buildings	Plant, Equip, & Veh.	Infrastructure	Total	
<b>Balance at 1 July 2019</b>	3,843	2,024	665	874	121,055	<b>128,461</b>
Additions	-	-	-	143	-	<b>143</b>
Disposals	-	-	-	(56)	-	<b>(56)</b>
Revaluation of Infrastructure	(23)	(285)	229	-	7,265	7,186
<b>Depreciation</b>	-	<b>(13)</b>	<b>(135)</b>	<b>(157)</b>	<b>(6,163)</b>	<b>(6,468)</b>
<b>Balance at 30 June 2020</b>	<b>3,820</b>	<b>1,726</b>	<b>759</b>	<b>804</b>	<b>122,157</b>	<b>129,266</b>

## 1.5 Fair value measurement hierarchy for assets as at 30 June 2021

	Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using:		
		(\$thousand)		
		Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)(ii)</sup>
Freehold land at fair value	3,820	-	-	3,820
Crown land - other at fair value	1,711	-	-	1,711
Buildings at fair value	735	-	-	735
Plant, equipment and vehicles at fair value	766	-	-	766
Infrastructure at fair value	120,352	-	-	120,352
	<b>127,384</b>	-	-	<b>127,384</b>

	Carrying amount as at 30 June 2020	Fair value measurement at end of reporting period using:		
		(\$thousand)		
		Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)(ii)</sup>
Freehold land at fair value	3,860	-	-	3,860
Crown land - other at fair value	1,686	-	-	1,686
Buildings at fair value	759	-	-	759
Plant, equipment and vehicles at fair value	804	-	-	804
Infrastructure at fair value	122,157	-	-	122,157
	<b>129,266</b>	-	-	<b>129,266</b>

(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 2021.

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 land (including Crown Land under a Crown Lease) 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 (2019: \$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 current replacement cost because of the short lives of the assets concerned.

The initial cost for non-financial physical assets under a finance lease 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.

Where land is under a Crown Lease and the land was recognised as a contribution from the owner under the requirements of AASB 1004, Interpretation 1038 and FRD119, the land is recognised at fair value at the time of contribution (and is subsequently carried at fair value in accordance with FRD103H).

Impairment testing is conducted through annual reviews. Where indicators of impairment are evident, the recoverable amount of the asset is estimated and an impairment loss is recognised where the recoverable amount is less than the carrying amount.

## 1.6 Right of Use assets

### Right-of-use asset acquired by lessees – initial measurement

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

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

### Right-of-use asset acquired by lessees – subsequent measurement

Right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category.

PoHDA depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

## 1.7 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 Assistant Treasurer. 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 Financial Reporting Directions (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 (including land under a Crown Lease that represents a lease asset under AASB117 or AASB16) 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 Current Replacement cost method is used, adjusting for the associated depreciation. As depreciation adjustments are considered as significant unobservable inputs, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of PoHDA's specialised land and specialised buildings was performed by the Valuer-General Victoria as at 30 June 2020. The valuation was performed using the market approach adjusted for CSO. A managerial revaluation was performed during the prior year with an effective date of 30 June 2019.

### **Vehicles**

Vehicles are valued using the current 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 are 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 2020. For all assets measured at fair value, the current use is considered the highest and best use.

### **Infrastructure**

Infrastructure assets are valued using the current 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 2020. 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.

## 1.8 Description of significant unobservable inputs to Level 3 valuations 2020

2020 and 2019	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	\$1.66 - \$73.58/m2 (\$8.30)	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	\$212 - \$270/m2 (\$240)	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	3-13 years (7.8 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	3-5 years (3.5 years)	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	3-5 years (3.8 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	\$5,547 - \$10,654/m2 (\$7,453)	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	20-65 years (50 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

## Intangible assets

### 1.9 Gross carrying amount and accumulated depreciation

(\$thousand)

	Gross carrying amount		Accumulated amortisation		Net carrying amount	
	2021	2020	2021	2020	2021	2020
Intangible assets:						
- Computer Software	150	150	(150)	(145)	0	5
	<b>150</b>	<b>150</b>	<b>(150)</b>	<b>(145)</b>	<b>0</b>	<b>5</b>

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

## 1.10 Movements in carrying amounts

	(\$thousand)	
	2021	2020
<b>Gross carrying amount</b>		
Opening Balance	201	201
Additions	-	-
Disposals	-	-
<b>Closing Balance</b>	<b>201</b>	<b>201</b>
<b>Accumulated amortisation</b>		
Opening Balance	(196)	(186)
Amortisation charged on existing intangible assets	(5)	(10)
<b>Closing Balance</b>	<b>(201)</b>	<b>(196)</b>
<b>Net written down value at end of financial year</b>	<b>0</b>	<b>5</b>

PoHDA has not capitalised any additional expenditure for intangible assets for the year ended 30 June 2020. The carrying amount of the capitalised software expenditure is zero (2019: \$5K). The software's useful life is three years and the cost will be amortised over its useful life.

## Other Assets and Liabilities

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

### 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 2019).

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.

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*.

## 1.1 Current Receivables

	(\$thousand)	
	2021	2020
<b>Current receivables</b>		
<b>Contractual</b>		
Sale of goods and services	537	818
	<b>537</b>	<b>818</b>
<b>Statutory</b>		
GST Input tax credit recoverable	41	41
Payrol Tax recoverable	14	-
	<b>55</b>	<b>41</b>
<b>Total current receivables</b>	<b>592</b>	<b>859</b>

(i) The average credit period for sales of goods and services and for other receivables is thirty-three 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.

## 1.2 Other Financial Assets

	(\$thousand)	
	2021	2020
<b>Project Costs</b>	-	4,964
	<b>-</b>	<b>4,964</b>

Port of Hastings Development Authority (PoHDA) had entered into two Works Agreements (2018, 2019). The agreements enable the Port to procure the design and construction of works at Berth 1 and Berth 2 at Crib Point. The works were subject to further approvals; the project did not proceed due to environmental impact concerns. All project expenditure was recovered in accordance with the contractual obligations, project costs have been cleared from the balance sheet with a corresponding increase in cash.

### 1.3 Payables

	(\$thousand)	
	2021	2020
<b>Current Payables</b>		
<b>Contractual</b>		
Deferred Income	-	43
Supplies and services	403	612
	403	655
<b>Statutory</b>		
GST Input tax payable	688	76
PAYG Withholding Tax	49	43
	737	119
<b>Total current payables</b>	<b>1,140</b>	<b>774</b>
<b>Total payables</b>	<b>1,140</b>	<b>774</b>

Payables consist of:

- Contractual payables, such as accounts payable. 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.

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 1.4 for the maturity details of contractual payables.

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

Please refer to Note 0 for the nature and extent of risks arising from contractual payables.

## 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).

### Borrowings and leases

	(\$thousand)	
	2021	2020
<b>Current borrowings</b>		
<sup>(i)</sup> Lease liabilities	25	25
<b>Total current borrowings</b>	25	25
<b>Non-current borrowings</b>		
<sup>(i)</sup> Lease liabilities	425	441
<b>Total non-current borrowings</b>	425	441
<b>Total borrowings</b>	<b>450</b>	<b>466</b>

## Interest expense

Interest expense includes costs incurred in connection with the borrowing of funds and includes interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of lease repayments and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time. Interest expense is recognised in the period in which it is incurred.

Interest expense for the year ending 30 June 2021 relating to leases under AASB16 was \$14K.

## Leasing activities

PoHDA leases various land (under Crown Lease), and motor vehicles. The motor vehicle lease contracts are typically made for fixed periods of 3 years with an option to renew the lease after that date.

## Right to use asset

Right-of-use assets are presented in note 4.

### Lease amounts recognised in Comprehensive Operating Statement

	2021	2020
Interest expenses on lease liabilities	2	1
Interest expense on right-of-use assets	14	14
<b>Total amount recognised in comprehensive operating statement</b>	<b>16</b>	<b>15</b>

### Lease amounts recognised in Statement of Cashflows

	2021	2020
<b>Total Cash Outflow for Leases</b>	<b>19</b>	<b>14</b>

## Leases

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

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

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

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

## Recognition and measurement of leases as a lessee

Lease Liability – initial measurement

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

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

Lease Liability – subsequent measurement:

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

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

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

Below market/Peppercorn lease/Crown Leases with nil or nominal payments:

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable PoHDA to further its objectives, are initially and subsequently measured at cost (noting the underlying asset is carried at fair value). The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, (unless it is Crown Land under a Crown Lease with no or nominal payments to the lessor and it is expected that the lease will be renewed on similar terms. In this case, the right of use asset is not depreciated).

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

PoHDA presents right-of-use assets as 'infrastructure, property, plant and equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

## 1.4 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.

## 1.5 Reconciliation of cash and cash equivalents

	<i>(\$thousand)</i>	
	2021	2020
<sup>(i)</sup> Total cash and deposits disclosed in the balance sheet	12,399	5,045
<b>Balance as per cash flow statement</b>	<b>12,399</b>	<b>5,045</b>

<sup>(i)</sup> Cash received by PoHDA from the generation of income is paid into PoHDA's bank account. Similarly, any PoHDA expenditure for the payment of goods and services to its suppliers and creditors are paid from PoHDA's bank account.

## 1.6 Reconciliation of net result for the period

	(\$thousand)	
	2021	2020
<b>Net result for the period</b>	<b>(353)</b>	<b>(2,385)</b>
<b>Non-cash movements:</b>		
Depreciation and amortisation of non-current assets	2,569	6,478
GST on non-current asset purchases	70	4
(Gain)/Loss on disposal of fixed assets	-	(9)
<b>Movements in assets and liabilities:</b>		
(Increase)/decrease in receivables	5,231	251
(Increase)/decrease in other non-financial assets	1,870	-
Increase/(decrease) in payables	(596)	(11)
Increase/(decrease) in provisions	108	88
<b>Net cash flows from/(used in) operating activities</b>	<b>8,899</b>	<b>4,416</b>

## 1.7 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.

## 1.8 Total Commitments

	(\$thousand)	
<i>Nominal Values</i>	2021	2020
<i>(i)</i> <b>Finance lease commitments payable</b>		
Less than one year	28	28
Longer than one year but not longer than five years	50	64
Longer than five years	418	421
<b>Total finance lease commitments</b>	<b>495</b>	<b>513</b>
<b>Other commitments payable</b>		
<i>(ii)</i> Less than one year	5,086	281
<b>Total other commitments</b>	<b>5,086</b>	<b>281</b>
<i>Total commitments (inclusive of GST)</i>	<b>5,581</b>	<b>794</b>
Less GST recoverable from the Australian Tax Office	507	72
<b>Total commitments (exclusive of GST)</b>	<b>5,074</b>	<b>721</b>

*(i) Finance lease commitments relate to motor vehicle leases which are for three years and leases for Right of Use Assets which are for thirty years.*

*(ii) Other commitments payable relate to open purchase orders on general creditors not accrued at 30 June 2021 and contracted capital expenditure commitments.*

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.

## 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.

### 1.1 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 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 with 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.

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.

## 1.2 Categorisation of financial instruments

	(\$thousand)		
2021	<i>Contractual financial assets – loans and receivables</i>	<i>Contractual financial liabilities at amortised cost</i>	<i>Total</i>
<b>Contractual financial assets</b>			
Cash and deposits	12,399	-	12,399
Receivables (sale of goods and services)	592	-	592
Other Financial Assets (Project Costs)	-	-	-
<b>Total contractual financial assets</b>	<b>12,991</b>	<b>-</b>	<b>12,991</b>
<b>Contractual financial liabilities</b>			
Payables (supplies and services)	-	1,140	1,140
Borrowings (Finance lease liabilities)	-	450	450
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>1,590</b>	<b>1,590</b>
2020	<i>Contractual financial assets – loans and receivables</i>	<i>Contractual financial liabilities at amortised cost</i>	<i>Total</i>
<b>Contractual financial assets</b>			
Cash and deposits	5,045	-	5,045
Receivables (sale of goods and services)	818	-	818
Other Financial Assets (Project Costs)	4,964	-	4,964
<b>Total contractual financial assets</b>	<b>10,827</b>	<b>-</b>	<b>10,827</b>
<b>Contractual financial liabilities</b>			
Payables (supplies and services)	-	729	729
Borrowings (Finance lease liabilities)	-	71	71
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>800</b>	<b>800</b>

## 1.3 Net holding gain/(loss) on financial instruments by category

	(\$thousand)	
	2021	2020
Total interest income/(expense)	734	48
<b>Total</b>	<b>734</b>	<b>48</b>

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, 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.

### **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.

### **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 Victorian 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 and the Board, 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;
- 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.



## 1.4 Maturity analysis of contractual financial liabilities<sup>(i)</sup>

<i>(\$thousand)</i>				
	<i>Carrying Amount</i>	<i>Nominal Amount</i>	<i>Less than 1 month</i>	<i>1-3 months</i>
<b>2020</b>				
<i>(ii)</i> <b>Payables:</b>				
Payables (supplies and services)	729	729	729	-
<b>Borrowings:</b>				
Borrowings (Finance lease liabilities)	71	41	1	2
<b>Total</b>	<b>800</b>	<b>770</b>	<b>730</b>	<b>2</b>
<b>2019</b>				
<i>(ii)</i> <b>Payables:</b>				
Payables (supplies and services)	1,828	1,828	1,828	-
<b>Borrowings:</b>				
Borrowings (Finance lease liabilities)	39	41	1	2
<b>Total contractual financial assets</b>	<b>1,867</b>	<b>1,869</b>	<b>1,829</b>	<b>2</b>
<hr/>				
	<i>3 months – 1 year</i>	<i>1 -5 years</i>	<i>5+ years</i>	
<b>2020</b>				
<i>(ii)</i> <b>Payables:</b>				
Payables (supplies and services)	-	-	-	
<b>Borrowings:</b>				
Borrowings (Finance lease liabilities)	9	30	-	
<b>Total</b>	<b>9</b>	<b>30</b>	<b>-</b>	
<b>2019</b>				
<i>(ii)</i> <b>Payables:</b>				
Payables (supplies and services)	-	-	-	
<b>Borrowings:</b>				
Borrowings (Finance lease liabilities)	9	30	-	
<b>Total contractual financial assets</b>	<b>9</b>	<b>30</b>	<b>-</b>	

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

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

### (a) 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 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 1.5.

## 1.5 Interest rate exposure of financial instruments

	(\$thousand)		
	Variable interest rate	Non- interest bearing	Total
<b>2021</b>			
<b>Financial Assets</b>			
Cash and deposits (weighted average interest rate 0.25 %)	12,399	-	12,399
Receivables (sale of goods and services)	-	592	592
Project Costs	-	-	0
<b>Total financial assets</b>	<b>12,399</b>	<b>592</b>	<b>12,991</b>
<b>Financial Liabilities</b>			
Payables (supplies and services)	-	1,288	1,288
Borrowings (Finance lease liabilities)(weighted average interest rate 3.25%)	450	-	450
<b>Total financial liabilities</b>	<b>450</b>	<b>1,288</b>	<b>1,738</b>
<b>2020</b>			
<b>Financial Assets</b>			
Cash and deposits (weighted average interest rate 1.62%)	5,045	-	5,045
Receivables (sale of goods and services)	-	818	818
Project Costs	-	4,964	4,964
<b>Total financial assets</b>	<b>5,045</b>	<b>5,782</b>	<b>10,827</b>
<b>Financial Liabilities</b>			
Payables (supplies and services)	-	729	729
Borrowings (Finance lease liabilities)(weighted average interest rate 3.25%)	71	-	71
<b>Total financial liabilities</b>	<b>71</b>	<b>729</b>	<b>800</b>

### Sensitivity disclosure analysis and assumptions

PoHDA's sensitivity to market risk is limited to interest earned on cash and deposits. Cash flow interest rate risk is the risk that future cash flows of PoHDA's interest earned from Cash and Deposits will fluctuate due to changes in market interest rates.

The table below provides a sensitivity analysis on interest rate movements + or - 100 basis points:

<b>2021</b>			
Cash and Deposits	12,399	-	124
<b>Total Impact</b>		<b>-124</b>	<b>124</b>
<b>2020</b>			
Cash and Deposits	5,045	-50	50
<b>Total Impact</b>		<b>-50</b>	<b>50</b>

## 1.6 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.

## Other Disclosures

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

### Other economic flows included in net result

Other economic flows are changes in the volume or value of 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 1.6 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 1.6 in relation to the recognition and measurement of non-financial assets.

## 1.1 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.

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

Title	Name	Period
Minister for Ports	Hon Melissa Horne	1 July 2020 to 30 June 2021
Treasurer	Hon Tim Pallas	1 July 2020 to 30 June 2021
Chair	Jennifer Acton	1 July 2020 to 30 June 2021
Deputy Chairman	Claire Filson	1 July 2020 to 30 June 2021
Director	Arthur Apted	1 July 2020 to 30 June 2021
Chief Executive Officer	Malcolm Geier	1 July 2020 to 30 June 2021

## Remuneration

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

\$280,000 - \$299,999 full-time

(2019: \$280,000 - \$299,999 full time)

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.

The compensation detailed below excludes the salaries and benefits the portfolio minister receives. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the Department of Parliamentary Services' Financial Report.

### 1.2 Directors' income bands

Income bands	Total Remuneration		Base Remuneration	
	2021	2020	2021	2020
\$10,000 - \$19,999				
\$20,000 - \$29,999	2	2	2	2
\$30,000 - \$39,999	-	-	-	-
\$40,000 - \$49,999	-	1	-	1
\$50,000 - \$59,999	1	-	1	-
\$60,000 - \$69,999	-	-	-	-
<b>Total number of directors</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Total amount</b>	<b>119,210</b>	<b>118,845</b>	<b>108,867</b>	<b>118,845</b>

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.

### 1.3 Remuneration of executives and payments to other personnel

#### Remuneration of executives

Remuneration under FRD 21C (Disclosures of responsible persons and executive officers in the financial report) is disaggregated and separately disclosed according to the nature of the payment, consistent with the requirements of AASB 124 (Related Party Disclosures).

<b>Remuneration</b>	2021	2020
Short Term benefits	460,619	446,766
Post-employment benefits	42,784	41,867
Other long term benefits	-	-
Termination Benefits	-	-
<b>Total remuneration</b>	<b>503,403</b>	<b>488,633</b>
<b>Total number of executives</b>	<b>2</b>	<b>2</b>
<b>Total annualised employee equivalent (AEE)</b>	<b>2.00</b>	<b>2.00</b>

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).

#### 1.4 Key Management Personnel:

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

Title	Name	Period
Chief Executive Officer	Malcolm Geier	1 July 2020 to 30 June 2021
Chief Financial Officer	Kostas Hatzimanolis	1 July 2020 to 30 June 2021

#### (a) 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.

#### (b) Payments to other personnel (ie contractors with significant management responsibilities)

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

#### 1.5 Remuneration of auditors

	<i>(\$thousand)</i>	
	2021	2020
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	19	17
	<b>19</b>	<b>17</b>

## 1.6 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.

## 1.7 Change in accounting policies

There has been no change in accounting policy.

## 1.8 Future reporting periods

Certain new and revised accounting standards have been issued but are not effective for the 2020-21 reporting period. These accounting standards have not been applied to the Model Financial Statements. PoHDA is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* to defer the application by one year to periods beginning on or after 1 January 2023. The Department will not early adopt the Standard.

PoHDA is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the PoHDA's reporting.

- *AASB 17 Insurance Contracts.*
- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*
- *AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.*
- *AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Rent Related Concessions: Tier 2 Disclosures.*
- *AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform – Phase 2.*
- *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments.*

## Independent Auditor's Report

## Independent Auditor's Report To the Board of the Port of Hastings Development Authority

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**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 2021
- 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 2021 and its 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.

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**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.

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**Other Information** The Board of the authority is responsible for the Other Information, which comprises the information in the authority's annual report for the year ended 30 June 2020 but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

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**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.



**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.



Simone Bohan

*as delegate for the Auditor-General of Victoria*

## SECTION 5: Other Disclosures

## Local Jobs First – Victorian Industry Participation Policy

The Victorian Industry Participation Policy Act 2003 requires Government 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 state wide 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 2021.

For more information on the policy requirements.

**Contact:** The Victorian Industry Participation Policy -  
Sector Development and Programs Division,  
Department of Transport

**Email:** [vipp@ecodev.vic.gov.au](mailto:vipp@ecodev.vic.gov.au)

**Web link:** <http://www.vic.gov.au/vipp>

## Social Procurement Framework

PoHDA continues to seek opportunities to increase the value of goods, services and construction procured by it where possible by procuring these items through entities that deliver inclusive, social and sustainable outcomes that benefit all Victorians. For example, during the year PoHDA engaged with Aboriginal businesses to procure its port signage.

## Consultancy Expenditure

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

In 2020-21, there were seventeen consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies is \$1.3M million (excluding GST). Details of individual consultancies are outlined below:

Consultant	Purpose of Consultancy	\$
Aecom Australia Pty Ltd	OTRA Investigations	22
Corrs Chambers Westgarth	Capital Project Costs	116
Corrs Chambers Westgarth	Capital Project Costs	69
Corrs Chambers Westgarth	Legislation Register Advice	15
Davis Advisory	Vegetation Removal - CPJ	35
Hansen Partnership Pty Ltd	OTRA Rezoning	14
HWL Ebsworth Lawyers	Vegetation Removal - CPJ	17
Infracorr Consulting PL	CP Monitoring LIP & CPJ	14
Jacobs Group	Lighting Study - CPJ	10
Jacobs Group	Capital Project Costs	227
Jacobs Group	Capital Project Costs	31
O'Donnell Salzano	Tug Boat Agreement	19
O'Donnell Salzano	United CPJ Agreement	15
Oil Response Company of Australia	Oil Spill Response Maintenance Service	12
Sage Automation	CPJ Electrical Upgrade Project CPJ-2019-05	51
The Performance Architects	PoHDA Culture Review	15
Worley Parsons	Capital Project Costs	632

## Information and Communication Technology Expenditure

Details of information and communication technology (ICT) expenditure

In 2020/21, PoHDA had a total ICT expenditure of \$78K (2019/20 \$48K) 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)		
78	0	39	39

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 2020/21.

### Freedom of Information (FOI)

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 and documents covered by legal professional privilege such as legal advice, personal information about individuals 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](http://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](http://www.foi.vic.gov.au).

The Port of Hastings Development Authority did not receive any requests during the 12 months ending 30 June 2021.

## **Government advertising expenditure**

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

For the 2020-21 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* and the Buildings Regulations 2018 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 \$5k.

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 building infrastructure, electrical, and fire safety systems. PoHDA also engaged a consultant to perform an audit of its building-related 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 Public Interest 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 rectification 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. PoHDA has 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. PoHDA affords natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

## Compliance with Disability Act 2006

Buildings occupied and operated by PoHDA were built in the 1970's and were constructed in accordance with relevant codes of the day. Similarly, the port infrastructure built between the 1950's to 1970's, was designed to meet the needs of commercial operations.

However, our Class 5 facility located at Stony Point includes a continuous accessible path of travel adjacent from the nearby parking area to the entrance of the main administration building. In addition, a ramp and automatic doors assist any person with a physical impairment. The approach to other associated buildings and surrounding carparking spaces deliver reasonable access, all at one level.

PoHDA also acknowledges that any alterations to an existing building must be upgraded to meet the National Standards, including compliance with disability access requirements. With regard to future developments, PoHDA has considered design for access and mobility whilst planning the refurbishment of some amenities to enable compliance with AS 1428.1—2009, Design for access and mobility, Part 1: General requirements for access—New building work.

## 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  
PO 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](http://www.ibac.vic.gov.au)

During the year ended 30 June 2020, 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.

**A1. 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 Assistant Treasurer under the Financial Management Act 1994 and Instructions.



**Malcolm Geier  
Chief Executive Officer**

**10 / 09 / 2021**

## 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.

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#### Report of operations

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##### Management and structure

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##### Financial and other information

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## Ministerial Directions

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\*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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