



**GIPPSLAND PORTS  
COMMITTEE OF MANAGEMENT INCORPORATED  
ABN 98943634870**

**FINANCIAL REPORT  
FOR THE YEAR ENDED**

**30 JUNE 2016**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>Revenue</b>			
User Charges	2	4,682,335	4,670,657
Interest	3	226,904	287,738
Grants – Operating	4	7,179,067	8,104,885
Grants – Capital	5	6,014,284	549,587
Assets received free of charge	11	876,088	–
Distribution from CDO class action	2a	395,699	–
<b>Total revenue</b>		<b>19,374,377</b>	<b>13,612,867</b>
<b>Expenses</b>			
Employee Benefits	6	(5,439,303)	(5,324,075)
Contractors, Materials and Services	7	(6,276,926)	(6,742,891)
Depreciation	11	(4,956,201)	(4,289,411)
<b>Total expenses</b>	19	<b>(16,672,430)</b>	<b>(16,356,377)</b>
Net loss on disposal of property, plant and equipment, infrastructure	12	(173,794)	(280,988)
<b>Surplus / (Deficit) for the year</b>		<b>2,528,153</b>	<b>(3,024,498)</b>
<b>Other comprehensive income for the year</b>			
Net asset revaluation increment)	13	–	10,486,044
<b>Total comprehensive result for the year</b>		<b>2,528,153</b>	<b>7,461,546</b>

The accompanying notes form part of the financial report.

**GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INCORPORATED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**

	<b>NOTE</b>	<b>2016 \$</b>	<b>2015 \$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	9,252,040	10,647,125
Trade and other receivables	9	2,062,962	476,243
Accrued Income		81,396	122,807
Prepayments		65,931	52,877
Inventories	10	232,696	162,514
<b>TOTAL CURRENT ASSETS</b>		<b>11,695,024</b>	<b>11,461,566</b>
<b>NON-CURRENT ASSETS</b>			
Property Infrastructure, Plant & Equipment	11	79,220,923	76,760,878
<b>TOTAL NON-CURRENT ASSETS</b>		<b>79,220,923</b>	<b>76,760,878</b>
<b>TOTAL ASSETS</b>		<b>90,915,947</b>	<b>88,222,444</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	452,969	510,782
Trust funds and deposits	15	57,997	29,020
Provisions	16	1,400,745	1,088,888
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,911,761</b>	<b>1,628,690</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	16	102,277	219,948
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>102,227</b>	<b>219,948</b>
<b>TOTAL LIABILITIES</b>		<b>2,013,988</b>	<b>1,848,638</b>
<b>NET ASSETS</b>		<b>88,901,959</b>	<b>86,373,806</b>
<b>EQUITY</b>			
Accumulated Surplus		42,200,145	39,671,992
Reserves	13	46,701,814	46,701,814
<b>TOTAL EQUITY</b>		<b>88,901,959</b>	<b>86,373,806</b>

The accompanying notes form part of the financial report.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>Total Equity</b>	<b>Accumulated Surplus</b>	<b>Asset Revaluation Reserve</b>
<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
			<b>(Note 13)</b>
Balance at beginning of the financial year	<b>86,373,805</b>	<b>39,671,992</b>	<b>46,701,814</b>
Result for the year	2,528,153	2,528,153	—
Net revaluation increment	—	—	—
<b>Balance at end of the financial year</b>	<b>88,901,958</b>	<b>42,200,145</b>	<b>46,701,814</b>

	<b>Total Equity</b>	<b>Accumulated Surplus</b>	<b>Asset Revaluation Reserve</b>
<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
			<b>(Note 13)</b>
Balance at beginning of the financial year	<b>78,912,260</b>	<b>42,696,490</b>	<b>36,215,770</b>
Result for the year	(3,024,498)	(3,024,498)	—
Net revaluation increment	10,486,044	—	10,486,044
<b>Balance at end of the financial year</b>	<b>86,373,806</b>	<b>39,671,992</b>	<b>46,701,814</b>

The accompanying notes form part of the financial report

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>NOTE</b>	<b>2016 \$</b>	<b>2015 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Grants – Operating		7,149,717	8,248,082
Grants – Capital		5,172,529	601,545
Interest		232,807	293,415
User Charges		5,059,633	5,053,344
Net GST refund		240,043	187,906
Suppliers and Employees		(12,535,862)	(12,541,428)
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>18</b>	<b>5,318,867</b>	<b>1,842,864</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Property, Infrastructure, Plant and Equipment		(6,868,298)	(2,151,704)
Proceeds from Sale of Property, Infrastructure, Plant and Equipment	<b>12</b>	<b>154,346</b>	<b>153,338</b>
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(6,713,952)</b>	<b>(1,998,366)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS HELD</b>		<b>(1,395,085)</b>	<b>(155,502)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>10,647,125</b>	<b>10,802,627</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>8</b>	<b>9,252,040</b>	<b>10,647,125</b>

The accompanying notes form part of the financial report.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are a general purpose financial report which have been prepared in accordance with applicable Australian Accounting Standards (AASs) issued by the Australian Accounting Standards Board (AASB).

The financial report has been prepared for the purpose of fulfilling the requirements of the Management Agreement (1 July 2012 – 30 June 2017) signed with the Department of Transport, Planning and Local Infrastructure (DTPLI).

Gippsland Ports is a not for profit entity and therefore applies the additional Australian paragraphs applicable to “not-for-profit” entities under AAS’s.

**a) Basis of Preparation**

This financial report has been prepared on the accrual and going concern basis.

This financial report has been prepared under the historical cost convention, except where specifically noted under the heading “recognition and measurement of assets”. Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

**b) Revenue Recognition**

User charges are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

A provision for doubtful debts is recognised when collection in full is no longer probable.

Grants are recognised when Gippsland Ports obtains control of the contribution (normally upon receipt of funds), or the right to receive the contribution. Granted assets are valued at their fair value at the date of transfer. Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 5. The note also discloses the amount of unused grant or contribution from prior years that was expended on Gippsland Ports operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided to the grantor at balance date.

Interest and rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer. Assets and / or resources, received free of charge, or for nominal consideration are recognised at their fair value when Gippsland Ports obtains control over them.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTD)**

**c) Depreciation of non-current assets**

Property, Infrastructure Plant and Equipment include buildings and improvements, wharves and jetties, navigational aids, slipways, foreshore structures, and plant, machinery and equipment. These assets, having limited useful lives, are systematically depreciated over their useful lives to Gippsland Ports in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Straight line depreciation is charged, based on the estimated remaining useful lives which are reviewed annually.

The following table indicates the expected useful lives of non-current assets on which the depreciation charges are based.

	<b>2015/16</b>	<b>2014/15</b>
Building and Improvements	10 - 121 years	10 - 121 years
Navigation Aids and Signs	6 - 50 years	6 - 50 years
Wharves and Jetties	15 - 70 years	15 - 70 years
Slipways	20 - 40 years	20 - 40 years
Foreshore Structures	40 - 165 years	40 - 165 years
Plant, Equipment & Machinery	3 - 40 years	3 - 40 years

**d) Repairs and maintenance**

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost (refer note 1(e)) is capitalised and depreciated. The carrying value of the replaced asset or component of the asset is expensed.

**e) Recognition and measurement of assets**

*Acquisition*

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition, plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where assets are constructed by Gippsland Ports, cost includes all materials used in construction, direct labour and an appropriate share of directly attributable variable and fixed overheads.

Plant, Equipment and Machinery with a cost or value in excess of \$1,000 (2015: \$1,000) and a useful life to the Committee of more than one year are capitalised. All infrastructure assets (excluding signage) with a cost or value in excess of \$5,000 (2015: \$5,000) and a useful life to the Committee of more than one year are capitalised. All other assets acquired are expensed.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTD)**

*Revaluations of Non-current Physical Assets*

Non-current physical assets, with the exception of Plant, Equipment and Machinery which are valued at cost, are measured at fair value. Subsequent to the initial recognition of assets, non-current physical assets, other than plant, equipment and machinery, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, Gippsland Ports reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 11.

In addition, Gippsland Ports undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis, at least every five years. The valuation is performed either by experienced officers or independent experts.

Revaluation increments or decrements arise from differences between an asset's carrying value and fair value. Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result. Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus. Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Consistent with AASB 13 *Fair Value Measurement*, Gippsland Ports determines the policies and procedures for both recurring fair value measurements such as land, buildings and infrastructure assets, and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13.

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.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTD)**

For the purpose of fair value disclosures, Gippsland Ports 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, Gippsland Ports 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.

**f) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

**g) Financial instruments**

Financial instruments are recognised when Gippsland Ports becomes a party to the contractual provisions of the instrument and derecognised when the contractual rights to the cash flows from the financial asset expires or substantially all the risks and rewards of ownership have been transferred.

**Loans and other receivables**

The trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment. Term deposits with maturity greater than three months are also measured at amortised cost, using the effective interest method, less impairment. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

**Financial liabilities at amortised cost**

Financial instrument liabilities 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.

Financial instrument liabilities measured at amortised cost include all of the Committees contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

**h) Refundable guarantees and security deposits**

Amounts received as guarantees, security deposits and retention amounts controlled by Gippsland Ports are recognised as Trust funds until they are returned or forfeited (refer to Note15).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTD)**

**i) Employee Benefits**

**Wages and salaries**

Liabilities for wages and salaries, time in lieu, and accumulated days off are recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

**Annual leave**

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date. Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled. Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Reserve Bank of Australia's 10 year rate for semi-annual coupon bonds, as provided by the Department of Treasury and Finance, shall be used for discounting future cash flows.

**Long service leave**

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave entitlement has been calculated in accordance with the Department of Treasury and Finance's 7 year eligibility model. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Reserve Bank of Australia's 10 year rate for semi-annual coupon bonds, as provided by the Department of Treasury and Finance, is be used for discounting future cash flows.

**Classification of employee benefits**

An employee benefit liability is classified as a current liability if Gippsland Port's does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

***Superannuation***

The superannuation expense for the reporting period is the amount of the statutory contribution the Committee makes to the superannuation plan that provides benefits to its employees.

**j) Operating Leases**

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by Gippsland Ports.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTD)**

**k) Allocation between current and non-current**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being Gippsland Ports' operational cycle.

**l) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

**m) Impairment of assets**

At each reporting date, Gippsland Ports reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. An impairment loss on a non-revalued asset will be recognised in profit or loss. However, an impairment loss on a revalued asset will be recognised in other comprehensive income (against the revaluation surplus reserve for the same class of asset) to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

**n) Crown Land**

All of the Committee's buildings are located on Crown Land. In accordance with the Committee's Management Agreement, a valuation of the Crown Land utilised by the Committee has not been sought for inclusion in the financial report.

**o) Major Cyclical Maintenance**

The cost associated with any major vessel refit is expensed in the year that it occurs.

**p) Inventories**

Measured at lower of cost and net replacement cost.

**q) Rounding Amounts**

Minor discrepancies in tables between totals and sum of components are due to rounding.

**r) Contingent assets and contingent liabilities**

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

**s) Issued but not yet effective Australian Accounting Standards**

Certain new Australian accounting standards and interpretations have been issued that were not in effect for the 30 June 2016 reporting period.

Gippsland Ports has assessed these pending standards and has identified no material impact will flow from the application of these standards in future operating periods.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

<b>NOTE 2 – USER CHARGES</b>	<b>2016 \$</b>	<b>2015 \$</b>
Wharfage, Berth and Moorings	1,728,277	1,775,479
Rent and Licence Fees	79,225	78,286
Boatyard & Slipping (incl boatyard recoverables)	2,369,359	2,307,176
Other Recoverable Works	392,447	448,556
Other Income	113,027	61,160
<b>TOTAL USER CHARGES</b>	<b>4,682,335</b>	<b>4,670,657</b>

**NOTE 2a – DISTRIBUTION FROM CDO CLASS ACTION**

Collateralised Debt Obligation Settlement Dividend	395,699	-
<b>TOTAL DISTRIBUTIONS FROM CDO CLASS ACTION</b>	<b>395,699</b>	<b>-</b>

Gippsland Ports are a participant in a class action against Lehman Brothers Australia in connection with losses crystallised on investments sold. Formal advice was received in June 2016 of the total distributions declared as payable to Gippsland Ports. Distributions totalled \$849,015 reduced by fees and costs of \$453,316 resulting in a net payment of \$395,699.

**NOTE 3 – INTEREST**

Interest on investments	222,341	285,569
Interest on overdue accounts	4,563	2,169
<b>TOTAL INTEREST</b>	<b>226,904</b>	<b>287,738</b>

**NOTE 4 – OPERATING GRANTS**

DEDJTR Local Ports Annual Operating	3,850,067	3,970,885
DEDJTR Training Wall Rehabilitation Funding	-	350,000
DTPLI Emergency Works State Grant	224,000	-
EGCMA Sustainable Boating Plan Funding	65,000	35,000
DEDJTR GLOA Annual Operating	2,990,000	3,749,000
BSFP 13-14 Steamer Channel Grant	50,000	-
<b>TOTAL OPERATING GRANTS</b>	<b>7,179,067</b>	<b>8,104,885</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 5 – CAPITAL GRANTS**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Transport Investing in Regions	38,000	-
Johnsonville Landing Contribution	64,064	-
DEDJTR Facilities Grant	1,819,239	519,587
DEPI Coastal Mitigation Grant	-	30,000
TSHD Procurement Funding	4,092,981	-
	<b>6,014,284</b>	<b>549,587</b>

*Conditions on Grants*

Grants recognised as revenue during the year that were obtained on condition that the grants are expended in a specified manner that had not occurred at balance date were:

DTPLI Gippsland Lakes Ocean Access program	1,294,658	1,563,531 *
Boating Safety Facilities Program	421,804	-
TSHD Procurement	460,606	-
	<b>2,177,068</b>	<b>1,563,531</b>

\* Comparative figure amended to reflect amounts transferred from program reserves at 30 June 2015

Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:

LESMP Program	1,273	30,277
DTPLI Gippsland Lakes Ocean Access program	1,563,531	1,012,168
	<b>1,564,804</b>	<b>1,042,445</b>

**NOTE 6 – EMPLOYEE BENEFITS**

Direct employees	4,234,920	4,051,682
Board	113,596	114,323
Overtime and allowances	117,695	109,857
Leave taken	717,933	659,369
Leave accruals (net)	194,186	118,602
Payroll tax and Workcover	304,088	288,393
Superannuation	459,914	446,238
Overhead charged	1,328,446	1,300,486
Overhead recovered	(1,456,147)	(1,407,159)
Capitalised Labour	(575,329)	(357,716)
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>5,439,303</b>	<b>5,324,075</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 7 – CONTRACTORS, MATERIALS AND SERVICES**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Audit fee - external	18,847	18,894
Audit fee – internal	2,038	8,352
Bad Debts	25,667	1,134
Bank charges	28,484	28,799
Communications, network and website	314,336	297,221
Conferences and travelling	79,461	146,311
Consultant and legal fees *	150,687	800,364
Contractors	4,031,980	3,490,287
Fuel and lubricants	295,143	334,422
Insurance premiums	46,910	47,413
Lease and rental	61,827	56,289
Materials	849,690	921,792
Office supplies	23,622	48,217
Other	132,500	103,702
Provision for doubtful debts	(20,944)	33,253
Postage, printing photocopying and advertising	44,847	65,446
Power, water and rates	251,799	252,729
Protective clothing	31,012	44,273
Waste collection and disposal	99,076	83,913
Vessel/equipment hire recovered from capital works	(190,060)	(39,920)
<b>TOTAL CONTRACTORS, MATERIALS AND SERVICES EXPENSE</b>	<b>6,276,926</b>	<b>6,742,891</b>

\* Consultants paid greater than \$100,000 during the period  
*Ambrose Rajadurai & Associates \$456,534 (15/16)*  
*\$213,805 (14/15)*

*Aecom Australia Pty Ltd \$ 27,159 (15/16)*  
*\$307,449 (14/15)*

*Payments are spread between operating & capital expenditure of which \$150,687 relates to operating in 2015-16.*

**NOTE 8 – CASH AND CASH EQUIVALENTS**

Cash at Bank	1,250,100	894,717
Cash Advances	1,150	1,150
Term Deposit	8,000,789	9,751,258
	<b>9,252,040</b>	<b>10,647,125</b>

**NOTE 9 – TRADE AND OTHER RECEIVABLES**

Trade Debtors	615,477	257,806
Less provision for doubtful debts	(12,649)	(35,388)
Government Debtors	1,414,681	199,967
GST Receivable (Net)	45,452	53,858

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2,062,962</b>	<b>476,243</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 10 – INVENTORIES</b>		
Stock on Hand – Paynesville Boatyard	123,751	122,080
Stock on Hand – Bullock Island Boatyard	27,806	27,288
Stock on Hand – EG Maintenance	61,132	-
Stock on Hand – Port Welshpool	2,967	2,897
Stock on Hand – Lakes Entrance Fuel Facility	17,039	10,249
	<b>232,696</b>	<b>162,514</b>

**NOTE 11 – PROPERTY, INFRASTRUCTURE,  
PLANT AND EQUIPMENT**

<b>Land</b>		
At Cost	200,000	200,000
<b>Buildings and Improvements</b>		
At Fair Value	9,402,528	8,925,034
Accumulated Depreciation	(3,348,419)	(3,052,525)
<b>Total Buildings and Improvements</b>	<b>6,054,109</b>	<b>5,872,509</b>
<b>Total Property</b>	<b>6,254,109</b>	<b>6,072,509</b>

Details of Gippsland Ports property and information about the fair value hierarchy as at **30 June 2016** are as follows:

	<b>Level 2</b>	<b>Level 3</b>
	<b>\$</b>	<b>\$</b>
Land	200,000	-
Buildings	2,524,039	-
Buildings Improvements	-	3,330,070
<b>Total</b>	<b>2,724,039</b>	<b>3,330,070</b>

No transfers between levels occurred during the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 11 – PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (CONTD)**

<b>Navigation Aids and Signs</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
At Fair Value	6,435,411	6,362,033
Accumulated Depreciation	(2,884,976)	(2,654,165)
	<b>3,550,435</b>	<b>3,707,869</b>
<b>Wharves and Jetties</b>		
At Fair Value	76,597,291	74,533,083
Accumulated Depreciation	(34,876,088)	(32,844,849)
	<b>41,721,203</b>	<b>41,688,234</b>
<b>Slipways</b>		
At Fair Value	5,523,841	5,523,841
Accumulated Depreciation	(4,736,076)	(4,646,872)
	<b>787,764</b>	<b>876,968</b>
<b>Foreshore Structures</b>		
At Fair Value	26,360,626	26,360,626
Accumulated Depreciation	(18,071,270)	(17,792,770)
	<b>8,289,356</b>	<b>8,567,856</b>
<b>Total Infrastructure</b>	<b>54,348,758</b>	<b>54,840,927</b>

Details of Gippsland Ports Infrastructure and information about the fair value hierarchy as at **30 June 2016** are as follows:

	<b>Level 2</b>	<b>Level 3</b>
	<b>\$</b>	<b>\$</b>
Navigation Aids	3,550,435	-
Wharves and Jetties	41,721,203	-
Slipways	787,764	-
Foreshore Structures	8,289,356	-
<b>Total</b>	<b>54,348,758</b>	<b>-</b>

No transfers between levels occurred during the year.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 11 – PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (CONTD)**

<b>Plant, Equipment and Machinery</b>	<b>2016 \$</b>	<b>2015 \$</b>
At Cost	24,438,646	23,236,825
Accumulated Depreciation	(10,361,493)	(8,835,358)
	<b><u>14,077,153</u></b>	<b><u>14,401,467</u></b>
 <b>Capital Works in Progress</b>	 <b><u>4,540,902</u></b>	 <b><u>1,445,975</u></b>
 <b>TOTAL PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT</b>	 <b><u>79,220,923</u></b>	 <b><u>76,760,878</u></b>

**Buildings, Improvements, Plant and Equipment valued at fair value**

Independent or Committee valuations of Gippsland Port's property, plant and equipment were performed to determine their fair value as per the table below. Fair value assessments have been made annually in accordance with Australian Accounting Standards. The effective dates of the valuations are as follows:

- Buildings and Improvements, Independent valuation 30/06/2015
- Wharves and Jetties, Committee valuation 30/06/2015
- Foreshore Structures Independent valuation 30/06/2015
- Navigation Aids and Sign, Committee valuation 30/06/2015
- Slipways, Committee valuation 30/06/2015

<b>Depreciation Expense</b>	<b>\$</b>	<b>\$</b>
Buildings and Improvements	295,894	268,515
Foreshore Structures	278,500	204,513
Navigation Aids and Signs	254,261	232,467
Plant, Equipment and Machinery	1,651,293	1,502,341
Slipways	89,204	95,143
Wharves and Jetties	2,387,048	1,986,432
<b>Total Depreciation</b>	<b><u>4,956,201</u></b>	<b><u>4,289,411</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 11 – PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (CONTD)**

Movement in the carrying amounts for each class of Property, Infrastructure, Plant and Equipment between the beginning and the end of the current and previous financial year:

<b>2016</b>	<b>Balance beginning of year</b>	<b>Acquisition</b>	<b>Assets Received Free of Charge</b>	<b>Disposals Written down value Note 12</b>	<b>Depreciation Expense</b>	<b>Revaluation Increment/ (Decrement) Note 13</b>	<b>Balance end of year</b>
	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Property	6,072,509	477,494	–	–	(295,894)	–	6,254,109
Navigation Aids & Signs	3,707,869	117,249	–	(20,421)	(254,261)	–	3,550,436
Wharves & Jetties	41,688,233	2,589,387	–	(169,369)	(2,387,048)	–	41,721,203
Slipways	876,968	–	–	–	(89,204)	–	787,764
Foreshore Structures	8,567,856	–	–	–	(278,500)	–	8,289,356
Plant, Equipment & Machinery	14,401,467	571,884	876,088 *	(120,992)	(1,651,293)	–	14,077,153
Works in progress	1,445,975	3,112,285	–	(17,358)	–	–	4,540,902
	<b>76,760,878</b>	<b>6,868,298</b>	<b>876,088</b>	<b>(328,140)</b>	<b>(4,956,201)</b>	<b>–</b>	<b>79,220,923</b>

<b>2015</b>	<b>Balance beginning of year</b>	<b>Acquisition</b>	<b>Assets Received Free of Charge</b>	<b>Disposals Written down value Note 12</b>	<b>Depreciation Expense</b>	<b>Revaluation Increment/ (Decrement) Note 13</b>	<b>Balance end of year</b>
	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Property	5,680,892	221,943	–	(105,633)	(268,515)	543,822	6,072,509
Navigation Aids & Signs	2,771,854	71,832	–	–	(232,467)	1,096,649	3,707,869
Wharves & Jetties	36,136,525	723,591	–	(64,580)	(1,986,432)	6,879,130	41,688,233
Slipways	1,195,255	14,443	–	(65,601)	(95,143)	(171,986)	876,968
Foreshore Structures	6,633,940	–	–	–	(204,513)	2,138,430	8,567,856
Plant, Equipment & Machinery	15,364,944	708,392	–	(169,527)	(1,502,341)	–	14,401,467
Works in progress	1,063,457	382,518	–	–	–	–	1,445,975
	<b>68,846,866</b>	<b>2,122,720</b>	<b>–</b>	<b>(405,341)</b>	<b>(4,289,411)</b>	<b>10,486,044</b>	<b>76,760,878</b>

\* During the year \$876,088 of assets, consisting of oceanographic equipment, were received free of charge from the Port of Hastings Development Authority. Assets were recognised at their fair value when Gippsland Ports obtained control of the assets in October 2015.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

<b>NOTE 12 – DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE</b>	<b>2016 \$</b>	<b>2015 \$</b>
<b>Loss on Sale of Assets</b>		
<b>Plant, Equipment &amp; Machinery</b>		
Proceeds from Sale	154,345	153,338
Less: Written Down Value of Assets Sold	(120,565)	(164,117)
<b>Total Profit on Sale of Assets</b>	<b>33,781</b>	<b>(10,779)</b>
<b>Loss on Assets Written Off</b>		
<b>Buildings</b>		
Written Down Value of Assets Written off	–	(105,633)
<b>Loss on Disposal</b>	<b>–</b>	<b>(105,633)</b>
<b>Navigational Aid &amp; Signs</b>		
Written Down Value of Assets Written off	(20,421)	–
<b>Loss on Disposal</b>	<b>(20,421)</b>	<b>–</b>
<b>Wharves &amp; Jetties</b>		
Written Down Value of Assets Written off	(169,369)	(64,580)
<b>Loss on Disposal</b>	<b>(169,369)</b>	<b>(64,580)</b>
<b>Slipways</b>		
Written Down Value of Assets Written off	–	(65,601)
<b>Loss on Disposal</b>	<b>–</b>	<b>(65,601)</b>
<b>Plant, Equipment &amp; Machinery</b>		
Written Down Value of Assets Written off	(427)	(5,410)
<b>Loss on Disposal</b>	<b>(427)</b>	<b>(5,410)</b>
<b>Work in Progress</b>		
Written Down Value of Assets Written off	(17,358)	(28,985)
<b>Loss on Write Off</b>	<b>(17,358)</b>	<b>(28,985)</b>
<b>Total Loss on Assets Written Off</b>	<b>(207,575)</b>	<b>(270,209)</b>
<b>Total Loss on Disposal of Assets</b>	<b>(173,794)</b>	<b>(280,988)</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 13 – RESERVES**

*Asset revaluation reserve*

<b>2016</b>	<b>Balance at start of year</b>	<b>Increment (Decrement)</b>	<b>Balance at end of year</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Property	1,623,537	–	1,623,537
Navigation aids and signs	1,821,555	–	1,821,555
Wharves and jetties	33,330,961	–	33,330,961
Slipways	933,034	–	933,034
Foreshore Structures	8,992,727	–	8,992,727
<b>Total</b>	<b>46,701,814</b>	<b>–</b>	<b>46,701,814</b>

*Asset revaluation reserve*

<b>2015</b>	<b>Balance at start of year</b>	<b>Increment (Decrement)</b>	<b>Balance at end of year</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Property	1,079,715	543,822	1,623,537
Navigation aids and signs	724,906	1,096,649	1,821,555
Wharves and jetties	26,451,832	6,879,130	33,330,961
Slipways	1,105,020	(171,986)	933,034
Foreshore Structures	6,854,297	2,138,430	8,992,727
<b>Total</b>	<b>36,215,770</b>	<b>10,486,044</b>	<b>46,701,814</b>

**NOTE 14 – TRADE AND OTHER PAYABLES**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade payables and accruals	452,969	510,782
	<b>452,969</b>	<b>510,782</b>

**NOTE 15 – TRUST FUNDS AND DEPOSITS**

Refundable security deposits	57,997	29,020
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 16 – PROVISIONS**

<b>2016</b>	<b>Annual Leave \$</b>	<b>Leave In Lieu \$</b>	<b>Long Service Leave \$</b>	<b>Total \$</b>
Balance at beginning of the financial year	354,088	10,227	944,521	1,308,836
Additional provisions	374,946	22,372	215,997	613,315
Amounts Used	(348,133)	(27,418)	(43,578)	(419,129)
Balance at the end of the financial year	<b>380,900</b>	<b>5,182</b>	<b>1,116,940</b>	<b>1,503,022</b>

<b>2015</b>	<b>Annual Leave \$</b>	<b>Leave In Lieu \$</b>	<b>Long Service Leave \$</b>	<b>Total \$</b>
Balance at beginning of the financial year	332,900	9,887	847,107	1,189,894
Additional provisions	347,768	22,023	132,040	501,831
Amounts Used	(326,580)	(21,683)	(34,626)	(382,889)
Balance at the end of the financial year	<b>354,088</b>	<b>10,227</b>	<b>944,521</b>	<b>1,308,836</b>

**(a) Employee Benefits**

	<b>2016 \$</b>	<b>2015 \$</b>
<b>Current</b>		
Annual Leave	380,900	354,088
Long Service Leave	1,014,663	724,573
Leave in Lieu	5,182	10,227
	<b>1,400,745</b>	<b>1,088,888</b>
<b>Non-Current</b>		
Long Service Leave	102,277	219,948
<b>Total Employee Benefits</b>	<b>1,503,022</b>	<b>1,308,836</b>

The following assumptions were adopted in measuring the present value of employee benefits:

Weighted average increase in employee costs	4.125%	4.438%
Weighted average discount rates	1.990%	3.028%
Weighted average settlement period	12	12

**Current provisions expected to be settled within 12 months**

Annual leave	380,900	354,088
Long service leave	194,022	141,773
Other Leave	5,182	10,227
	<b>580,104</b>	<b>506,088</b>

**Current provisions expected to be settled after 12 months**

Long service leave	820,641	582,800
Total current provisions	<b>1,400,745</b>	<b>1,088,888</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 16 – PROVISIONS (CONTD)**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Non-Current Employee Benefits</b>		
Long service	102,277	219,948
<b>Total Employee Benefits</b>	<b>1,503,022</b>	<b>1,308,836</b>

**NOTE 17 – COMMITMENTS**

<b>2016</b>	Not later than 1 year \$	Later than 1 year and not later than 2 years \$	Later than 2 years and not later than 5 years \$	Later than 5 years \$	Total \$
<b>Operating</b>					
Photocopier Leases	29,280	29,280	53,980	-	112,540
Office Leases	46,000	-	-	-	46,000
Gippsland Lakes Ocean Access Dredging Program	2,400,000	-	-	-	2,400,000
Vegetation Offset	5,624	5,849	18,990	13,960	44,423
<b>Total</b>	<b>2,480,904</b>	<b>35,129</b>	<b>72,970</b>	<b>13,960</b>	<b>2,602,963</b>

**Capital**

Wharves and Jetties	585,778	-	-	-	585,778
Dredge Procurement	9,207,296	7,583,333	-	-	16,790,629
<b>Total</b>	<b>9,793,073</b>	<b>7,583,333</b>	<b>-</b>	<b>-</b>	<b>17,376,406</b>

<b>2015</b>	Not later than 1 year \$	Later than 1 year and not later than 2 years \$	Later than 2 years and not later than 5 years \$	Later than 5 years \$	Total \$
<b>Operating</b>					
Photocopier Leases	24,840	24,840	66,240	-	115,920
Office Leases	28,000	28,000	-	-	56,000
Gippsland Lakes Ocean Access Dredging Program	2,400,000	2,400,000	-	-	4,800,000
Vegetation Offset	5,408	5,624	18,259	20,540	49,831
<b>Total</b>	<b>2,458,248</b>	<b>2,458,464</b>	<b>84,499</b>	<b>20,540</b>	<b>5,021,751</b>

**Capital**

Wharves and Jetties	978,730	-	-	-	978,730
Plant	169,732	-	-	-	169,732
<b>Total</b>	<b>1,148,462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>978,730</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 18 – RECONCILIATION OF SURPLUS / (DEFICIT) FOR THE YEAR  
TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES**

<b>Surplus / (Deficit) for the year</b>	2,528,153	(3,024,498)
<i>Non-Cash Items:</i>		
Depreciation	4,956,201	4,289,411
Assets received free of charge	(876,088)	
Loss on disposal of property, plant and equipment, infrastructure	173,794	280,988
<i>Changes in Assets and Liabilities:</i>		
(Increase) decrease in trade/other receivables	(1,586,718)	64,630
(Increase) decrease in accrued income	41,411	(38,589)
(Increase) decrease in prepayments	(13,054)	(1,735)
(Increase) decrease in inventories	(70,182)	5,270
Increase (decrease) in trade and other payables	(57,813)	154,189
Increase (decrease) in trust funds	28,977	(5,745)
Increase (decrease) in provisions	194,186	118,942
<b>Net Cash Inflow / (Outflow) From Operating Activities</b>	<b>5,318,867</b>	<b>1,842,864</b>

The Committee has no credit stand-by or financing facilities in place. There were no non-cash financing activities during the period.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

<b>NOTE 19 – EXPENDITURE BY FUNCTION</b>	<b>2016 \$</b>	<b>2015 \$</b>
Administration and management	1,720,683	1,698,445
Boating safety and incident management	268,498	324,693
Boatyard and slipway operations	2,287,836	2,331,059
Committee of Management	178,946	226,314
Depots, plant and equipment (excluding boatyards and slipways)	453,036	568,693
Depreciation	4,956,201	4,289,411
Dredging and sand management	4,218,074	4,595,876
Engineering & Operations Management	472,829	459,703
Lakes Entrance Sand Management Program	1,273	30,277
Navigation aids and signage	417,049	453,564
Other	391,035	254,323
Port Operations, Regulation & Compliance	458,764	416,421
Training & Development	124,097	112,992
Wharves, jetties and moorings	724,107	594,606
<b>TOTAL EXPENSES</b>	<b>16,672,430</b>	<b>16,356,377</b>

**NOTE 20 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Committee is not aware of any contingent liability at year end.

**NOTE 21 – NON-ADJUSTING EVENTS AFTER THE REPORTING DATE**

The Committee is not aware of any after reporting date events.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

**NOTE 22A – RESPONSIBLE PERSONS DISCLOSURES**

**RESPONSIBLE PERSONS**

*Persons holding the position of Responsible Person*

**2015/16**

**Board Chairman**

Geoff Hocking

**Period**

1/07/15 – 30/06/16

**Board Members**

Richard Mostard

1/07/15 – 30/06/16

Nicola Watts

1/07/15 – 30/06/16

Richard Ellis

1/07/15 – 30/06/16

Chris Cook

1/07/15 – 30/06/16

Richard Elkington

1/07/15 – 30/06/16

Rod Thomas

1/07/15 – 30/06/16

**Senior Management**

Nicholas Murray - CEO

1/07/15 – 30/06/16

**Remuneration of Responsible Persons**

	<b>2016</b>	<b>2015</b>
<b>Income Range</b>	<b>Number</b>	<b>Number</b>
\$10,000 - \$19,999	6	6
\$20,000 - \$29,999	1	1
\$220,000 - \$229,999	1	1
<b>Total Numbers</b>	<b>8</b>	<b>8</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
The total remuneration inclusive of superannuation guarantee for the year for Responsible Persons included above.	<b>359,291</b>	<b>360,907</b>

**Other Transactions of Responsible Persons and their Related Parties**

There were no related party transactions during the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 23 – FINANCIAL INSTRUMENTS

**23(a) Accounting Policy, Terms and Conditions**

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial Assets</b>			
Cash and cash equivalents	8	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues. Investments are held to maximise interest returns on surplus cash.	On call deposits returned a floating interest rate between 0.10% (0.10% in 2014/15), and 0.10% (0.40% in 2014/15). The interest rate at balance date was 0.10%. Funds returned fixed interest rate of between 0.95% (1.50% in 2014/15), and 2.90% (3.45% in 2014/15).
Trade and other receivables	9	Receivables are carried at nominal amounts due less any allowance for doubtful debts. This allowance is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured. Credit terms are usually 30 days. Penalty interest is charged on overdue amounts.
<b>Financial Liabilities</b>			
Trade and other payables	14	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Gippsland Ports as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 23 – FINANCIAL INSTRUMENTS (CONTD)**

**23(b) Interest Rate Risk**

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, balance date are as follows:

**2016**

*Fixed interest maturing in:*

	Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
<b>Financial assets</b>						
Cash and Cash equivalents	1,250,100	8,000,789	—	—	1,150	9,252,040
Trade and other receivables					2,062,962	2,062,962
<b>Total financial assets</b>	<b>1,250,100</b>	<b>8,000,789</b>	<b>—</b>	<b>—</b>	<b>2,064,112</b>	<b>11,315,001</b>
Weighted average interest rate	0.10%	2.18%				
<b>Financial liabilities</b>						
Trade and other payables	—	—	—	—	452,969	452,969
Trust funds and deposits	—	—	—	—	57,997	57,997
<b>Total financial liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>510,966</b>	<b>510,966</b>
Weighted average interest rate						
<b>Net financial assets/(liabilities)</b>	<b>1,250,100</b>	<b>8,000,789</b>	<b>—</b>	<b>—</b>	<b>1,553,996</b>	<b>10,804,035</b>

**2015**

*Fixed interest maturing in:*

	Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
<b>Financial assets</b>						
Cash and Cash equivalents	894,717	9,751,258	—	—	1,150	10,647,125
Trade and other receivables					476,243	476,243
<b>Total financial assets</b>	<b>894,714</b>	<b>9,751,258</b>	<b>—</b>	<b>—</b>	<b>477,393</b>	<b>11,123,368</b>
Weighted average interest rate	0.33%	2.58%				
<b>Financial liabilities</b>						
Trade and other payables	—	—	—	—	510,782	510,782
Trust funds and deposits	—	—	—	—	29,020	29,020
<b>Total financial liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>539,802</b>	<b>539,802</b>
Weighted average interest rate						
<b>Net financial assets/(liabilities)</b>	<b>894,714</b>	<b>9,751,258</b>	<b>—</b>	<b>—</b>	<b>(62,409)</b>	<b>10,583,565</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

**NOTE 23 – FINANCIAL INSTRUMENTS (CONTD)**

**23(c) Net Fair Values**

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date, are as follows:

	Carrying Amount		Net Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash	1,251,250	895,867	1,251,250	895,867
At Call / Term Deposits	8,000,789	9,751,258	8,000,789	9,751,258
Trade & other receivables	2,062,962	476,243	2,062,962	476,243
	11,315,001	11,123,368	11,315,001	11,123,368
<b>Financial Liabilities</b>				
Trade & other payables	452,969	510,782	452,969	510,782
Trust funds & deposits	57,997	29,020	57,997	29,020
	510,966	539,802	510,966	539,802

**23(d) Fair Value Hierarchy**

All financial assets carried at fair value are measured at quoted prices in active markets for identical assets or liabilities.

**23(e) Risk and Mitigation**

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

*Market risk*

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. Gippsland Ports' exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

*Interest rate risk*

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing, short term, financial instruments. For financial liabilities, the entity mainly undertakes financial liabilities with relatively even maturity profiles. Gippsland Ports does not hold any long term loans or borrowings.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

**NOTE 23 – FINANCIAL INSTRUMENTS (CONTD)**

**23(e) Risk and Mitigation (Contd)**

Investment of surplus funds is made with approved financial institutions in accordance with the Department of Treasury and Finance directives and Gippsland Ports' Investment Policy that ensures:

- adequate safety,
- appropriate liquidity,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

*Credit risk*

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Gippsland Ports to make a financial loss. Gippsland Ports' exposure to credit risk on all financial assets is included in our Statement of Financial Position. To help manage this risk, Gippsland Ports:

- limits the level of credit available to customers,
- utilises an agency for collection of outstanding debts,
- only invests surplus funds with financial institutions in accordance with our investment policy.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with Gippsland Ports' current financial assets is limited because the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

Gippsland Ports' exposure to credit risk by ageing is set out in the following table.

	Carrying Amount \$	Not Past Due and Not Impaired \$	Past Due But 1 - 3 Months \$	Not Impaired 3 Months - 1 Year \$	Impaired Financial Assets \$
<b>2016</b>					
<b>Financial Assets</b>					
Cash and Cash Equivalents	1,251,250	1,251,250	–	–	–
Receivables					
- Trade Debtors	2,062,962	1,496,615	529,709	36,638	12,649
Other Financial Assets					
- Term Deposits	8,000,789	8,000,789	–	–	–
<b>Total Financial Assets</b>	<b>11,315,001</b>	<b>10,748,654</b>	<b>529,709</b>	<b>36,638</b>	<b>12,649</b>
<b>2015</b>					
Cash and Cash Equivalents	895,867	895,867	–	–	–
Receivables					
- Trade Debtors	476,243	436,479	681	39,083	35,388
Other Financial Assets					
- Term Deposits	9,751,258	9,751,258	–	–	–
<b>Total Financial Assets</b>	<b>11,123,368</b>	<b>11,083,604</b>	<b>681</b>	<b>39,083</b>	<b>35,388</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

**NOTE 23 – FINANCIAL INSTRUMENTS (CONTD)**

**23(e) Risk and Mitigation (Contd)**

*Liquidity risk*

Liquidity risk includes the risk that, as a result of Gippsland Ports' operational liquidity requirements Gippsland Ports:

- will not have sufficient funds to settle a transaction on the date;
- will be forced to sell financial assets at a value which is less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

To help reduce these risks Gippsland Ports:

- has a liquidity policy which targets a minimum and average level of uncommitted cash and cash equivalents to be maintained;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments; and
- monitors budget to actual performance on a regular basis.

Gippsland Ports' exposure to liquidity risk is deemed low based on prior periods' data and current assessment of risk.

The table below lists the contractual maturities for Financial Liabilities

These amounts represent undiscounted gross payments

	Carrying Amount \$	Contractual Cash Flows \$	Less than 1 Month \$	Maturity Dates 1 - 3 Months \$	3 Months - 1 Year \$
<b>2016</b>					
<b>Financial Liabilities</b>					
Payables	452,969	452,969	452,969	–	–
Trust funds and deposits - Security Deposits Held	57,997	57,997	–	–	57,997
<b>Total Financial Liabilities</b>	<b>510,966</b>	<b>510,966</b>	<b>452,969</b>	<b>–</b>	<b>57,997</b>
<b>2015</b>					
Payables	510,782	510,782	510,782	–	–
Trust funds and deposits - Security Deposits Held	29,020	29,020	–	–	29,020
<b>Total Financial Liabilities</b>	<b>539,802</b>	<b>539,802</b>	<b>510,782</b>	<b>–</b>	<b>29,020</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 23 – FINANCIAL INSTRUMENTS (CONTD)**

**23(f) Sensitivity Disclosure Analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Gippsland Ports believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by Gippsland Ports at year-end, if the above movements were to occur.

**Market Risk Exposure**

	Carrying Amount	Carrying Amount Subject to variable interest rate	<i>Interest rate risk</i> -1% 100 basis points		+1% 100 basis points	
			Profit	Equity	Profit	Equity
<b>2016</b>	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>						
Cash and cash equivalents	9,252,040	1,250,100	(12,501)	(12,501)	12,501	12,501
<b>Total exposure</b>	<b>9,252,040</b>	<b>1,250,100</b>	<b>(12,501)</b>	<b>(12,501)</b>	<b>12,501</b>	<b>12,501</b>
	Carrying Amount	Carrying Amount Subject to variable interest rate	Profit	Equity	Profit	Equity
<b>2015</b>	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>						
Cash and cash equivalents	10,647,125	894,717	(8,947)	(8,947)	8,947	8,947
<b>Total exposure</b>	<b>10,647,125</b>	<b>894,717</b>	<b>(8,947)</b>	<b>(8,947)</b>	<b>8,947</b>	<b>8,947</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

<b>NOTE 24 – UNCOMMITTED CASH</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash equivalents & Stock on Hand	9,484,735	10,809,639
Add Receivables	2,062,962	476,243
Add prepayments & accrued income	147,327	175,684
Add Balance of Capital Income	50,278	1,058,613
Add Balance of Operating Income	–	80,000
Add Balance of Asset Sale Proceeds	–	24,000
Less Payables, trust funds and deposits	(510,966)	(539,802)
Less Employee Entitlements	(1,503,022)	(1,308,836)
Less Eastern Training Wall Repairs	–	(350,000)
Less Balance of Capital Expenses	(2,383,379)	(3,640,350)
Less Advance on Operating Grant	–	(183,100)
Less PV vegetation offset 10 year liability	–	(49,831)
Less GLOA Emergency Reserve	(1,481,000)	(1,481,000)
Less Plant Replacement Reserve	(926,504)	(1,096,087)
Less Boat Lifting Replacement Reserve	(1,500)	(47,500)
Less Sand Transfer System Periodic Maintenance Reserve	(268,000)	(200,000)
Less Asset Maintenance balance carried forward	(765,817)	(350,909)
Less SEMPS balance carried forward	(62,316)	(51,578)
Less Lakes Entrance Sand Management Program balance	–	(132,795)
Less Gippsland Lakes Ocean Access (GLOA) program	(1,177,658)	(1,563,531)
Less Port Upgrade balance carried forward	(100,000)	(18,068)
Less Specific operational projects to be completed	(85,352)	(159,584)
Less net commitment to 2015/16 BSFP program	(635,379)	–
Less contingency for Paynesville Slip	(300,000)	–
Less Seawall Risk Mitigation Works	(213,596)	–
Less GLOA Outfall Works	(250,000)	–
Less Land Acquisition Paynesville	(350,000)	–
<b>Total Uncommitted Cash</b>	<b>730,812</b>	<b>1,451,210</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 25 – ECONOMIC DEPENDENCE**

Gippsland Ports Committee of Management Incorporated is largely dependent upon the continued financial support of the Victorian State Government, and in particular, the DEDJTR.

A Management Agreement was developed and executed between DEDJTR and Gippsland Ports covering the period 1/07/2012 to 30/06/2017. Funding agreements are advised annually.

**NOTE 26 - GLOSSARY**

The following acronyms are used in the document

DAFF	Department of Agriculture, Fisheries and Forestry – Federal
DEDJTR	Department of Economic Development, Jobs, Transport and Resources (formerly DTPLI)
DELWP	Department of Environment, Land, Water and Planning (formerly DEPI)
DEPI	Department of Environment and Primary Industries
DPCD	Department of Planning and Community Development
DSE	Department of Sustainability and Environment, Victoria
DTPLI	Department of Transport, Planning and Local Infrastructure
GLOA	Gippsland Lakes Ocean Access Program
GP	Gippsland Ports Committee of Management Incorporated
LESMP	Lakes Entrance Sand Management Program.
RIDF	Regional Infrastructure Development Fund, Regional Development Victoria
TSHD	Trailer Hopper Suction Dredge
TSV	Transport Safety Victoria

**CERTIFICATION BY CHAIRMAN OF THE COMMITTEE  
FOR THE YEAR ENDED 30 JUNE 2016**

I, Geoff Hocking certify that:

- a) I am Chairperson of the Committee of Gippsland Ports Committee of Management Incorporated,
- b) I am authorised by the Committee to sign this certificate, and
- c) This Annual Financial Statement is submitted to the Department of Economic Development, Jobs, Transport and Resources as required by the Management Agreement.



**Chairperson**

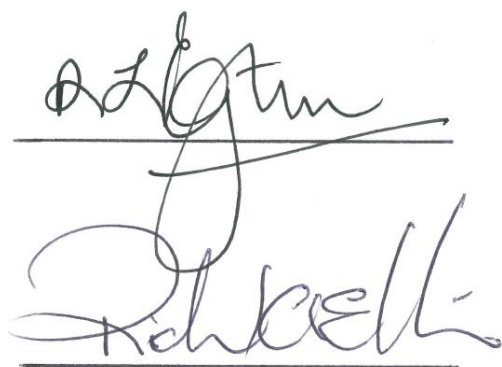
**Dated this 19th day of September 2016**

**STATEMENT BY MEMBERS OF THE COMMITTEE  
FOR THE YEAR ENDED 30 JUNE 2016**

In the opinion of the Committee, the accompanying Annual Financial Statements and associated Notes of Gippsland Ports Committee of Management Incorporated;

- a) Give a true and fair view of the Committee's Statement of Financial Position as at 30 June 2016 and of the Committee's Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2016; and
- b) Complies with relevant Australian Accounting Standards and the Crown Land (Reserves) Act 1978; and
- c) Complies with the requirements of the Management Agreement between Gippsland Ports Committee of Management Incorporated and the Department of Economic Development, Jobs, Transport and Resources; and
- d) At the date of the statement, there are reasonable grounds to believe that Gippsland Ports Committee of Management Incorporated will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:



The image shows two handwritten signatures in blue ink. The top signature is written over a horizontal line and appears to be 'A. J. G. T. M.'. The bottom signature is also written over a horizontal line and appears to be 'Richard Bell'.

**Dated this 19th day of September 2016**

**AUDITORS OPINION  
FOR THE YEAR ENDED 30 JUNE 2016**



**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Gippsland Port's Committee of Management**

We have audited the accompanying financial report of Gippsland Ports Committee of Management, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement of members of the committee.

**Committee's Responsibility for the Financial Report**

The members of the committee are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the Management Agreement signed with the Department of Economic Development, Jobs, Transport and Resources and for such internal control as the directors determine 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

AUDITORS OPINION  
FOR THE YEAR ENDED 30 JUNE 2016



**Opinion**

In our opinion, the financial report gives a true and fair view of the financial position of Gippsland Ports Committee of Management as at 30 June 2016 and of its performance and cash flows for the year ended on that date, in accordance with Australian Accounting Standards and the Management Agreement signed with the Department of Economic Development, Jobs, Transport and Resources.

A handwritten signature in black ink, appearing to read 'R. Wrigglesworth'.

Rochelle Wrigglesworth  
Director  
GippsAudit Pty Ltd

Date: 19 September 2016  
Place: Sale

**MANAGEMENT AGREEMENT CLAUSE 7.2  
ANNUAL REPORTING SUPPLEMENT  
FOR THE YEAR ENDED 30 JUNE 2016**

The following information is provided in accordance with reporting requirements as detailed in Clause 7.2 of the Management Agreement and supplements information provided in the 2015/16 Audited Financial Statements.

At the report date, Gippsland Ports is not aware of any significant events that may adversely impact on the Committee's ability to perform its task as port manager.

I hereby certify that:

- a) I am the Chief Executive Officer of Gippsland Ports Committee of Management Incorporated;
- b) The Actual vs Budget comparisons are correct and the commentary accurately reflects variances from budget;
- c) The Dredging Operations report accurately reflects dredging activities during the reporting period; and
- d) The Incident Report accurately reflects incidents reported to Gippsland Ports during the year ended 30 June 2016.

A handwritten signature in blue ink, appearing to read 'Nick Murray', with a long horizontal stroke extending to the right.

**Nick Murray**  
**Chief Executive Officer**  
**Dated this 05<sup>th</sup> day of September 2016**

**ACTUAL VS FORECAST BUDGET COMPARISONS  
FOR THE YEAR ENDED 30 JUNE 2016**

**STATEMENT OF COMPREHENSIVE INCOME**

	<b>2015/16 Actual \$</b>	<b>Approved Budget \$</b>	<b>Forecast Revisions \$</b>	<b>Year End Forecast \$</b>	<b>Year End Forecast Variance \$</b>
<b>Revenue</b>					
<b>Operating Activities</b>					
Annual Operating Grant	3,850,067	3,954,085	(104,018)	3,850,067	(1)
Operating Grant - Other	339,000	0	385,000	115,000	224,000
Operating Grant - GLOA	2,990,000	2,990,000	(270,000)	2,990,000	0
Interest Income	226,904	304,065	(93,079)	210,986	15,918
Wharfage, Berth & Moorings	1,728,277	1,931,091	(56,942)	1,874,149	(145,872)
Rent and Licence Fee Income	79,225	109,992	(27,000)	82,992	(3,767)
Boatyard & Slipping Income	2,369,359	2,321,080	13,158	2,334,238	35,121
Commercial Works	392,447	422,142	(32,631)	389,511	2,936
Other Income	113,026.61	52,000	6,000	58,000	55,027
Assets Received Free of Charge	876,088	0	0	0	876,088
Distribution from CDO class action	395,699	0	0	0	395,699
<b>Total Revenue from Ongoing Activities</b>	<b>13,360,092</b>	<b>12,084,455</b>	<b>(179,512)</b>	<b>11,904,943</b>	<b>1,455,150</b>
<b>Capital Revenues</b>					
Annual Capital Grant	0	0	0	0	0
Other Capital Grants	1,921,303	1,246,600	720,918	1,967,518	(46,215)
Port Upgrade	0	0	0	0	0
TSHD Procurement	4,092,981	0	4,092,981	4,092,981	0
<b>Total Capital Revenue</b>	<b>6,014,284</b>	<b>1,246,600</b>	<b>4,813,899</b>	<b>6,060,499</b>	<b>(46,215)</b>
<b>Total Revenue</b>	<b>19,374,377</b>	<b>13,331,055</b>	<b>4,634,387</b>	<b>17,965,442</b>	<b>1,408,935</b>
<b>Expenses from Ongoing Activities</b>					
Boating Safety & Incident Management	268,498	354,873	52,757	407,630	139,132
Boatyard & Slip Operations	2,328,104	2,325,157	51,790	2,376,947	48,843
Business Management	1,752,735	1,495,210	(135,004)	1,360,206	(392,529)
Committee of Management	178,946	200,670	51,566	252,236	73,290
Depots, Plant & Equipment (excluding boatyards and slipways)	519,247	747,987	(136,495)	611,492	92,245
Dredging & Sand Management	959,201	1,266,807	(8,433)	1,258,374	299,173
Engineering & Operations Management	472,829	450,463	23,852	474,315	1,486
Navigation, Port Operations, Regulation & Compliance	877,014	937,632	(59,398)	878,234	1,220
Gippsland Lakes Ocean Access	3,258,873	4,306,176	(983,900)	3,322,276	63,403
Lakes Entrance Sand Management Program	1,273	0	0	0	(1,273)
Other	375,400	130,814	503,817	634,631	259,231
Wharves, Jetties & Moorings	724,107	746,895	52,947	799,842	75,735
Depreciation	4,956,201	4,349,180	383,820	4,733,000	(223,201)
Impairment of Assets / Investments	0	0	0	0	0
<b>Total Expenses from Ongoing Activities</b>	<b>16,672,430</b>	<b>17,311,864</b>	<b>(202,681)</b>	<b>17,109,183</b>	<b>436,754</b>
<b>Surplus / (Deficit) Prior to Sales, Disposals and Impairment of Assets</b>	<b>2,701,947</b>	<b>(3,980,809)</b>	<b>4,837,067</b>	<b>856,258</b>	<b>1,845,689</b>
<b>Profit / (Loss) from Asset Disposal</b>					
Asset Sale Proceeds	154,345	147,500	5,073	152,573	1,772
Written Down Value of Assets Sold	57,931	147,500	(26,631)	120,869	62,938
Written Down Value of Assets Written Off	270,209	0	0	0	(270,209)
<b>Total Profit / (Loss) from Asset Disposal</b>	<b>(173,794)</b>	<b>0</b>	<b>31,704</b>	<b>31,704</b>	<b>(205,498)</b>
<b>Surplus / (Deficit)</b>	<b>2,528,153</b>	<b>(3,980,809)</b>	<b>4,868,771</b>	<b>887,962</b>	<b>1,640,190</b>

ACTUAL VS FORECAST BUDGET COMPARISONS  
FOR THE YEAR ENDED 30 JUNE 2016

STATEMENT OF FINANCIAL POSITION

	Balance 30/06/16 \$	Approved Budget \$	Forecast Revisions \$	Year End Forecast \$	Forecast Variance \$
<b>Current Assets</b>					
Cash & Cash Equivalents	9,252,040	5,060,380	898,396	6,908,051	2,343,988
Trade & Other Receivables	2,011,819	170,873	0	216,243	1,795,576
Inventories	232,696	167,784	0	162,514	70,182
Prepayments	51,143	0	0	0	51,143
Other Current Assets	147,327	35,361	0	125,684	21,643
<b>Total Current Assets</b>	<b>11,695,024</b>	<b>5,434,398</b>	<b>898,396</b>	<b>7,412,492</b>	<b>4,282,531</b>
<b>Non-Current Assets</b>					
Property, Infrastructure, Plant & Equipment	74,680,021	65,722,185	(122,606)	75,898,302	(1,218,281)
Works in Progress	4,540,902	2,000,000	4,092,981	5,538,956	(998,054)
<b>Total Non-Current Assets</b>	<b>79,220,923</b>	<b>67,722,185</b>	<b>3,970,375</b>	<b>81,437,258</b>	<b>(2,216,335)</b>
<b>Total Assets</b>	<b>90,915,947</b>	<b>73,156,583</b>	<b>4,868,771</b>	<b>88,849,750</b>	<b>2,066,196</b>
<b>Current Liabilities</b>					
Trade & Other Payables	452,970	140,690	0	169,710	283,260
Trust funds & Deposits	57,997	0	0	0	57,997
Provisions	1,400,745	1,197,669	0	1,198,321	202,424
<b>Total Current Liabilities</b>	<b>1,911,711</b>	<b>1,338,358</b>	<b>0</b>	<b>1,368,031</b>	<b>543,681</b>
<b>Non-Current Liabilities</b>					
Provisions	102,277	202,214	0	219,948	(117,671)
<b>Total Non-Current Liabilities</b>	<b>102,277</b>	<b>202,214</b>	<b>0</b>	<b>219,948</b>	<b>(117,671)</b>
<b>Total Liabilities</b>	<b>2,013,988</b>	<b>1,540,572</b>	<b>0</b>	<b>1,587,979</b>	<b>426,010</b>
<b>Net Assets</b>	<b>88,901,959</b>	<b>71,616,011</b>	<b>4,868,771</b>	<b>87,261,772</b>	<b>1,640,187</b>
<b>Equity</b>					
Accumulated Surplus	42,200,144	35,400,242	4,868,771	40,559,958	1,640,186
Asset Revaluation Reserve	46,701,814	36,215,769	0	46,701,814	(0)
<b>Total Equity</b>	<b>88,901,958</b>	<b>71,616,012</b>	<b>4,868,771</b>	<b>87,261,772</b>	<b>1,640,186</b>



ACTUAL VS FORECAST BUDGET COMPARISONS  
FOR THE YEAR ENDED 30 JUNE 2016

CAPITAL PROGRAM SUMMARY

	2015/16 Actual \$	Adopted Budget \$	Forecast Revisions \$	Forecast Budget \$	Forecast Variance \$
Wharves, Jetties & Moorings	1,996,948	3,564,000	(341,955)	3,222,045	1,225,097
Boatyards and Slips (excl. plant)	93,123	56,000	60,743	116,743	23,620
Navigational Aids & Signage	193,991	325,882	76,374	402,256	208,265
Foreshore Structures	0	100,000	0	100,000	100,000
Vehicles & Plant	704,107	843,000	(146,632)	696,368	(7,739)
Vessels	166,334	172,000	44,062	216,062	49,728
Lakes Entrance Sand Management Program	0	0	133,192	133,192	133,192
TSHD Procurement	3,632,375	0	4,202,981	4,202,981	570,606
Buildings & Office Equipment	81,421	141,800	298,799	440,599	359,178
<b>Total Capital Program</b>	<b>6,868,298</b>	<b>5,202,682</b>	<b>4,327,564</b>	<b>9,530,246</b>	<b>2,661,948</b>

STATEMENT OF CASH FLOWS

	2015/16 Actual \$	Adopted Budget \$	Forecast Revisions \$	Forecast Budget \$	Forecast Variance \$
<b>Cashflows from Operating Activities</b>					
<i>Receipts</i>					
Operating Grants	7,138,167	6,944,085	10,982	6,955,067	10,982
Capital Grants	4,871,303	1,246,600	4,813,899	6,060,499	4,813,899
Interest Received	232,807	304,065	(93,079)	210,986	(93,079)
Other	4,710,704	5,146,305	(97,415)	5,023,890	(122,415)
Suppliers & Employees	(11,634,114)	(12,811,411)	586,503	(12,611,839)	199,572
<b>Net Cash Provided by Operating Activities</b>	<b>5,318,867</b>	<b>829,644</b>	<b>5,220,889</b>	<b>5,638,603</b>	<b>4,808,959</b>
<b>Cashflows from Investing Activities</b>					
Payments for Property, Infrastructure, Plant & Equipment	(6,868,298)	(5,202,685)	(4,327,564)	(9,530,249)	(4,327,564)
Proceeds from Sale of Assets	154,345	147,500	5,073	152,573	5,073
(Purchase) / Proceeds of Other Investments	0	0	0	0	0
<b>Net Cash used in Investing Activities</b>	<b>(6,713,953)</b>	<b>(5,055,185)</b>	<b>(4,322,491)</b>	<b>(9,377,676)</b>	<b>(4,322,491)</b>
<b>Net Increase / (Decrease) in Cash</b>	<b>(1,395,085)</b>	<b>(4,225,541)</b>	<b>898,398</b>	<b>(3,739,073)</b>	<b>486,468</b>
<b>Cash at Beginning of Period</b>	<b>10,647,125</b>	<b>9,285,921</b>	<b>0</b>	<b>10,647,125</b>	<b>0</b>
<b>Cash at End of Period</b>	<b>9,252,039</b>	<b>5,060,380</b>	<b>898,398</b>	<b>6,908,052</b>	<b>486,468</b>

**ACTUAL VS FORECAST BUDGET COMPARISONS  
FOR THE YEAR ENDED 30 JUNE 2016**

**FORECAST REVISIONS TO BUDGET**

There have been a number of revisions to the approved budget over the reporting period. These consist of the following:

<b>Operating</b>	<b>Income</b>	<b>Expense</b>	<b>Net Cash</b>
SEMPs and Asset Maintenance carry forwards *		402,487	0
Operational Projects carry forwards *		80,584	0
Eastern Training Wall Repairs*		350,000	0
Deferred vehicle replacement from 14/15*	24,000	24,000	0
Albatross Modifications from capital		35,000	(35,000)
Transfer to Capital		(9,000)	9,000
Internal vessel hire revisions		(40,000)	40,000
Internal Valuation Revisions		15,000	(15,000)
EGCMA Environmentally Sustainable Boating Project**	65,000	58,933	6,007
Depreciation Adjustments from Revaluations*		383,820	0
Annual Operating Grant Advance*	(183,100)		0
BSFP Steamer Channel Grant 2013/14	50,000		50,000
Berth Rental /commercial work Income Revision	7,200	2,970	4,230
Crescent Island/Pelican Projects	(70,000)		(70,000)
Operating Grant CPI Increase	79,082		79,082
Transfer from Capital		12,000	(12,000)
POLREP Adjustment	7,106	2,989	4,117
Transfer Vegetation Offset from Committed Cash		37,856	(37,856)
Vehicle Replacement Adjustment	(18,927)		(18,927)
Adjustment to VDW of Vehicles Sold **		(50,631)	0
Transfer from Capital		80,000	(80,000)
Internal Equipment Hire Adjustment		(85,000)	85,000
2015 BSFP Adjustments		(9,352)	9,352
Operating Adjustments		(2,680)	2,680
Progress Jetty Lighting Project Adjustments		(42,000)	42,000
PBY Operating Review	(109,660)	(109,660)	0
Marine Ops employee costs adjustment		(28,559)	28,559
Mid-Year Review – Operating Income	(25,140)		(25,140)
Mid-Year Review – Regional Office		(100,249)	100,249
Mid-Year Review – Paynesville Operating		47,000	(47,000)
Mid-Year Review – Paynesville Asset Maintenance		(7,900)	7,900
Mid-Year Review – East Gippsland Operations		(73,000)	73,000
Mid-Year Review – South Gippsland Operations		(140,500)	140,500
Mid-Year Review – Dredging Operations		(30,000)	30,000
Internal Equipment Hire Adjustments		(47,000)	47,000
2014/15 BSFP Acquittals / LEBH Redevelopment		(6,000)	6,000
GLOA Contract Dredging		(873,900)	873,900
Hydro Equip Transfer to Capital		(5,470)	5,470
TSHD Procurement to Capital		(76,000)	76,000
Nav. Aid Transfers to Capital		(24,000)	24,000
Kalimna PC Transfer to Capital		(1,050)	1,050
<b>Total Operating Changes</b>	<b>(174,439)</b>	<b>(229,312)</b>	<b>1,404,173</b>

**ACTUAL VS FORECAST BUDGET COMPARISONS  
FOR THE YEAR ENDED 30 JUNE 2016**

**FORECAST REVISIONS TO BUDGET (CONTD)**

<b>Capital</b>	<b>Income</b>	<b>Expense</b>	<b>Net Cash</b>
Base capital program carry forwards*		344,925	0
Albatross Modifications to operating		(35,000)	35,000
BSFP Lake Tyers Buoy Replacement Grant	35,000	35,000	0
Transfer from Operating		9,000	(9,000)
Transfer to Operating		(12,000)	12,000
Vehicle Replacement Adjustment		(64,752)	64,752
BSFP Acquittals	5,723	(22,870)	28,593
Transfer to Operating		(80,000)	80,000
Capital Savings		(5,000)	5,000
2015 BSFP Adjustments	663,606	45,579	618,027
Progress Jetty Lighting Project Adjustments	38,000	80,000	(42,000)
Mallacoota Slipway		(4,000)	4,000
TSHD Procurement Project Adjustments	4,092,981	4,092,981	0
Mid-Year Review – Capital Program		(147,408)	147,408
2014/15 BSFP Acquittals / LEBH Redevelopment	(21,411)	(15,411)	(6,000)
Hydro Equip Transfer from Operating		5,470	(5,470)
TSHD Procurement to from Operating		76,000	(76,000)
Nav. Aid Transfers from Operating		24,000	(24,000)
Kalimna PC Transfer from Operating		1,050	(1,050)
<b>Total Capital Changes</b>	<b>4,813,899</b>	<b>4,327,564</b>	<b>831,260</b>

**\* No effect on uncommitted cash**

ACTUAL VS FORECAST BUDGET COMPARISONS  
FOR THE YEAR ENDED 30 JUNE 2016

## COMMENTARY ON YEAR TO DATE PERFORMANCE

The following commentary relates to exception variances between the actual and the year-end forecast columns where the variance is greater than 10% or \$30,000. Note that the variance between adopted budgets and forecasts predominately relates to adjustments made for programs carried forward and the inclusion of the dredge procurement project during the financial year.

### Revenue – Operating Activities

#### Other Operating Grants (incl GLOA)

*Favourable variance of 7% or \$224,000*

A claim for emergency works on the Lakes Entrance Eastern Seawall was raised during June 2016. The variance will be offset by associated expenditure.

#### Wharfage, Berth & Moorings Income

*Unfavourable variance of 8% or \$145,872*

The variance is a result of an administrative error within the original 2015/16 business plan and relates to a duplication of income estimates associated with fuel sales. In order to balance the budget in the finance system the additional income was entered and allocated to the month of June 2016 under Wharves & Jetties income. Due to the way in which the estimate was entered the duplication was not previously highlighted. The month end procedure has been amended to flag any such issues in future reports.

#### Boatyards & Slipping Income

*Favourable variance of 2% or \$35,121*

The variance has been generated due to the higher than projected recoverable income at the Bullock Island Boatyard. Travel lifting numbers at the site remain consistent with last year however total staff hours booked to recoverable works is greater than at the same time last year. Further information can be found in the summary of boatyard results below.

#### Other Income

*Favourable variance of 95% or \$55,027*

Legal fees recovered and an insurance payment relating to the Progress Jetty Fire make up the majority of the variance. Some of this income will be offset with associated expenditure. The balance of the variance is a result of income derived from the sale of surplus equipment.

#### Assets Received Free of Charge

*Favourable variance of 100% or \$876,088*

Assets were received free of charge from the Port of Hastings Development Authority in October 2015. The assets were initially recognised at their fair value and were brought to account as a revenue item in accordance with Australian Accounting Standards.

#### Distributions from CDO Class Action

*Favourable variance of 100% or \$395,699*

A first interim distribution from the general estate of Lehman Brothers Australia of 57.25c on admitted claims less Scheme distributions was recognised as revenue on 30 June 2016. The net amount received on 1 July 2016 totalled \$395,699.

**ACTUAL VS FORECAST BUDGET COMPARISONS  
FOR THE YEAR ENDED 30 JUNE 2016**

**Expenses – Operating Activities**

Wharves, Jetties & Moorings

*Favourable variance of 9% or \$75,735*

The variance results from incomplete asset maintenance projects at both East and South Gippsland. Offsetting that variance is a net over-expenditure in routine O&M in East Gippsland resulting from several unanticipated expenditure items. Several asset maintenance projects have been carried forward for completion during 2016/17.

Boating Safety & Incident Management

*Favourable variance of 34% or \$139,132*

The majority of the variance relates to the timing of SEMPS related projects. The budgets for these projects have been reviewed with some carried forward into 2016/17. Savings were achieved in the areas of SEMPS management and training.

Dredging and Sand Management

*Favourable variance of 24% or \$299,173*

Approximately half of the variance represents savings achieved due to low maintenance, down time and free dredging during the year. Due to issues with the eastern outfall these funds have been quarantined and reallocated for reparation works. The balance relates to the asset maintenance projects that have been rescheduled in 2016/17.

Gippsland Lakes Ocean Access

*Favourable variance of 2% or \$63,403*

Some savings achieved under program management and monitoring. These savings have been quarantined and carried forward against the 2016/17 program.

Boatyards and Slip Operations

*Favourable variance of 2% or \$48,843*

The majority of the variance is timing in nature and relates to several asset maintenance projects. The scope for the slipway testing projects are being prepared but on hold pending outcome of quotes and appointment by DELWP for LE slipway environmental audit. These timing variances are offset in part by over expenditure relating to additional recoverable works and training.

Depots, Plant & Equipment

*Favourable variance of 15% or \$92,245*

The variance is predominately a result of increased internal use of plant and equipment creating additional credits under internal equipment hire. The balance relates to the timing of several asset maintenance projects at East Gippsland. This program has been reviewed with some funds carried forward to complete projects where required.

Business Management & Committee of Management

*Unfavourable variance of 15% or \$317,754*

Additional salary overhead costs were the primary cause of the variance. Increases in long service leave provisions, WorkCover premium, payroll tax, annual leave and sick leave taken were all contributing factors. Additional costs were also incurred to furnish and repaint the new head office annex and conduct the fees and charges consultation project. These cost have been offset in part by savings in other business management areas.

Other Expenses

*Favourable variance of 41% or \$259,231*

The variance relates to the reparation works on the eastern training wall at Lakes Entrance. Works are now at practical completion. Once the additional works are finalised Gippsland Ports will be requesting the transfer of remaining funds to carry out risk mitigation on the PW Long Jetty.

ACTUAL VS FORECAST BUDGET COMPARISONS  
FOR THE YEAR ENDED 30 JUNE 2016

**Capital Program**

Capital Revenue

*Unfavourable variance of 2% or \$46,215*

Several claims under the 2015/16 BSFP program remained outstanding at year end. A number of project have been delayed and are currently underway. Claims are expected to be made once these projects have been completed during 2016/17.

**Economic Dependence**

As noted in previous financial statements Gippsland Ports Committee of Management Incorporated is largely dependent upon the continued financial support of the Victorian State Government, and in particular, the DEDJTR.

A Management Agreement was developed and agreed between the department (previously DTPLI) and Gippsland Ports covering the period 1/07/2012 to 30/06/2017. Funding agreements are advised annually.

**ACTUAL VS FORECAST BUDGET COMPARISONS  
FOR THE YEAR ENDED 30 JUNE 2016**

**Capital expenditure**

A summary of the capital program is included in the following capital expenditure summary table:

**Capital Expenditure Details**

<b>Project</b>	<b>2015/16 Actual \$</b>	<b>2015/16 Forecast \$</b>	<b>Variance \$</b>	<b>Comment</b>
SG Waste Oli Containers	15,342	15,000	342	Job Complete
BI Western Yard	0	43,291	(43,291)	Deferred to 2016/17
H O Relocation Planning	0	32,800	(32,800)	Deferred to 2016/17
LE Plant and vessel shelter	22,026	22,261	(235)	Job Complete
LE Communications Tower	0	8,314	(8,314)	Job Complete
Training Wall Risk Mitigation	3,118	38,649	(35,531)	C/Fwd. balance to 2016/17
LE Workshop Storage Reconfigure	25,878	26,000	(122)	Job Complete
BI LEFCOL Jetty North Redeck	0	20,000	(20,000)	Deferred to 2016/17
LE Bank Jetty	0	105,000	(105,000)	Deferred to 2016/17
LEBH Western Low Landing	815	671,648	(670,833)	C/Fwd. balance to 2016/17
Kalimna Jetty Handrail	13,709	15,000	(1,291)	C/Fwd. balance to 2016/17
Paynesville Boat Harbour North	0	18,000	(18,000)	Project Cancelled and Budget Re-allocated in 2016/17
Paynesville Boat Harbour Central	3,545	25,000	(21,455)	C/Fwd. balance to 2016/17
PA Hotel Jetty Handrail	0	20,000	(20,000)	Project Cancelled and Budget Re-allocated in 2016/17
PA Boat Harbour Mooring Piles	4,695	40,000	(35,305)	C/Fwd. balance to 2016/17
PA Slipway Jetty Mooring Piles	4,971	45,000	(40,029)	C/Fwd. balance to 2016/17
Progress Jetty Lighting and La	43,052	80,000	(36,948)	C/Fwd. balance to 2016/17
BSFP - Metung Lake King Jetty	85,703	100,000	(14,297)	C/Fwd. balance to 2016/17
BSFP - Johnsonville Landing Jetty	195,818	130,000	65,818	C/Fwd. balance to 2016/17
BSFP - McMillan's St Berthing	45,442	100,000	(54,558)	C/Fwd. balance to 2016/17
BSFP - Nicholson Boat Ramp Jetty	18,028	0	18,028	C/Fwd. balance to 2016/17
PW Fisherman's jetty	39,750	116,210	(76,460)	Job Complete
PU Paynesville Boat Harbour South	20,727	18,068	2,659	Job Complete
PU BIBY Travel lift jetties	0	100,000	(100,000)	Deferred to 2016/17
Barrier Landing Jetty	160,737	160,000	737	Job Complete
Paynesville Boat Harbour South	321,599	329,098	(7,499)	Job Complete
Nicholson River Jetty	0	45,000	(45,000)	Deferred to 2016/17
PW Marginal Wharf	147,363	195,292	(47,929)	C/Fwd. balance to 2016/17
Silvershot Jetty Superstructure	7,950	5,762	2,188	Job Complete
BSFP Myer St Destination Jetty	323,364	323,287	77	Job Complete
BSFP Metung Wharf Extension	559,679	559,680	(1)	Job Complete
Gipps Lks Main Point Nav. Light	17,694	18,500	(807)	Job Complete
Mitchell River Approach Nav. Aid	8,915	9,000	(85)	Job Complete
BSFP - Franklin River Channel NA	3,210	84,000	(80,790)	C/Fwd. balance to 2016/17
BSFP - VOZR No Boating Buoys	26,497	63,000	(36,503)	C/Fwd. balance to 2016/17
BSFP - Reeve Channel Nav. Aids	8,136	18,000	(9,864)	C/Fwd. balance to 2016/17
BSFP - Stockyard Channel Beacon	3,827	84,000	(80,173)	C/Fwd. balance to 2016/17
BSFP - GL Elect Boating Charts	48,502	36,056	12,446	C/Fwd. balance to 2016/17
BSFP Campbell's Channel	2,890	2,900	(10)	Job Complete
BSFP Port Albert Channel	41,792	41,800	(8)	Job Complete
BSFP Lake Tyers Nav. Aid Upgrade	32,529	45,000	(12,471)	Job Complete

**ACTUAL VS FORECAST BUDGET COMPARISONS  
FOR THE YEAR ENDED 30 JUNE 2016**

**Capital Expenditure Details (Cont'd)**

<b>Project</b>	<b>2015/16 Actual \$</b>	<b>2015/16 Forecast \$</b>	<b>Variance \$</b>	<b>Comment</b>
BIBY Walkway Paving	7,324	8,000	(676)	Job Complete
PW Slipway Toilet/Shower	9,000	20,000	(11,000)	Job Complete
PBY Shipwrights Shed	12,153	25,405	(13,252)	C/Fwd. balance to 2016/17
PBY Work Bay	53,715	48,931	4,784	Job Complete
PBY Replace Evacuation Siren	7,112	8,000	(888)	Job Complete
PBY Smart Meter Installation	3,818	6,407	(2,589)	Job Complete
TSHD Purchase Contract	2,984,302	2,948,082	36,220	C/Fwd. balance to 2016/17
TSHD Procurement Preliminaries	180,289	175,000	5,289	C/Fwd. balance to 2016/17
TSHD Plan Approval Portal	61,075	75,000	(13,925)	C/Fwd. balance to 2016/17
TSHD Sewage Pump out	4,698	350,333	(345,635)	C/Fwd. balance to 2016/17
TSHD Equipment/Spares Shed	1,698	0	1,698	C/Fwd. balance to 2016/17
TSHD Dredge Office	5,807	0	5,807	C/Fwd. balance to 2016/17
TSHD BI Wharf Fendering	36,363	0	36,363	C/Fwd. balance to 2016/17
TSHD Depot Wharf Fendering	3,080	0	3,080	C/Fwd. balance to 2016/17
TSHD Legal / Probity	105,892	100,000	5,892	C/Fwd. balance to 2016/17
TSHD Shipyard Supervision	33,048	97,000	(63,952)	C/Fwd. balance to 2016/17
TSHD Project Mgmt. and Inspections	119,797	150,000	(30,203)	C/Fwd. balance to 2016/17
TSHD Project Control / Ref Group	76,678	74,800	1,878	C/Fwd. balance to 2016/17
TSHD Contingency	0	132,766	(132,766)	C/Fwd. balance to 2016/17
TSHD Port Modelling	19,145	50,000	(30,855)	C/Fwd. balance to 2016/17
TSHD Initial EA Negotiations	503	50,000	(49,498)	C/Fwd. balance to 2016/17
LE Seawalls Condition Assessment	0	100,000	(100,000)	Deferred to 2016/17
Little Kal Workboat Motor	10,032	12,000	(1,968)	Job Complete
EG Work Platform No 4	9,455	10,000	(545)	Job Complete
SG Work Platform No 3	0	10,000	(10,000)	Job Complete
SG Work Platform No 1 Purchase	4,500	10,000	(5,500)	Job Complete
Waterloo Workboat HD Autopilot	4,093	0	4,093	Job Complete
Albatross Compliance Work	29,790	26,000	3,790	C/Fwd. balance to 2016/17
Gippslander Spuds Plan/Design	3,915	15,000	(11,085)	C/Fwd. balance to 2016/17
Maringa Replacement	104,550	133,062	(28,512)	C/Fwd. balance to 2016/17
Purchase LE Depot Mgr. Ford Twi	36,930	36,930	0	Job Complete
Purchase PW Works Vehicle	35,233	35,233	0	Job Complete
Boatyard Manager Vehicle	37,584	37,584	(0)	Job Complete
Works Inspector Vehicle	36,607	36,607	(0)	Job Complete
Org Risk Mgr. Vehicle	46,618	46,618	0	Job Complete
Hydro Surveys Mgr. Vehicle	36,607	36,607	(0)	Job Complete
Marine Officer Vehicle Purchase	33,469	33,469	0	Job Complete
EW Bulk Waste Oil Container	16,110	17,000	(890)	C/Fwd. balance to 2016/17
Piling Hammer Lifting Frame	1,515	0	1,515	Job Complete
BSFP Paynesville On Water Fuel	401,407	401,650	(243)	Job Complete
SVAN-977 Sound & Vibration Ana	7,193	7,200	(7)	Job Complete
Purchase TIG Welder Lakes	1,555	0	1,555	Job Complete
Lakes Plasma Cutter	2,745	0	2,745	Job Complete
Zephyr Mk 2 GNSS Antenna	4,000	4,000	0	Job Complete



**ACTUAL VS FORECAST BUDGET COMPARISONS  
FOR THE YEAR ENDED 30 JUNE 2016**

**Capital Expenditure Details (Cont'd)**

<b>Project</b>	<b>2015/16 Actual \$</b>	<b>2015/16 Forecast \$</b>	<b>Variance \$</b>	<b>Comment</b>
Portable Compass Sensor	1,470	1,470	0	Job Complete
Trimble Zephyr Antenna for Wat	3,800	0	3,800	Job Complete
IMT Regional Response Generator	1,264	2,000	(736)	Job Complete
Electronic Doc Management Sys	1,146	92,082	(90,936)	C/Fwd. balance to 2016/17
MSOffice 2007 Pro Volume licence	3,224	3,224	(0)	Job Complete
BRO Rack Mount UPS Replacement	1,320	2,378	(1,058)	Job Complete
PBY QNAP Replacement	1,058	0	1,058	Job Complete
Purchase 2 new workstations HO	4,292	4,292	0	Job Complete
New Comms 101A Main Street	2,967	2,961	6	Job Complete
Kalimna Dredge PC Replacement	1,050	1,050	0	Job Complete
Server Replacement	0	97,297	(97,297)	In Progress 2016/17
Offsite Backup HO/LED	0	22,000	(22,000)	In Progress 2016/17
User CALS Network Software	0	29,000	(29,000)	In Progress 2016/17
LESMP Sand Bypass O/fall Risk	0	133,192	(133,192)	Re-allocate to GLOA 2016/17
<b>Grand Totals</b>	<b>6,868,298</b>	<b>9,530,246</b>	<b>(2,661,948)</b>	

**Summary**

<i>Total number of projects</i>	<i>99</i>	
<i>Total completed</i>	<i>48</i>	<i>48%</i>
<i>Total In progress</i>	<i>37</i>	<i>37%</i>
<i>Total complete and in progress</i>	<i>85</i>	<i>86%</i>

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.2.5  
DREDGING OPERATIONS  
FOR THE YEAR ENDED 30 JUNE 2016**

Gippsland Ports carried out maintenance dredging of 'The Bar' and Inner Channels at Lakes Entrance during 2015/16. These works were funded by the Victorian Government's commitment to the *Gippsland Lakes Ocean Access* (GLOA) Program (expires June 2016).

Dredging only occurred in the Port of Gippsland Lakes during the 2015/16 financial year.

Gippsland Ports' dredging assets available during the year included:

- The Trailing Suction Hopper Dredge (TSHD) *Pelican* carried out a contract dredging program between 7<sup>th</sup> Nov – 11<sup>th</sup> Dec 2015.
- The Cutter Suction Dredge (CSD) *Kalimna* and booster pump dredged the Inner Channels at Lakes Entrance and some sand nourishment works at Crescent Island, Albifron's Island, and Pelican (Baxter) Island using dredged material from Grange / Steamer Channels and unnamed channel adjacent to Pelican Island.
- The Sand Transfer System (STS) on 'New Works' area adjacent to Entrance channel
- Portable dredge pump (on standby)

*Trailing suction hopper dredge "Pelican"*

The *Pelican* was contracted to carry out a seventh program which commenced on 7 November 2015 and was successfully completed on 11 December 2015.

Gippsland Ports has all approvals in place for the next TSHD program (September 2016). These include EPBC Act referral (indefinite), CMA consent (June 2020) and 10-year Sea Dumping Permit (Oct 2023).

Statistics for *Pelican* TSHD operation for 2015/16 and previous GLOA years is included in table below.

	2015/16	2014/15	2013/14	2012/13	2011/12
<b>Dredged volume</b>	156,789 m <sup>3</sup>	180,932m <sup>3</sup>	173,892 m <sup>3</sup>	244,456 m <sup>3</sup>	379,175 m <sup>3</sup>
<b>Program cost</b>	\$3,258,873	\$3,081,102	\$3,666,842	\$4,076,941	\$4,075,059
<b>Cost per m<sup>3</sup></b>	\$20.78	\$17.03	\$21.09	\$16.67	\$10.75

\* Program costs excludes \$374k contingency amount put aside each year for emergency works

Costs also include all GP monitoring, management and permit related works.

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.2.5  
DREDGING OPERATIONS  
FOR THE YEAR ENDED 30 JUNE 2016**

Cutter suction dredge *Kalimna*

The cutter suction dredge *Kalimna* continued to provide reliable dredging operations in the inner channels of Lakes Entrance.

Statistics for *Kalimna* CSD operation for 2015/16 and previous years are included in table below.

	2015/16	2014/15	2013/14	2012/13	2011/12
<b>Dredged volume</b>	<sup>c</sup> 182,686 m <sup>3</sup>	<sup>b</sup> 146,236 m <sup>3</sup>	106,356 m <sup>3</sup>	<sup>a</sup> 143,980 m <sup>3</sup>	89,920 m <sup>3</sup>
<b>Cost</b>	\$485,863	\$451,118	\$333,822	\$405,396	\$314,613
<b>Cost per m<sup>3</sup></b>	\$2.65	\$3.09	\$3.14	\$2.82	\$3.49

<sup>a</sup> 2012/13 Dredged volumes includes 'free' dredging at Loch Sport (33,600m<sup>3</sup>) and Rigby Island (15,600m<sup>3</sup>).

<sup>b</sup> 2014/15 Dredged volumes includes 'free' dredging/sand nourishment of Crescent Island (24,600m<sup>3</sup>)

<sup>c</sup> 2015/16 Dredging volumes include 'free' dredging/sand nourishment of Grange / Steamer Channels and Crescent Island (59,573 m<sup>3</sup>)

Sand Shifter

There is currently no formal arrangement in place for sand shifters; however a local contractor would be able to mobilise equipment within approximately four weeks if required.

Sand Transfer Station

The Sand Transfer Station operated to support the *Kalimna* CSD. The Sand Transfer Station has full redundancy for all pump station elements.

Statistics for Sand Transfer Station operation in 2015/16 and previous years are included in Table below.

	2015/16	2014/15	2013/14	2012/13	2011/12
<b>STS volume</b>	97,871	121,597 m <sup>3</sup>	103,375 m <sup>3</sup>	94,562 m <sup>3</sup>	91,162 m <sup>3</sup>
<b>Cost</b>	\$192,101	\$181,461	\$253,886	\$189,629	\$232,398
<b>Cost per m<sup>3</sup></b>	\$1.96	\$1.49	\$2.45	\$2.01	\$2.54

Overall Dredging Statistics

The combined statistics of the Pelican TSHD, *Kalimna* CSD and STS are as follows:

	2015/16	2014/15	2013/14	2012/13
<b>Combined TSHD/CSD volume</b>	339,475 m <sup>3</sup>	327,168 m <sup>3</sup>	280,248 m <sup>3</sup>	388,546 m <sup>3</sup>
<b>Combined TSHD/CSD/STS costs</b>	\$3,936,937	\$3,713,681	\$4,254,550	\$4,671,966
<b>Cost per m<sup>3</sup></b>	\$11.60	\$11.35	\$15.18	\$12.02

**GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INCORPORATED**

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.3  
MARINE INCIDENT REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

Area of Incident	Incident type	Date of Incident	Incident Reported	Incident Description	Contributing Factors
Paynesville McMillan Straits	Pollution	01-Jul-15	01-Jul-15	Loaded truck struck ferry ramp and ruptured a hydraulic hose when leaving the ferry, spilling oil onto the roadway. Ferry operator used a spill kit to try to contain spill. Vehicles travelling onto / off the ferry picked up and further dispersed the oil onto the ramp and ferry deck. Subsequently some oil entered the waterway.	Unloading of heavily laden truck which effected angle of departure off the ferry and over the ramp, which resulted in truck hydraulic line catching the ramp hinge and rupturing.
Port Welshpool	Pollution	07-Jul-15	07-Jul-15	Diesel spill into Port Welshpool appeared to originate from the ground at the foreshore. Assumed to be from the diesel UST and associated piping currently being removed by Evans Petroleum.	Old UST and associated delivery pipework that is in process of being pumped out and repaired/removed
Lakes Entrance Flagstaff Jetty	Marine	07-Jul-15	13-Jul-15	Five people poisoned by Carbon Monoxide (CO) on board cruiser at Flagstaff Jetty. Appears that, whilst charging batteries early in the morning the boats motor was left running with everyone on board asleep in bed and exhaust fumes have entered vessel through a small hatch in the transom which was close to the water line. Lakes Entrance CFA attended with assistance from the Coast Guard checked air quality and ventilated cabin.	Failure to ensure adequate ventilation available when running engines running.
Lakes Entrance Floating Restaurant	Pollution	Unknown	21-Jul-15	Raw sewage leak from a rubber connection join in the pipe into CA from Floating Dragon restaurants sewage transfer line. Pipe may have been leaking for a few days prior to becoming disconnected at the join and raw sewage discharging into the lake.	Rubber joining connection between HDPE pipe from the floating restaurant and metal pipe from foreshore is too short to maintain connection. Shrinkage of pipe in cold weather may contribute? Suggest this should be a flanged connection.
Lakes Entrance Reeves Channel	Marine	21-Jul-15	27-Jul-15	An 11 metre cabin cruiser with 2 people on-board ran aground. Lakes Entrance Coast Guard towed the vessel back into deep water.	Inattention to safe navigation.
Gippsland Lakes	Environment	Unknown	19-Aug-15	Northern Pacific Sea Star discovered in Gippsland Lakes by Friends of Beware Reef Marine Sanctuary volunteer dive group. DELWP as lead agency organised another dive that found 3 more Northern Pacific Seastars GP have supporting role in permitting the activity in port waters and declaring and patrolling the dive area.	Unknown.
Gippsland Lakes	Marine	15-Aug-15	24-Aug-15	Yacht 9.8m long with one male on board reported hole in the hull and the vessel taking on water. Radio not operational. Nearby yacht called it in for them. They were also having problems with the motor and it has overheated. Called Coast Guard who deployed and provided tow.	Vessel mechanical breakdowns.
Paynesville McMillan Straits	Marine	28-Aug-15	31-Aug-15	Paynesville Coast Guard recovered a small vessel drifting in McMillan Straits. The registration numbers on the boat belonged to the previous owner, who had since changed address and did not have a phone number listed. GWP were unable to locate the current owner of the boat and didn't know for certain, whether there was a possible missing person associated with it. The oars were stowed neatly inside and there were no personal belongings in the boat, so a search was not started.	Unknown.

**GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INCORPORATED**

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.3  
MARINE INCIDENT REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

Area of Incident	Incident type	Date of Incident	Incident Reported	Incident Description	Contributing Factors
Gippsland Lakes Tambo River	Marine	03-Oct-15	07-Oct-15	Around 4pm, a vessel left the jetty at Swan Reach heading upstream attempted to go under the Princess High way bridge on the east side span. The top of the mast hit the bridge and as a result a passenger fell within vessel and suffered laceration to foot which required 3 stiches. It was an embarrassing error in judgement, on the skipper's behalf. The 34ft clipper, a fly-bridge vessel with six people on board, which was travelling at approximately 3 knots suffered damage to the fly bridge and the mast of vessel, there was no structural damage to highway bridge.	Operator error.
Snowy River	Marine	03-Oct-15	07-Oct-15	Canoe with outboard motor launched near the Princes Hwy bridge, with 3 POB. The canoe tipped over in knee deep water after striking a sand bar in the middle of the river. There were no injuries, but they were apparently unable to right the canoe and could not get back to shore due to deep water around them. Marlo Coast Guard attended on a PWC, owing to the shallow water in the river. The operator did not hold a boat licence and the canoe was un-registered. Local police were following up with fines for these offences.	Operator error.
Gippsland Lakes	Marine	05-Oct-15	07-Oct-15	An 8.7 m vessel with 2 POB travelling from Metung to Paynesville and went the wrong side of Port marker at Point King and ran aground. GWP attended and towed the vessel back to Paynesville. Minimal damage to engine and running gear, it was towed back to Paynesville.	Inattention to safe navigation.
Port Welshpool	Marine	Unknown	13-Oct-15	Length of wharf decking found lying on the beach, approximately 100 metres east of the PW Shipping Pier. It was a standard 6 metre length of 225 mm by 75 mm weathered hardwood, from Long Jetty.	Continuing deterioration of Long jetty
Gippsland Lakes Loch Sport	Marine	17-Oct-15	23-Oct-15	Report to CG of a Capsized Kayak, 1 person in water having difficulty getting back on board. CG22 at Loch Sport tasked to attend. Situation resolved itself whilst CG en-route. There were a group of 12 kayaks from the Patterson River Canoe club. When they realised that this male person aged between 55 and 65 was having difficulty they formed a raft formation and were able to assist the man back into his kayak and they then paddled to Paynesville. Nil Injuries.	Unknown.
Gippsland Lakes Lake King	Marine	12-Oct-15	23-Oct-15	A 30ft motor sailor experiencing engine problems en-route across Lake King. GWP deployed and a search was conducted to locate the missing vessel and 2 passengers. The vessel was located and a tow commenced back to Paynesville.	Unknown.
Port Welshpool Tin Mine Cove	Marine	29-Oct-15	05-Nov-15	Search for a broken down vessel which was located at Tin Mine cove and tow it to Chinaman's beach where repairs could be made. The vessel was a 34 foot yacht with 1 POB.	Mechanical failure.
Lakes Entrance Bunga Arm	Marine	31-Oct-15	05-Nov-15	A vessel with seven POB run aground in Bunga Arm, Lakes Entrance CG were tasked to attend and assist.	Inattention to safe navigation.

**GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INCORPORATED**

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.3  
MARINE INCIDENT REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

Area of Incident	Incident type	Date of Incident	Incident Reported	Incident Description	Contributing Factors
Inverloch	Marine	25-Oct-15	05-Nov-15	Vessel broken down and anchor not holding resulting in drifting towards rocks. The vessel was located and towed back to Inverloch by the SES rescue vessel. The operator of vessel was not licensed, the vessel was unregistered and the only safety equipment on-board consisted of a bucket and an anchor. Infringement notices were issued by Inverloch Police.	Mechanical failure.
Paynesville Progress Jetty	Marine	17-Nov-15	17-Nov-15	Gippsland Ports CEO notified by CFA that a vessel was on fire in a pen berth at Progress Jetty Paynesville. The jetty was also on fire and there was a marine pollution incident. CFA attended the blaze and extinguished the fire filling the vessel with water resulting in the damaged hull sinking until suspended by its mooring lines. Pollutants contained. An amount of approximately 60ltrs of diesel fuel remained in the submerged fuel tank. There was significant damage to the surrounding jetty infrastructure and reticulated water supply, including fire service. A nearby steel vessel also incurred damage. Two persons have charged with arson over the incident.	This incident was caused by arson – police have commenced criminal proceedings and charged two persons.
Gippsland Lakes Mitchell River	Marine	06-Dec-15	11-Dec-15	Paynesville Coast Guard towed an 8.1m yacht back into deep water after it ran aground near the mouth of the Mitchell River. Gippsland Ports have recently upgraded the buoyage in that area.	Inattention to safe navigation.
Lakes Entrance	Marine	11-Dec-15	11-Dec-15	A 10m timber vessel grounded on the beach at Lakes Entrance between and the Surf club. The skipper of the vessel reported that he was knocked from his seat by a large wave, when he was heading out the entrance at approximately 10 or 11:00pm the previous evening. Waves pushed vessel onto a sand bar and then along the beach to the East. Not discovered until early morning 11/12/2015 by Gippsland Ports staff. GP staff stated they had not seen the vessel in the area of the bar and when it was located the next morning it did not have any navigation lights displayed. The Gippsland Ports crew conducted a search of the area and located a man lying on the beach nearby. It was established that he was the sole occupant of the vessel. He was cold and disoriented at the time and was conveyed along the beach for assessment by Ambulance personnel, before returning to his home in Bairnsdale.	Inattention to safe navigation.
Gippsland Ports Maintenance Berth	Pollution	14-Dec-15	14-Dec-15	Bullock Is. GP Boatyard Foreman advised that there was oil in the water at the maintenance berth. Estimated to be 10 - 20L of Heavy sump oil – by observation.	Unknown.
Anderson Inlet	Marine	13-Dec-15	14-Dec-15	Vessel swamped at entrance. Vessel went up the face of a wave and landed stern to, swamping the outboard motor. With no power, the next wave rolled vessel over. Flare deployed and persons attended to by jet ski operators. The Melbourne Water Police managed incident.	Inattention to safe navigation.

**GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INCORPORATED**

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.3  
MARINE INCIDENT REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

Area of Incident	Incident type	Date of Incident	Incident Reported	Incident Description	Contributing Factors
Inverloch	Damage	Unknown	02-Jan-16	5 knot sign and post that normally placed in sand dune at the Angling Club found in the water. Sign removed it from the water and put it above the high water mark.	Vandalism. No direct evidence but could be negative reaction to VOZR / VOZR changes.
Gippsland Lakes Barrier Landing	Marine		11-Jan-16	The vessel "Finbar" stranded on the beach approximately 20 metres downstream of Barrier Landing. The vessel on the bottom and secured to the beach fore and aft. Water is over the engines but not over the breathers and fillers- no pollution. Oil cannot escape from the engines.	Possible mechanical failure.
Gippsland Lakes	Marine	03-Jan-16	12-Jan-16	Sunken vessel at jetty berth. A timber cruiser almost completely under water - held up by mooring lines. Fuel/oil were reported on the water. Gippsland Ports were notified and requested to attend, they spoke to the owner who stated that the unregistered vessel was purchased as a project. Gippsland Ports attended salvage at the owner's expense.	Hull failure.
Gippsland Lakes Newlands Arm	Marine	03-Jan-16	12-Jan-16	During strong winds a 15m yacht broke free of its mooring in Newlands Arm and drifted until it grounded on the shore. No other vessels were damaged and the owner was contacted by GWP to arrange salvage.	Weather conditions.
Mallacoota	Marine	07-Jan-16	12-Jan-16	A 6.0 m Haines Hunter half cab, took on water and sunk on its mooring in front of caravan park at Mallacoota. Coast Guard Mallacoota attended and attempted to pump water from boat, which was initially unsuccessful. A Coast Guard member used his crane to lift boat up and more pumps were used to pump water from boat.	Unknown.
Metung	Marine	09-Jan-16	12-Jan-16	The operator of a 5.2m fibreglass vessel, whilst skiing with 4 POB, ran into rear of another vessel, a 7m Rigid Hull Inflatable Boat, also with 4 POB. The operator of RHIB was taken to hospital with suspected bruised ribs and a laceration to arm and was kept overnight for observation. The impact speed was approximately 20-25knots. GWP investigated the collision.	Inattention to safe navigation.
Gippsland Lakes Barrier Landing	Marine	11-Jan-16	12-Jan-16	Lakes Entrance Coast Guard sent two boats to assist a 13m timber vessel which was taking on water and sinking alongside the jetty at Barrier landing. The pumps they had were struggling to keep up with the flow of water, so CFA firefighting pumps were bought in, to get the water down to a level where the hole could be located and plugged temporarily. This took around four hours and the vessel was slipped the following day for repairs. There was no pollution and no one was injured.	Unknown.
Port Welshpool	Animal Welfare	31-Jan-16	31-Jan-16	Vessel "Statesman" unloading 208 cattle at Port Welshpool after a rough trip. Many cattle were down. GP Manager South Gippsland was not satisfied with the plan of action to unload cattle so halted the operation pending veterinary advice. DEDJTR Principal veterinary Officer contacted ultimately resulting in 56 cattle being euthanized by firearm.	Weather conditions.
Mann's Beach	Marine	23-Feb-16	25-Feb-16	GWP received a report of a 45ft yacht aground off Shoal Inlet, at Mann's Beach entrance with three 75 year old males on board. They had been motoring due to calm conditions and had experienced difficulty with their electronic navigation system. The yacht struck a sand bar near the entrance to Mann's beach and ran aground. The yacht drifted into shallow water and a surf lifesaving craft was used to rescue the crew. An attempt was made by the GP vessel Shearwater to tow the yacht back into deep water.	Equipment failure.
Mallacoota Bastion Point	Marine	29-Feb-16	29-Feb-16	Recreational vessel capsized at Bastion Point whilst exiting the new Mallacoota Ocean Access Boat Ramp. There were no injuries.	The vessel was small and there was a big swell running. Poor judgement on the boat operator's part would seem to be a fair contributor.

**GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INCORPORATED**

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MARINE INCIDENT REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

Area of Incident	Incident type	Date of Incident	Incident Reported	Incident Description	Contributing Factors
Lakes Entrance North Arm Boat Ramp	Marine	29-Feb-16	29-Feb-16	Large underwater hazard reported at toe of East Gippsland Shire North Arm boat ramp (near LE fishing club). Hazard removed by GP and reported to EGSC. "Hazard" was identified as section of stop to prevent trailers backing off the ramp. EGSC engaged contractor to repair ramp.	Unknown.
Lakes Entrance	Marine	12-Mar-16	21-Mar-16	Male needed assistance with minor injuries after running aground on the eastern side of the entrance, at Lakes Entrance. The Coast Guard were activated. CG located a person at Flagstaff jetty, who advised them that he knew the operator of the vessel that was washed up and that he was ok and didn't need any other assistance. CG located the vessel outside entrance on eastern side surf beach aground with anchor deployed, no damage. Owner located, but was somewhat unclear as to what had happened. GWP attended the following morning and towed the boat off the beach.	Unknown.
Paynesville McMillan Straits	Marine	18-Mar-16	21-Mar-16	A vessel at anchor in Mc Millan Straits, Paynesville, dragged its anchor in strong winds. It drifted into jetty on Raymond island, where it became stuck amongst other moored vessels, some minor damage was caused before it was towed to a secure berth when the wind subsided. The same day GWP received a report of a 34' Clipper cruiser which had come adrift and was being blown towards the Raymond Island ferry.	Weather conditions.
Nowa Nowa	Marine	05-Apr-16	06-Apr-16	Vessel altering course at 3 knots to approach Nowa Nowa jetty when propeller struck unmarked rock in knee deep water. Prop fins shattered. Multiple grazes sustained on left leg after falling into submerged hole whilst walking vessel to shore.	Unknown.
Paynesville	Marine	23-Apr-16	28-Apr-16	A cruiser was taking on water and reported as sinking at its berth. Paynesville Coast Guard assisted with a tow to the Gippsland Ports boat yard where it was pumped out and arrangements were made for repairs.	Unknown.
Lakes Entrance Reeves Channel	Marine	24-Apr-16	28-Apr-16	Collision between 2 vessels in Reeves channel, near Bullock Island. The smaller vessel with one POB was crossing Reeves channel from Hopetoun channel to Cunningham arm. The larger Vessel coming in from entrance with 4 POB. There was quite a bit of boating traffic in the area and it appears that the operators of both vessels have not seen each other. Following the collision the smaller boat capsized, and the operator was thrown into the water, but subsequently retrieved by the operator of the larger vessel. The overturned boat drifted out to sea, but was later recovered by the Lakes Entrance Coast Guard.	Inattention to safe navigation.
Lakes Entrance Cunningham Wharf	Damage	30-Apr-16	30-Apr-16	The Class 1 Charter Vessel "Thunderbird" was arriving at Cunningham Quay harbour with the intention to berth the vessel in its permitted passenger berth on Post Office Jetty. The vessel had previously been doing lake cruises and had departed Metung after loading or discharging passengers and the cruise thus far was without incident. The vessel had 9 passengers and two crew on board at the time of the incident. There was damage caused to the Cunningham Wharf.	Possible operator error.

**Victorian Water Police Statistics – Gippsland 2015/16**

Marine Incidents Attended and/or Coordinated by Victorian Water Police

83\* (157\* - 2014/15)

\* Information not available on whether Gippsland Ports also attended. Incidents include waterways managed by Gippsland Ports, Coastal waters and Eastern Bass Strait.