



Gippsland Ports
Committee of Management Incorporated
ABN 98943634870

Financial Report
For the Year Ended

30 June 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenue			
User Charges	2	4,915,833	4,653,706
Interest	3	233,864	189,038
Grants – Operating	4	7,419,843	7,144,830
Grants – Capital	5	18,285,866	11,934,151
Distribution from CDO class action	2a	-	17,052
Total revenue		30,855,405	23,938,777
Expenses			
Employee Benefits	6	(5,427,629)	(5,252,279)
Contractors, Materials and Services	7	(3,560,569)	(6,817,196)
Depreciation	11	(5,635,717)	(5,072,391)
Total expenses	19	(14,623,916)	(17,141,866)
Net loss on disposal of property, plant and equipment, infrastructure	12	(292,265)	(292,164)
Surplus for the year		15,939,225	6,504,746
Other comprehensive income for the year			
Net asset revaluation increment	13	549,801	-
Total comprehensive result for the year		16,489,026	6,504,746

The accompanying notes form part of the financial report.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
Assets			
Current Assets			
Cash and cash equivalents	8	14,138,472	9,818,751
Trade and other receivables	9	2,185,739	973,503
Accrued Income		115,153	110,682
Prepayments		43,748	33,677
Inventories	10	<u>605,705</u>	<u>236,337</u>
Total Current Assets		<u>17,088,816</u>	<u>11,172,951</u>
Non-Current Assets			
Property Infrastructure, Plant & Equipment	11	<u>98,263,277</u>	<u>86,467,065</u>
Total Non-Current Assets		<u>98,263,277</u>	<u>86,467,065</u>
Total Assets		<u>115,352,093</u>	<u>97,640,016</u>
Liabilities			
Current Liabilities			
Trade and other payables	14	1,480,749	693,062
Trust funds and deposits	15	460,307	32,441
Provisions	16	<u>1,427,818</u>	<u>1,381,765</u>
Total Current Liabilities		<u>3,368,874</u>	<u>2,107,268</u>
Non-Current Liabilities			
Provisions	16	<u>87,489</u>	<u>126,043</u>
Total Non-Current Liabilities		<u>87,489</u>	<u>126,043</u>
Total Liabilities		<u>3,456,363</u>	<u>2,233,311</u>
Net Assets		<u>111,895,731</u>	<u>95,406,705</u>
Equity			
Accumulated Surplus		64,644,116	48,704,891
Reserves	13	<u>47,251,615</u>	<u>46,701,814</u>
Total Equity		<u>111,895,731</u>	<u>95,406,705</u>

The accompanying notes form part of the financial report.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	Total Equity	Accumulated Surplus	Asset Revaluation Reserve
2018		\$	\$	\$
Balance at beginning of the financial year		95,406,705	48,704,891	46,701,814
Result for the year		15,939,225	15,939,225	—
Net asset revaluation increment	13	549,801	—	549,801
Balance at end of the financial year		111,895,731	64,644,116	47,251,615
		Total Equity	Accumulated Surplus	Asset Revaluation Reserve
2017		\$	\$	\$
Balance at beginning of the financial year		88,901,959	42,200,145	46,701,814
Result for the year		6,504,746	6,504,746	—
Net asset revaluation increment		—	—	—
Balance at end of the financial year		95,406,705	48,704,891	46,701,814

The accompanying notes form part of the financial report

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
Cash Flows from Operating Activities			
Grants – Operating		7,484,450	7,416,530
Grants – Capital		17,930,744	12,364,541
Interest		225,288	187,011
User Charges		5,310,073	5,168,838
Other Receipts		-	412,751
Net GST refund		1,703,772	134,625
Suppliers and Employees		(11,885,740)	(12,731,692)
Net Cash Inflow from Operating Activities	18	<u>20,768,587</u>	<u>12,952,603</u>
Cash Flows from Investing Activities			
Payments for Property, Infrastructure, Plant and		(16,529,663)	(12,557,391)
Proceeds from Sale of Property, Infrastructure, Plant	12	80,797	171,500
and Equipment		<u>(16,448,866)</u>	<u>(12,385,891)</u>
Net Cash Outflow from Investing Activities			
Net Increase / (Decrease) in cash and cash equivalents		4,319,720	566,712
Cash and Cash Equivalents at Beginning of Year		<u>9,818,752</u>	<u>9,252,040</u>
Cash and Cash Equivalents at End of Year	8	<u><u>14,138,472</u></u>	<u><u>9,818,752</u></u>

The accompanying notes form part of the financial report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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 2017 – 30 June 2018) signed with Transport for Victoria (TfV).

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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.

c) Depreciation of non-current assets

Property, Infrastructure Plant and Equipment include land, buildings and improvements, wharves and jetties, navigational aids, slipways, foreshore structures, and plant, machinery and equipment. With the exception of land, 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.

	2017/18	2016/17
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	20 - 168 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 (2017: \$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 (2017: \$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 2018

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 less accumulated depreciation, 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 2018**

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 2018

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 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 2018

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 realisable value.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 2018 reporting period.

The following pending AASBs standards have been identified as applying to Gippsland Ports in future years and may have a material impact.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on financial statements
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1-Jan-19	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1-Jan-19	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 • Statutory receivables are recognised and measured similarly to financial assets AASB 15 • The 'customer' does not need to be the recipient of goods and/or services; • The 'contract' could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or 'equivalent means'; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

s) Issued but not yet effective Australian Accounting Standards (CONTD)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on financial statements
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.	1-Jan-19	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
NOTE 2 – USER CHARGES		
Wharfage, Berth and Moorings	1,726,770	1,635,957
Rent and Licence Fees	75,787	74,207
Boatyard & Slipping (incl boatyard recoverables)	2,403,405	2,239,499
Other Recoverable Works	661,129	638,998
Other Income	48,743	65,045
	<u>4,915,833</u>	<u>4,653,706</u>
TOTAL USER CHARGES	<u>4,915,833</u>	<u>4,653,706</u>
NOTE 2a – DISTRIBUTION FROM CDO CLASS ACTION		
Collateralised Debt Obligation Settlement Dividend	-	17,052
	<u>-</u>	<u>17,052</u>
TOTAL DISTRIBUTIONS FROM CDO CLASS ACTION	<u>-</u>	<u>17,052</u>
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 during the year of the total distributions declared as payable to Gippsland Ports. Distributions totalled \$29,124 reduced by fees and costs of \$12,073 resulting in a net payment of \$17,052.		
NOTE 3 – INTEREST		
Interest on investments	233,357	188,384
Interest on overdue accounts	507	654
	<u>233,864</u>	<u>189,038</u>
TOTAL INTEREST	<u>233,864</u>	<u>189,038</u>
NOTE 4 – OPERATING GRANTS		
DEDJTR Local Ports Annual Operating	5,023,758	4,113,830
Port Welshpool Long Jetty Operating Funding	18,085	-
TFV Emergency Works Grant	130,000	-
DEDJTR GLOA Annual Operating	2,248,000	3,031,000
	<u>7,419,843</u>	<u>7,144,830</u>
TOTAL OPERATING GRANTS	<u>7,419,843</u>	<u>7,144,830</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
NOTE 5 – CAPITAL GRANTS		
Transport Investing in Regions	-	47,520
Johnsonville Landing Contribution	-	(12,984)
Long Jetty Redevelopment Fund	8,474,860	100,000
DEWLP Risk Mitigation Grant	30,600	-
EGCMA Seagrass Moorings	18,400	-
TFV Emergency Capital Grant	776,000	-
DEDJTR Facilities Grant	661,259	976,580
WSC Cont - Marlay Pt Dredging	6,000	-
TSHD Procurement Funding	8,318,747	10,823,035
	<u>18,285,866</u>	<u>11,934,151</u>

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:

DEDJTR Gippsland Lakes Ocean Access program	3,072,382	1,873,878
Boating Safety Facilities Program	426,729	643,694
TSHD Procurement	732,170	886,863
Port Welshpool Long Jetty	1,479,248	-
	<u>5,710,528</u>	<u>3,404,435</u>

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

DEDJTR Gippsland Lakes Ocean Access program	1,049,497	1,294,658
Boating Safety Facilities Program	643,694	421,804
TSHD Procurement	886,863	460,606
	<u>2,580,053</u>	<u>2,177,068</u>

NOTE 6 – EMPLOYEE BENEFITS

Direct employees	4,257,793	4,061,231
Board	81,511	109,448
Overtime and allowances	97,709	142,286
Leave taken	805,357	801,802
Leave accruals (net)	72,248	(3,435)
Payroll tax and WorkCover	348,533	327,958
Superannuation	491,383	469,893
Overhead charged	1,838,169	1,532,914
Overhead recovered	(1,817,328)	(1,525,954)
Capitalised Labour	(747,747)	(663,864)
TOTAL EMPLOYEE BENEFITS	<u>5,427,629</u>	<u>5,252,279</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
NOTE 7 – CONTRACTORS, MATERIALS AND SERVICES		
Audit fee - external	17,444	16,490
Audit fee – internal	33,071	23,085
Bad Debts	13,752	31,355
Bank charges	25,241	29,303
Communications, network and website	297,871	287,454
Conferences and travelling	153,748	74,224
Consultant and legal fees *	132,224	182,500
Contractors	908,595	4,333,741
Fuel and lubricants	426,832	338,696
Insurance premiums	135,070	47,854
Lease and rental	84,692	82,211
Materials	909,092	917,522
Office supplies	23,788	17,281
Other	123,442	95,728
Provision for doubtful debts	(12,147)	8,260
Postage, printing photocopying and advertising	33,665	33,495
Power, water and rates	279,907	252,167
Protective clothing	57,208	35,803
Waste collection and disposal	86,217	98,484
Vessel/equipment hire recovered from capital works	(169,143)	(88,456)
TOTAL CONTRACTORS, MATERIALS AND SERVICES	<u>3,560,569</u>	<u>6,817,196</u>

* Consultants paid greater than \$100,000 during the period

Ambrose Rajadurai & Associates	\$346,477 (17/18)
	\$456,547 (16/17)
Anglo Eastern Technical Services	\$11,690 (17/18)
	\$480,535 (16/17)

Payments are spread between operating & capital expenditure, the majority of which are capital in nature.

NOTE 8 – CASH AND CASH EQUIVALENTS

Cash at Bank	1,137,322	815,762
Cash Advances	1,150	2,352
Term Deposit	13,000,000	9,000,638
	<u>14,138,472</u>	<u>9,818,751</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
NOTE 9 – TRADE AND OTHER RECEIVABLES		
Trade Debtors	176,653	142,758
Less provision for doubtful debts	(8,762)	(20,908)
Government Debtors	1,996,284	818,951
GST Receivable (Net)	21,564	32,702
	<u>2,185,739</u>	<u>973,503</u>
 NOTE 10 – INVENTORIES		
Stock on Hand – Paynesville Boatyard	116,228	96,763
Stock on Hand – Bullock Island Boatyard	37,354	24,850
Stock on Hand – EG Maintenance	72,634	94,215
Stock on Hand – Port Welshpool	2,843	2,983
Stock on Hand – Lakes Entrance Fuel Facility	21,335	17,526
Stock on Hand – TSHD Spares	355,311	-
	<u>605,705</u>	<u>236,337</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 11 – PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

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:

2018	Note	Land	Buildings and Infrastructure	Navigation Aids & Signs	Wharves & Jetties	Slipways	Foreshore Structures	Plant, Equipment & Machinery	Works in progress	Balance end of year
			\$	\$	\$	\$	\$	\$	\$	
At Fair Value 1 July 2017		200,000	9,498,984	6,610,824	77,390,040	5,523,841	26,391,163	24,766,311	14,721,326	165,102,489
Accumulated Depreciation 1 July 2017		-	(3,644,750)	(3,107,689)	(36,924,098)	(4,825,280)	(18,351,038)	(11,782,568)	-	(78,635,424)
		200,000	5,854,234	3,503,134	40,465,942	698,561	8,040,125	12,983,743	14,721,326	86,467,065
Movement in Fair Value										
Additions		-	639,643	161,197	1,264,632	-	-	21,660,872	(6,471,153)	17,255,191
Revaluation Adjustment	13	-	-	-	-	-	5,050,531	-	-	5,050,531
Disposals	12	-	-	-	-	-	-	(252,122)	-	(252,122)
Impairment losses recognised	12	-	-	(51,538)	(533,617)	-	-	(27,983)	(27,000)	(640,138)
		-	639,643	109,659	731,015	-	5,050,531	21,380,767	(6,498,153)	21,413,462
Movements in Accumulated Depreciation										
Depreciation	11	-	(318,383)	(264,235)	(2,467,574)	(80,193)	(280,027)	(2,225,306)	-	(5,635,717)
Accumulated depreciation of disposals	12	-	-	-	-	-	-	186,029	-	186,029
Impairment losses recognised	12	-	-	24,815	284,418	-	-	23,936	-	333,169
Revaluation Adjustment	13	-	-	-	-	-	(4,500,730)	-	-	(4,500,730)
		-	(318,383)	(239,420)	(2,183,156)	(80,193)	(4,780,757)	(2,015,341)	-	(9,617,250)
At Fair Value 30 June 2018		200,000	10,138,627	6,720,482	78,121,055	5,523,841	31,441,694	46,147,079	8,223,173	186,515,951
Accumulated Depreciation 30 June 2018		-	(3,963,134)	(3,347,109)	(39,107,254)	(4,905,473)	(23,131,795)	(13,797,909)	-	(88,252,674)
		200,000	6,175,493	3,373,373	39,013,801	618,368	8,309,899	32,349,170	8,223,173	98,263,277
Net Revaluation Adjustments										
	13	-	-	-	-	-	549,801	-	-	549,801
2017		Land	Buildings and Infrastructure	Navigation Aids & Signs	Wharves & Jetties	Slipways	Foreshore Structures	Plant, Equipment & Machinery	Works in progress	Balance end of year
			\$	\$	\$	\$	\$	\$	\$	
At Fair Value 1 July 2016		200,000	9,402,528	6,435,411	76,597,291	5,523,841	26,360,626	24,438,646	4,540,902	153,499,244
Accumulated Depreciation 1 July 2016		-	(3,348,419)	(2,884,976)	(34,876,088)	(4,736,076)	(18,071,270)	(10,361,493)	-	(74,278,321)
		200,000	6,054,109	3,550,435	41,721,203	787,764	8,289,356	14,077,153	4,540,902	79,220,923
Movement in Fair Value										
Additions		-	96,456	241,277	1,395,993	-	30,537	784,960	10,232,974	12,782,197
Disposals	12	-	-	-	-	-	-	(285,939)	-	(285,939)
Impairment losses recognised		-	-	(65,865)	(603,244)	-	-	(171,355)	(52,550)	(893,013)
		-	96,456	175,413	792,749	-	30,537	327,666	10,180,424	11,603,245
Movements in Accumulated Depreciation										
Depreciation	11	-	(296,332)	(258,231)	(2,436,403)	(89,204)	(279,768)	(1,712,453)	-	(5,072,391)
Accumulated depreciation of disposals	12	-	-	-	-	-	-	128,390	-	128,390
Impairment losses recognised		-	-	35,517	388,393	-	-	162,988	-	586,898
		-	(296,332)	(222,714)	(2,048,011)	(89,204)	(279,768)	(1,421,076)	-	(4,357,103)
At Fair Value 30 June 2017		200,000	9,498,984	6,610,824	77,390,040	5,523,841	26,391,163	24,766,311	14,721,326	165,102,489
Accumulated Depreciation 30 June 2017		-	(3,644,750)	(3,107,689)	(36,924,098)	(4,825,280)	(18,351,038)	(11,782,568)	-	(78,635,424)
		200,000	5,854,234	3,503,134	40,465,942	698,561	8,040,125	12,983,743	14,721,326	86,467,065

A revaluation of foreshore structures was conducted as at 30 June 2018. Details on revaluation inputs are as follows;

The revaluation included Structures such as the Lakes Entrance - entrance training walls and rock walls, Reeve Channel rock groynes and the Port Welshpool breakwater have been valued by an external consultant Dr. Peter Riedel (PhD. MEng. FIEAust, CPEng, RPEQ) of Water Technologies. Other minor foreshore structures were valued utilising up to date quotes from contractors specialising in these types of asset construction.

Figures presented above reflect Fair Value post revaluation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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

Details of Gippsland Ports property and information about the fair value hierarchy as at **30 June 2018** are as follows:

	Level 2	Level 3	Total	Date of Valuation
	\$	\$	\$	
Land	200,000	-	200,000	06/2015
Buildings	2,524,039	-	2,524,039	06/2015
Buildings Improvements	-	3,651,454	3,651,454	06/2015
Total	2,724,039	3,651,454	6,375,493	

No transfers between levels occurred during the year.

Details of Gippsland Ports Infrastructure and information about the fair value hierarchy as at **30 June 2018** are as follows:

	Level 2	Level 3	Total	Date of Valuation
	\$	\$	\$	
Navigation Aids	3,373,373	-	3,373,373	06/2015
Wharves and Jetties	39,013,801	-	39,013,801	06/2015
Slipways	618,368	-	618,368	06/2015
Foreshore Structures	8,309,899	-	8,309,899	06/2018
Total	51,315,441	-	51,315,441	

No transfers between levels occurred during the year.

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 30/06/2018
- Navigation Aids and Sign, Committee valuation 30/06/2015
- Slipways, Committee valuation 30/06/2015

	2018	2017
	\$	\$
Depreciation Expense		
Buildings and Improvements	318,383	296,332
Foreshore Structures	280,027	279,768
Navigation Aids and Signs	264,235	258,231
Plant, Equipment and Machinery	2,225,306	1,712,453
Slipways	80,193	89,204
Wharves and Jetties	2,467,574	2,436,403
Total Depreciation	5,635,717	5,072,391

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 12 – DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE	2018 \$	2017 \$
Profit on Sale of Assets:		
Plant, Equipment & Machinery		
Proceeds from Sale	80,797	171,500
Less: Written Down Value of Assets Sold	(66,093)	(157,550)
Total Profit on Sale of Assets	<u>14,705</u>	<u>13,950</u>
Loss on Assets Written Off:		
Buildings		
Written Down Value of Assets Written off	-	-
Loss on Disposal	-	-
Navigational Aid & Signs		
Written Down Value of Assets Written off	(26,723)	(30,347)
Loss on Disposal	<u>(26,723)</u>	<u>(30,347)</u>
Wharves & Jetties		
Written Down Value of Assets Written off	(249,199)	(214,851)
Loss on Disposal	<u>(249,199)</u>	<u>(214,851)</u>
Slipways		
Written Down Value of Assets Written off	-	-
Loss on Disposal	-	-
Plant, Equipment & Machinery		
Written Down Value of Assets Written off	(4,047)	(8,367)
Loss on Disposal	<u>(4,047)</u>	<u>(8,367)</u>
Work in Progress		
Written Down Value of Assets Written off	(27,000)	(52,550)
Loss on Write Off	<u>(27,000)</u>	<u>(52,550)</u>
Total Loss on Assets Written Off	<u>(306,969)</u>	<u>(306,115)</u>
Total Loss on Disposal of Assets	<u>(292,265)</u>	<u>(292,164)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 13 – RESERVES

Asset revaluation reserve

2018	Balance at start of year	Increment (Decrement)	Balance at end of year
	\$	\$	\$
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	549,801	9,542,528
Total	46,701,814	549,801	47,251,615

2017	Balance at start of year	Increment (Decrement)	Balance at end of year
	\$	\$	\$
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
Total	46,701,814	-	46,701,814

	2018	2017
NOTE 14 – TRADE AND OTHER PAYABLES	\$	\$
Trade payables and accruals	1,480,749	693,062
	1,480,749	693,062

NOTE 15 – TRUST FUNDS AND DEPOSITS

Refundable security deposits	460,307	32,441
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 16 – PROVISIONS

2018	Annual Leave	Leave In Lieu	Long Service Leave	Total
	\$	\$	\$	\$
Balance at beginning of the financial year	362,988	10,265	1,134,555	1,507,808
Additional provisions	399,101	61,506	73,978	534,585
Amounts Used	(381,733)	(52,678)	(92,675)	(527,086)
Balance at the end of the financial year	<u>380,356</u>	<u>19,093</u>	<u>1,115,858</u>	<u>1,515,307</u>

2017	Annual Leave	Leave In Lieu	Long Service Leave	Total
	\$	\$	\$	\$
Balance at beginning of the financial year	380,900	5,182	1,116,940	1,503,022
Additional provisions	391,467	21,669	96,863	509,999
Amounts Used	(409,379)	(16,586)	(79,248)	(505,213)
Balance at the end of the financial year	<u>362,988</u>	<u>10,265</u>	<u>1,134,555</u>	<u>1,507,808</u>

(a) Employee Benefits

	2018	2017
	\$	\$
Current		
Annual Leave	380,356	362,988
Long Service Leave	1,028,369	1,008,512
Leave in Lieu	19,093	10,265
	<u>1,427,818</u>	<u>1,381,765</u>
Non-Current		
Long Service Leave	87,489	126,043
Total Employee Benefits	<u>1,515,307</u>	<u>1,507,808</u>

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

Weighted average increase in employee costs	3.88%	3.81%
Weighted average discount rates	2.65%	2.61%
Weighted average settlement period	12	12

	\$	\$
Current provisions expected to be settled within 12 months		
Annual leave	380,356	362,988
Long service leave	201,324	197,487
Other Leave	19,093	10,265
	<u>600,773</u>	<u>570,740</u>
Current provisions expected to be settled after 12 months		
Long service leave	827,045	811,025
Total current provisions	<u>1,427,818</u>	<u>1,381,765</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
NOTE 16 – PROVISIONS (CONTD)		
Non-Current Employee Benefits		
Long service	87,489	126,043
Total Employee Benefits	<u>1,515,307</u>	<u>1,507,808</u>

NOTE 17 – COMMITMENTS

2018	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
	\$	\$	\$	\$	\$
Operating					
Photocopier Leases	29,280	21,000	3,700	-	53,980
Office Leases	46,000	46,000	-	-	92,000
Total	<u>75,280</u>	<u>67,000</u>	<u>3,700</u>	<u>-</u>	<u>145,980</u>

Capital					
Wharves and Jetties	2,898,541	-	-	-	2,898,541
Buildings & Improvements	-	-	-	-	-
Plant	-	-	-	-	-
Total	<u>2,898,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,898,541</u>

2017	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
	\$	\$	\$	\$	\$
Operating					
Photocopier Leases	29,280	29,280	24,700	-	83,260
Office Leases	46,000	46,000	46,000	-	138,000
Total	<u>75,280</u>	<u>75,280</u>	<u>70,700</u>	<u>-</u>	<u>221,260</u>

Capital					
Wharves and Jetties	5,859,763	3,216,639	-	-	9,076,402
Buildings & Improvements	27,068	-	-	-	27,068
Plant	7,631,837	-	-	-	7,631,837
Total	<u>13,518,668</u>	<u>3,216,639</u>	<u>-</u>	<u>-</u>	<u>16,735,307</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
NOTE 18 – RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Surplus for the year	15,939,225	6,504,746
<i>Non-Cash Items:</i>		
Depreciation	5,635,717	5,072,391
Loss on disposal of property, plant and equipment, infrastructure	292,265	292,164
<i>Changes in Assets and Liabilities:</i>		
(Increase) decrease in trade/other receivables	(1,212,236)	1,089,457
(Increase) decrease in accrued income	(4,471)	(29,286)
(Increase) decrease in prepayments	(10,070)	32,254
(Increase) decrease in inventories	(369,368)	(3,641)
Increase (decrease) in trade and other payables	62,159	15,287
Increase (decrease) in trust funds	427,866	(25,556)
Increase (decrease) in provisions	7,499	4,784
Net Cash Inflow From Operating Activities	20,768,587	12,952,603

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 2018**

NOTE 19 – EXPENDITURE BY FUNCTION	2018 \$	2017 \$
Administration and management	1,476,961	1,588,809
Boating safety and incident management	256,497	270,600
Boatyard and slipway operations	2,132,367	2,155,670
Committee of Management	185,962	180,857
Depots, plant and equipment (excluding boatyards and slipways)	430,616	447,759
Depreciation	5,635,717	5,072,391
Dredging and sand management	2,116,077	4,838,736
Engineering & Operations Management	467,527	365,974
Navigation aids and signage	306,707	351,277
Other	321,986	417,075
Port Operations, Regulation & Compliance	570,960	678,432
Training & Development	114,869	113,901
Wharves, jetties and moorings	607,668	660,385
TOTAL EXPENSES	<u>14,623,916</u>	<u>17,141,866</u>

NOTE 20 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Gippsland Ports' have been negotiating a new Enterprise Agreement since July 2016 with final agreement yet to be reached. At 30 June 2018 Gippsland Ports' estimates that entitlements backdated to the expiry of the prior agreement are approximately \$398,944. No accrual has been recognised in the financial statements, however a commitment has been included in the reconciliation of uncommitted cash (refer note 24). The Committee is not aware of any contingent assets 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 2018**

NOTE 22a – RESPONSIBLE PERSONS DISCLOSURES**Responsible Persons****2017/18****Board Chairman**

Geoff Hocking

Period

1/07/17 – 30/06/18*

Board Members

Richard Mostard

1/07/17 – 31/07/17

Nicola Watts

1/07/17 – 30/06/18*

Richard Ellis

1/07/17 – 31/07/17

Chris Cook

1/07/17 – 31/07/17

Richard Elkington

1/07/17 – 31/07/17

Rod Thomas

1/07/17 – 31/07/17

Greg Fitz

9/08/17 - 30/06/18

Rosa McQuilten

9/08/17 - 30/06/18

Joanne Butterworth-Gray

9/08/17 - 30/06/18

* Note period where no Board appointed 31/07/17 - 9/08/17

Senior Management

Nicholas Murray - CEO

1/07/17 – 30/06/18

Stephen Martin

1/07/17 – 30/06/18

Greg Hatt

1/07/17 – 30/06/18

David Holding

1/07/17 – 30/06/18

	2018	2017
	No.	No.
Total Number of Board Members	10	7
Chief Executive Officer and Other Key Management Personnel	4	4
Total Key Management Personnel	14	11

NOTE 22b – KEY MANAGEMENT PERSONNEL**Remuneration of executives**

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

Short-term benefits include wages, salaries, paid annual leave and paid sick leave and bonuses (if payable within 12 months of the end of the period) and non-monetary benefits.

Post-employment benefits include superannuation entitlements and other retirement benefits.

Other long-term benefits include long-service leave or other long-service benefits, and bonuses (not payable wholly within 12 months of the end of the period).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2018 (i)
\$

2017 (i)
\$

NOTE 22b – KEY MANAGEMENT PERSONNEL (CONTD)

Remuneration of executive officers

(including executives and defined Key Management Personnel (KMP))

Remuneration

Short-term employee benefits	706,148	704,948
Post-employment benefits	66,622	69,389
Other long-term benefits	17,547	17,900
Total remuneration (i)	790,317	792,237
Total number of executives	14	11
Total annualised employee equivalent (AEE) (ii)	3.91	4.1

Notes:

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

(ii) Annualised employee equivalent is based on the time fraction worked during the reporting period.

Other Transactions of Responsible Persons and their Related Parties

There were no related party transactions during the financial year.

NOTE 23 – FINANCIAL INSTRUMENTS

23(a) Accounting Policy, Terms and Conditions

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets			
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 2016/17), and 0.10% (0.10% in 2016/17). The interest rate at balance date was 0.10%. Funds returned fixed interest rate of between 1.50% (0.60% in 2016/17), and 2.45% (2.85% in 2016/17).
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.
Financial Liabilities			
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 2018

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:

2018

Fixed interest maturing in:

	Floating Interest Rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and Cash equivalents	1,137,322	13,000,000	-	-	1,150	14,138,472
Trade and other receivables					2,185,739	2,185,739
Total financial assets	1,137,322	13,000,000	-	-	2,186,889	16,324,211
Weighted average interest rate	0.10%	1.83%				
Financial liabilities						
Trade and other payables	-	-	-	-	1,480,749	1,480,749
Trust funds and deposits	-	-	-	-	460,307	460,307
Total financial liabilities	-	-	-	-	1,941,056	1,941,056
Weighted average interest rate						
Net financial assets/(liabilities)	1,137,322	13,000,000	-	-	245,833	14,383,155

2017

Fixed interest maturing in:

	Floating Interest Rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and Cash equivalents	815,762	9,000,638	-	-	2,352	9,818,752
Trade and other receivables					973,503	973,503
Total financial assets	815,762	9,000,638	-	-	975,855	10,792,255
Weighted average interest rate	0.10%	1.83%				
Financial liabilities						
Trade and other payables	-	-	-	-	693,062	693,062
Trust funds and deposits	-	-	-	-	32,441	32,441
Total financial liabilities	-	-	-	-	725,503	725,503
Weighted average interest rate						
Net financial assets/(liabilities)	815,762	9,000,638	-	-	250,352	10,066,752

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial Assets				
Cash	1,138,472	818,114	1,138,472	818,114
At Call / Term Deposits	13,000,000	9,000,638	13,000,000	9,000,638
Trade & other receivables	2,185,739	973,503	2,185,739	973,503
	16,324,211	10,792,255	16,324,211	10,792,255
Financial Liabilities				
Trade & other payables	1,480,749	693,062	1,480,749	693,062
Trust funds & deposits	460,307	32,441	460,307	32,441
	1,941,056	725,503	1,941,056	725,503

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 2018

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 Not Impaired 1 - 3 Months	3 Months - 1 Year	Impaired Financial Assets
	\$	\$	\$	\$	\$
2018					
Financial Assets					
Cash and Cash Equivalents	1,138,472	1,138,472	—	—	—
Receivables					
- Trade Debtors	2,185,739	1,912,304	301,586	(28,151)	8,762
Other Financial Assets					
- Term Deposits	13,000,000	13,000,000	—	—	—
Total Financial Assets	16,324,211	16,050,775	301,586	(28,151)	8,762
2017					
Cash and Cash Equivalents	818,113	818,113	—	—	—
Receivables					
- Trade Debtors	973,503	709,359	281,464	(17,320)	20,908
Other Financial Assets					
- Term Deposits	9,000,638	9,000,638	—	—	—
Total Financial Assets	10,792,254	10,528,110	281,464	(17,320)	20,908

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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
	\$	\$	\$	\$	\$
2018					
Financial Liabilities					
Payables	1,480,749	1,480,749	1,480,749	-	-
Trust funds and deposits					
- Security Deposits Held	460,307	460,307	-	-	460,307
Total Financial Liabilities	1,941,056	1,941,056	1,480,749	-	460,307
2017					
Payables	693,062	693,062	693,062	-	-
Trust funds and deposits					
- Security Deposits Held	32,441	32,441	-	-	32,441
Total Financial Liabilities	725,503	725,503	693,062	-	32,441

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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
	\$	\$	\$	\$	\$	\$
2018						
<i>Financial assets</i>						
Cash and cash equivalents	14,138,472	1,137,322	(11,373)	(11,373)	11,373	11,373
Total exposure	14,138,472	1,137,322	(11,373)	(11,373)	11,373	11,373
	Carrying Amount	Carrying Amount Subject to variable interest rate	Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$	\$
2017						
<i>Financial assets</i>						
Cash and cash equivalents	9,818,751	815,762	(8,158)	(8,158)	8,158	8,158
Total exposure	9,818,751	815,762	(8,158)	(8,158)	8,158	8,158

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
NOTE 24 – UNCOMMITTED CASH			
Cash, Investments & Stock on Hand		14,744,177	10,055,088
Add Receivables		2,185,739	789,503
Add prepayments & accrued income		158,901	144,360
Add Balance of Capital Income		153,746	6,000
Add Balance of Asset Sale Proceeds		36,203	-
Less Payables, trust funds and deposits		(1,941,056)	(541,503)
Less Employee Entitlements		(1,515,307)	(1,507,808)
Less Advance of Operating Grant		(845,736)	-
Less Balance of Capital Expenditure		(2,652,142)	(1,728,932)
Less Plant Replacement Reserve		(750,052)	(635,701)
Less Boatlifting Replacement Reserve		(125,166)	(40,800)
TSHD Major Maintenance Reserves		(400,000)	-
Less Sand Transfer System Periodic Mtc Reserve		(125,900)	(269,000)
Less balance of unspent SEMP's		(53,699)	(57,367)
Less balance of unspent Asset Maintenance		(1,503,553)	(1,355,254)
Less balance of GLOA		(1,906,616)	(1,223,878)
Less Balance of Operating projects		(437,419)	(128,192)
Less Balance of BSFP Expenditure		(68,087)	(1,082,444)
Add Balance of BSFP Income		3,400	249,750
Less contingency for Paynesville Slip		(100,000)	(299,000)
GLOA Outfall Works		-	(550,000)
Less HO Relocation Allowance		(250,000)	(350,000)
Less Balance C/fwd Capital Commitments		(1,573,302)	(1,000,812)
Long Jetty Expenditure in Advance of Grants Receipts		-	118,247
Less Balance of Long Jetty Expenditure C/Fwd		(1,481,058)	-
Less Provision for Employee EA Payments	20	(398,944)	(100,000)
Corporate Software Upgrade		(200,000)	-
Total Uncommitted Cash		954,127	492,257

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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, DEDJTR.

An interim Management Agreement was developed and executed between TfV and Gippsland Ports covering the period 1/07/2017 to 30/06/2018. A five year Management Agreement 2018/19 - 2022/23 was executed on 28/06/2018. Funding agreements are advised annually.

NOTE 26 - GLOSSARY

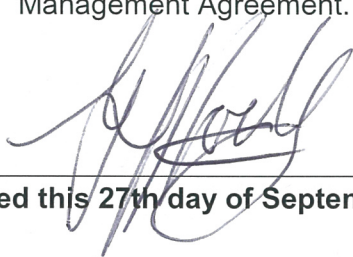
The following acronyms are used in the document

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
TfV	Transport for Victoria

CERTIFICATION BY CHAIRMAN OF THE COMMITTEE
FOR THE YEAR ENDED 30 JUNE 2018

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 Transport for Victoria as required by the Management Agreement.



Dated this 27th day of September 2018


**STATEMENT BY MEMBERS OF THE COMMITTEE
FOR THE YEAR ENDED 30 JUNE 2018**

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 2018 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 2018; 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 Transport for Victoria (2017-2018); 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:



Chairperson

Committee Member

Dated this 27th day of September 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Gippsland Port's Committee of Management

Opinion

We have audited the accompanying financial report of Gippsland Ports Committee of Management ("the Entity"), which comprises the statement of financial position as at 30 June 2018, 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 of management.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Gippsland Ports Committee of Management as at 30 June 2018, and of its performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the Management Agreement (1 July 2017 – 30 June 2018) signed with the Transport for Victoria (TfV).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Committee of Management for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the Management Agreement (1 July 2017 – 30 June 2018) signed with the Transport for Victoria (TfV), and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The committee of management is responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Rochelle Wrigglesworth
Director
GippsAudit Pty Ltd

Date: 27 September 2018
Place: Sale

**MANAGEMENT AGREEMENT CLAUSE 7.2
ANNUAL REPORTING SUPPLEMENT
FOR THE YEAR ENDED 30 JUNE 2018**

The following information is provided in accordance with reporting requirements as detailed in Clause 7.2 of the Interim Management Agreement and supplements information provided in the 2017/18 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 2018.



Nick Murray
Chief Executive Officer
Dated this 14th day of September 2018

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2018**

STATEMENT OF COMPREHENSIVE INCOME

	2017/18 Actual \$	Approved Budget \$	Forecast Revisions \$	Year End Forecast \$	Year End Forecast Variance \$
Revenue					
Operating Activities					
Annual Operating Grant	5,041,843	4,196,107	0	4,196,107	845,736
Operating Grant - Other	0	0	0	0	0
Operating Grant - GLOA	2,378,000	2,247,563	440,000	2,377,563	437
Interest Income	233,864	149,809	90,191	240,000	(6,136)
Wharfage, Berth & Moorings	1,726,770	2,196,983	(435,368)	1,761,615	(34,846)
Rent and Licence Fee Income	75,787	111,848	(36,552)	75,296	491
Boatyard & Slipping Income	2,403,405	2,315,515	105,438	2,420,953	(17,548)
Commercial Works	661,129	250,536	297,590	548,126	113,003
Other Income	48,743	51,519	0	51,519	(2,776)
Assets Received Free of Charge	0	0	0	0	0
Distribution from CDO class action	0	0	0	0	0
Total Revenue from Ongoing Activities	12,569,539	11,519,880	461,299	11,671,179	898,360
Capital Revenues					
Annual Capital Grant	0	0	0	0	0
Other Capital Grants	9,967,119	1,602,800	8,681,110	10,593,910	(626,791)
Port Upgrade	0	0	0	0	0
TSHD Procurement	8,318,747	8,318,748	(1)	8,318,747	0
Total Capital Revenue	18,285,866	9,921,548	8,681,109	18,912,657	(626,791)
Total Revenue	30,855,405	21,441,427	9,142,409	30,583,836	271,569
Expenses from Ongoing Activities					
Boating Safety & Incident Management	256,497	240,931	57,127	298,058	41,561
Boatyard & Slip Operations	2,132,367	2,285,200	103,533	2,388,733	256,366
Business Management	1,476,961	1,548,454	(23,868)	1,524,586	47,624
Committee of Management	185,962	204,194	(38,713)	165,481	(20,481)
Depots, Plant & Equipment (excluding boatyards and slipways)	430,616	871,163	(179,229)	691,934	261,318
Dredging & Sand Management	901,698	1,074,015	181,347	1,255,361	353,663
Engineering & Operations Management	467,527	515,279	(45,541)	469,739	2,211
Navigation, Port Operations, Regulation & Compliance	877,667	1,136,004	(42,903)	1,093,101	215,434
Gippsland Lakes Ocean Access	1,214,378	1,848,261	17,460	1,865,721	651,343
Other	321,986	11,302	882,661	893,963	571,977
Training and Development	114,869	80,947	7,000	87,947	(26,922)
Wharves, Jetties & Moorings	607,668	511,188	822,645	1,333,833	726,165
Depreciation	5,635,717	5,454,000	0	5,454,000	(181,717)
Impairment of Assets / Investments	256,497	240,931	57,127	298,058	41,561
Total Expenses from Ongoing Activities	14,623,916	15,780,939	1,741,518	17,522,457	2,898,542
Surplus / (Deficit) Prior to Sales, Disposals and Impairment of Assets	16,231,490	5,660,488	7,400,891	13,061,379	3,170,111
Profit / (Loss) from Asset Disposal					
Asset Sale Proceeds	80,797	115,000	2,000	117,000	(36,203)
Written Down Value of Assets Sold	66,947	115,000	2,000	117,000	50,053
Written Down Value of Assets Written Off	306,115	0	0	0	(306,115)
Total Profit / (Loss) from Asset Disposal	(292,265)	0	0	0	(292,265)
Surplus / (Deficit)	15,939,225	5,660,488	7,400,891	13,061,379	2,877,846

ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT OF FINANCIAL POSITION

	Balance 30/06/18 \$	Approved Budget \$	Forecast Revisions \$	Year End Forecast \$	Forecast Variance \$
Current Assets					
Cash & Cash Equivalents	14,138,472	4,617,465	3,688,146	8,305,611	5,832,861
Trade & Other Receivables	2,185,739	422,962	350,541	773,503	1,412,236
Inventories	605,705	232,696	3,641	236,337	369,368
Prepayments	43,748	0	0	0	43,748
Other Current Assets	115,153	47,327	97,032	144,359	(29,206)
Total Current Assets	17,088,816	5,320,450	4,139,360	9,459,810	7,629,006
Non-Current Assets					
Property, Infrastructure, Plant & Equipment	90,040,104	96,130,892	2,596,777	98,727,669	(8,687,565)
Works in Progress	8,223,173	2,000,000	0	2,000,000	6,223,173
Total Non-Current Assets	98,263,277	98,130,892	2,596,777	100,727,669	(2,464,392)
Total Assets	115,352,093	103,451,342	6,736,137	110,187,479	5,164,615
Current Liabilities					
Trade & Other Payables	1,480,749	102,155	0	102,155	1,378,594
Trust funds & Deposits	460,307	0	0	0	460,307
Provisions	1,427,818	1,626,816	(135,621)	1,491,195	(63,377)
Total Current Liabilities	3,368,874	1,728,971	(135,621)	1,593,350	1,775,524
Non-Current Liabilities					
Provisions	87,489	102,277	23,766	126,043	(38,554)
Total Non-Current Liabilities	87,489	102,277	23,766	126,043	(38,554)
Total Liabilities	3,456,363	1,831,248	(111,855)	1,719,393	1,736,970
Net Assets	111,895,731	101,620,094	6,847,992	108,468,086	3,427,644
Equity					
Accumulated Surplus	64,644,116	54,918,281	6,847,991	61,766,272	2,877,844
Asset Revaluation Reserve	47,251,615	46,701,813	1	46,701,814	549,801
Total Equity	111,895,731	101,620,094	6,847,992	108,468,086	3,427,644

ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2018

CAPITAL PROGRAM SUMMARY

	2017/18 Actual \$	Adopted Budget \$	Forecast Revisions \$	Forecast Budget \$	Forecast Variance \$
Wharves, Jetties & Moorings	8,342,386	1,511,000	7,332,467	8,843,467	501,081
Boatyards and Slips (excl. plant)	126,591	193,000	84,898	277,898	151,307
Navigational Aids & Signage	243,165	571,000	(298,110)	272,890	29,725
Foreshore Structures	0	0	0	0	0
Vehicles & Plant	309,945	686,600	34,929	721,529	411,584
Vessels	96,443	367,500	(82,034)	285,466	189,023
TSHD Procurement	8,012,745	8,318,748	861,512	9,180,260	1,167,515
Buildings & Office Equipment	123,917	32,000	218,094	250,094	126,177
Total Capital Program	17,255,191	11,679,848	8,151,756	19,831,604	2,576,413
Target for Completion	86				
Total completed	73	85% of Target			
Total carried forward	34				
Total number of projects	107				

STATEMENT OF CASH FLOWS

	2017/18 Actual \$	Adopted Budget \$	Forecast Revisions \$	Forecast Budget \$	Forecast Variance \$
Cash flows from Operating Activities					
<i>Receipts</i>					
Operating Grants	7,484,450	6,443,670	440,000	6,883,670	(600,780)
Capital Grants	17,930,744	9,921,548	8,681,109	18,602,657	671,913
Interest Received	225,288	149,809	90,191	240,000	14,712
User Charges & Fees	5,310,073	5,125,650	(68,892)	5,056,758	(253,315)
Suppliers & Employees	(10,181,968)	(10,501,607)	(2,080,017)	(12,581,624)	(2,399,656)
Net Cash Provided by Operating Activities	20,768,587	11,139,070	7,062,392	18,201,461	(2,567,125)
Cash flows from Investing Activities					
Payments for Property, Infrastructure, Plant & Equipment	(16,529,663)	(11,398,848)	(8,432,753)	(19,831,601)	(3,301,938)
Proceeds from Sale of Assets	80,797	115,000	2,000	117,000	36,203
(Purchase) / Proceeds of Other Investments	0	0	0	0	0
Net Cash used in Investing Activities	(16,448,866)	(11,283,848)	(8,430,753)	(19,714,601)	(3,265,735)
Net Increase / (Decrease) in Cash	4,319,720	(144,778)	(1,368,362)	(1,513,140)	(5,832,860)
Cash at Beginning of Period	9,818,751	4,762,243	5,056,508	9,818,751	0
Cash at End of Period	14,138,472	4,617,465	3,688,147	8,305,612	(5,832,860)

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2018**

FORECAST REVISIONS TO BUDGET

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

Operating	Income	Expense	Net Cash
SEMPs and Asset Maintenance carry forwards *	0	1,433,730	0
Operational Projects carry forwards *	0	90,619	0
Quarterly Review Adjustments	(167,692)	(165,116)	2,576
Emergency Grant Projects	440,000	280,000	160,000
TSHD Staff Training From Capital	0	143,710	(143,710)
Management Review Oct 17	2,000	(165,617)	167,617
Management Review Oct 17 – Non Cash	0	2,000	0
Operations Project Adjustments Oct 17	0	14,344	(14,344)
TSHD Forecast Adjustments	0	(8,000)	8,000
Operations Project Adjustments Dec 17	0	2,000	(2,000)
GLOA Adjustments	0	(118,250)	118,250
BI Seawall Project	260,000	260,000	0
Loch Sport Jetty	10,800	10,800	0
Operating Transfer to Capital Jan 18	0	(10,000)	10,000
Operational Forecasts Review	(36,500)	(61,305)	24,704
Operating Transfer to Capital Feb 18		(1,800)	1,800
Shearwater Crane		8,000	(8,000)
Boatyards Recoverable Works		(41,000)	41,000
Operating Transfer to Capital Mar 18		4,000	(4,000)
Adjustments for LSL and Other Leave March		23,914	(23,914)
Adjustments for LSL and Other Leave April		(5,092)	5,092
Operational Adjustments April	(45,309)	(58,752)	104,061
Operating Transfer to Capital May 18		(10,000)	10,000
Leave Adjustments May 18		(666)	666
GLOA Outfall Repairs		116,000	(116,000)
Total Operating Changes	463,299	1,743,519	341,798

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2018**

FORECAST REVISIONS TO BUDGET (CONTD)

Capital	Income	Expense	Net Cash
Base capital program carry forwards*	6,000	2,775,463	0
BSFP capital program carry forwards*	249,750	1,082,444	0
Long Jetty Rehabilitation	9,286,480	8,389,562	896,918
BSFP Grants	61,500	61,500	0
Quarterly Review Adjustments	0	74,000	(74,000)
Emergency Grant Projects	0	160,000	(160,000)
TSHD Staff Training To Operating	0	(143,710)	143,710
Management Review Oct 17	0	(254,048)	254,048
Capital Project Adjustments Oct 17	0	(34,000)	34,000
TSHD Forecast Adjustments	0	8,000	(8,000)
Capital Project Adjustments Dec 17	0	(4,190)	4,190
Operating Transfer to Capital Jan 18	0	10,000	(10,000)
Capital Forecasts Review	30,600	(2,640,978)	2,671,578
Cat Loader Savings		(35,660)	35,660
Operating Transfer to Capital Feb 18		1,800	(1,800)
Operating Transfer to Capital Mar 18		(4,000)	4,000
Additional Capital Allocation		40,000	(40,000)
Long Jetty timing adjustments	(971,620)	(1,362,827)	391,207
Operating Transfer to Capital May 18		10,000	(10,000)
Seagrass Friendly Mooring Project	18,400	18,400	0
Total Capital Changes	8,681,110	8,151,756	4,131,511

** No effect on projected year end uncommitted cash balance as the variations are offset by an associated increase in the opening cash on hand balance at prior year end.*

ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2018

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 from the prior financial year.

Revenue – Operating Activities

Annual Operating Grant Income

Favourable variance of 20% or \$845,736

GP was requested to invoice for an advance on the 2018/19 operating grant prior to the end of June 2018. This amount was paid 29 June 2018 and therefore is required to be included as income in 2017/18. The amount will reduce the 2018/19 grant line, for which a BVR will be required in 2018/19.

Wharfage, Berth & Moorings Income

Unfavourable variance of 2% or \$34,846

The variance relates to the commercial port usage income (excluding the RO/RO facility) at South Gippsland where Barry's Beach and Port Anthony Marine Terminal usage has dropped off over the latter part of the year.

Commercial Works

Favourable variance of 21% or \$113,003

The variance is associated with advance funding from DELWP for the Loch Sport dredging project (80k), and higher than expected fuel sales at the Bullock Island fuelling facility (\$36k).

Expenses – Operating Activities

The non-payment of EA increases totalling approximately \$399,000 has contributed the variances across all operational areas. The commentary below is provided in relation to additional variances outside the non-payment of EA increases.

Boating Safety & Incident Management

Favourable variance of 14% or \$41,561

The environmental management plan validation project represents a timing variance and has been placed on hold and has been rescheduled for the second half of the 2018/19 financial year.

Boatyards and Slipping Expenses

Favourable variance of 10% or \$256,366

The variance consists of incomplete asset maintenance projects (\$180k) and the balance associated with the general operating costs of the facilities. The relevant balances of the asset maintenance projects will be carried forward to 2018/19 where required, whilst the general operating variance reflects savings. As detailed throughout this report, and given the high proportion of salary in this area, readers are advised that the EA increases not yet paid will have contributed significantly to the overall variance in this area.

Business Management

Favourable variance of 2% or \$47,624

The variance is predominately saving generated from lower than projected year end leave accruals and several reduced overhead items. A balance of \$17k from the stakeholder engagement area is to be carried forward to supplement the recently approved stakeholder engagement plan in 2018/19.

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2018**

Depots, Plant & Equipment

Favourable variance of 32% or \$261,318

East Gippsland Depot admin costs represent 58% of the variance. Resourcing issues together with project demand has resulted in the East Gippsland Manager assisting in on site works and charging time accordingly, whilst the non-replacement of the administration support staff member pending a review of the requirement has also contributed. Some minor asset maintenance jobs are yet to be completed, and internal charge out of plant, equipment and vessels has been higher than projected.

Dredging and Sand Management

Favourable variance of 24% or \$353,663

The variance is associated with various asset maintenance projects (\$260k) relating to non-GLOA dredging in other locations (e.g. small dredging jobs reliant on obtaining consents). The Sand Transfer System (i.e. Kalimna, transfer station, booster barge and ancillary dredging vessels) is well underspent (\$120k) due to non-receipt of major items ordered as part of the preventative maintenance program. Hydrographic services savings make up the remaining variance.

Navigation, Port Operations, Regulation & Compliance

Favourable variance of 20% or \$215,434

Approximately 56% of the variance relates to the timing of asset maintenance projects, with all but one project underway. The balance of the variation is associated with routine maintenance on navigation aids in EG and SG; and waterway management costs (which are primarily salary expenses).

Gippsland Lakes Ocean Access

Favourable variance of 39% or \$651,343

The variance is permanent in nature and has resulted from a lower number of dredging hours and early costs being attributable to the procurement project. Any savings generated in 2017/18 are required to be quarantined for future years within the sand management programs.

Other Expenses

Favourable variance of 64% or \$571,977

The variance is associated with three projects, the Eastern Training Wall repairs, the Eastern Wharf seawall repair and the Bullock Island depot seawall reparation. These projects will be carried forward to 2018/19. It is estimated that these projects will exceed existing forecasts by approximately \$50k which will offset savings generated in other areas.

Wharves, Jetties & Moorings

Favourable variance of 54% or \$726,165

The variance is primarily linked to three asset maintenance projects deferred to 2018/19 (\$612k). There are several other smaller projects which are either part complete or deferred to 2018/19. The former variances will be carried forward during the end of year reconciliation process.

Capital Program

Capital Revenue

Unfavourable variance of 6% or \$626,791

The variance relates to unsuccessful BSFP applications for which capital revenue was forecast. This variance is offset by an associated positive capital expense.

Capital Expenditure

Favourable variance of 13% or \$2,576,413

During the year a total of \$23.7 Mil was capitalised to the asset register from capital works in progress. The majority of this value relates to Tommy Norton - \$21 Mil. The remaining costs of \$8.2M in capital works in progress at year end relate to the ongoing Long Jetty project (\$7.1 Mil). The year-end variance includes \$2.4 Mil of projects that are Works in Progress which will be carried forward to 2018/19 for completion, refer capital expenditure table below.

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2018**

Non-Current Asset Revaluations

At the end of each reporting period Gippsland Ports conduct a fair value assessment to identify if there may have been any material movement in asset valuations. If this process indicates that a material misstatement may exist then a full revaluation for that class of asset is conducted in that year. In 2017/18 this process led to an early revaluation of foreshore structures which resulted in a \$549,801 revaluation increase. This revaluation mainly comprised the entrance training walls, the rock groynes in Reeves Channel, seawalls abutting land that GP is responsible for and the breakwater at Port Welshpool.

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 five year Management Agreement was developed and agreed between the department and Gippsland Ports covering the period 1/07/2018 to 30/06/2023. Funding agreements are advised annually.

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2018**

Capital expenditure

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

Capital Expenditure Details

Project	2017/18 Actual \$	2017/18 Forecast \$	Variance \$	Comment
PW Livestock Fencing	10,670	4,752	5,918	Project scheduled for completion in 2018/19
Lakes Wash-down Alterations	0	3,000	(3,000)	Alternative works complete
SG Buoy Stand Fabrication	5,253	10,000	(4,747)	Complete
BI Fuel Facility Pipes	0	5,000	(5,000)	Alternative works complete
PW CCTV and Communications	1,488	40,000	(38,512)	C/Fwd. balance to 2018/19
Training Wall Risk Mitigation	1,356	6,000	(4,644)	C/Fwd. balance to 2018/19
BI LEFCOL Jetty North re-deck	0	3,078	(3,078)	C/Fwd. balance to 2018/19
LE Bank Jetty	8,993	8,993	0	Complete
LEBH Western Low Landing	439,261	497,516	(58,255)	C/Fwd. balance to 2018/19
Post Office Jetty Low Landing	869	891	(22)	Complete
RI Public Jetty	10,695	10,774	(79)	Complete
Paynesville Boat Harbour North	721	120,000	(119,279)	C/Fwd. balance to 2018/19
Paynesville Boat Harbour Central	216	60,000	(59,784)	C/Fwd. balance to 2018/19
SG Long Jetty Rebuild	6,877,365	7,028,545	(151,180)	C/Fwd. balance to 2018/19
PBY Slipway Jetty GWP Extension	22,142	22,454	(312)	Complete
Duck Arm Sewage Pump out	34,950	34,696	254	Complete
BSFP Public Moorings	19,895	1,068	18,827	Complete
BSFP Nyerimilang Jetty	549,616	616,204	(66,587)	C/Fwd. balance to 2018/19
BSFP Nicholson Jetty	190,941	216,350	(25,409)	Complete
Marlo Jetty Piles	288	0	288	Project scheduled for 2018/19
LE Eastern Wharf Services	44,157	55,000	(10,843)	C/Fwd. balance to 2018/19
PBY Slipway South No.5	25,582	35,000	(9,418)	Complete
GL Seagrass Friendly Moorings	0	18,400	(18,400)	C/Fwd. balance to 2018/19
BSFP - Steamer Landing Jetty	0	269	(269)	Complete
BSFP - Sperm Whale Head Jetty	288	0	288	Complete
PW Fisherman's jetty	116,408	114,230	2,178	Complete
BSFP - LE Reeves Channel	16,374	12,887	3,487	Complete
BSFP - McLennan Straits Navigation Aids	2,157	728	1,429	Complete
BSFP - Lake Wellington Navigation Aids	3,786	4,000	(214)	Complete
BSFP - Franklin River Navigation Aids	66,364	66,805	(441)	Complete
BSFP - Bancroft Bay 5 Kt. Buoys	18,679	18,858	(179)	Complete
BSFP - Marlay Point Dredging	0	69,671	(69,671)	Complete, expense transferred to operating
BSFP - Nyerimilang Navigation Aids	0	2,520	(2,520)	Complete
BSFP - Flannigan Island Navigation Aids	412	1,711	(1,300)	Complete
BSFP - North Arm Navigation Aids	1,925	2,441	(516)	Complete
BSFP - West Entrance Navigation Aids	4,308	4,000	308	Complete
BSFP - Mosquito Point Navigation Aids	265	2,200	(1,936)	Complete

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2018**

Capital Expenditure Details (Cont'd)

Project	2017/18 Actual \$	2017/18 Forecast \$	Variance \$	Comment
BSFP - Point Fullaton Navigation Aid	1,374	4,200	(2,826)	Complete
BSFP - Shaving Point Navigation Aids	3,140	3,450	(310)	Complete
BSFP - Lake King Navigation Aids	1,281	4,241	(2,961)	Complete
BSFP - Duck Arm Navigation Aids	0	1,520	(1,520)	Complete
BSFP - Point Wilson Navigation Aids	0	1,711	(1,711)	Complete
BSFP - Bluff Point Navigation Aids	3,921	3,880	41	Complete
BSFP - Butlers Point Navigation Aids	3,991	3,880	110	Complete
BSFP - Steamer Channel Navigation Aid	1,535	2,414	(879)	Complete
BSFP - Variable Message Signs	53,941	60,000	(6,059)	Complete
BSFP - Shallow Inlet Sign	0	1,500	(1,500)	C/Fwd. balance to 2018/19
BSFP Mallacoota Inlet Navigation Aids	239	239	0	Complete
BSFP Lake Victoria Navigation Aids	0	30	(30)	Complete
BSFP Port Albert Ent NA Buoys	59,474	0	59,474	Project scheduled for 2018/19
BIBY Props and Cradles	0	2,000	(2,000)	Complete
BIBY Treatment Plant Mods	1,254	1,018	236	Complete
BIBY Cables and Fittings	0	1,000	(1,000)	Complete
BIBY Paving Slab	20,396	7,880	12,516	Complete
BIBY Solar Assessment	0	3,000	(3,000)	C/Fwd. balance to 2018/19
BIBY Work bay Curtains	0	8,000	(8,000)	C/Fwd. balance to 2018/19
BIBY High Tower	0	7,000	(7,000)	C/Fwd. balance to 2018/19
PBY Work Bay Paving	86,850	60,000	26,850	Project scheduled for 2018/19
PBY Shipwrights Shed Mods	0	6,000	(6,000)	C/Fwd. balance to 2018/19
PBY Cradle Replacements	5,040	11,000	(5,960)	C/Fwd. balance to 2018/19
PBY High Tower	0	7,000	(7,000)	C/Fwd. balance to 2018/19
PBY Waste Treatment Upgrade	10,181	160,000	(149,819)	C/Fwd. balance to 2018/19
PBY Storage Rack System	2,870	4,000	(1,130)	C/Fwd. balance to 2018/19
TSHD Purchase Contract	7,239,068	7,601,214	(362,146)	Complete, balance c/fwd. for onshore works
TSHD Contract Ancillary Costs	15,643	60,000	(44,357)	Complete, balance c/fwd. for onshore works
TSHD Final Acceptance Testing	83,793	115,000	(31,207)	Complete, balance c/fwd. for onshore works
TSHD Sewage Pump out	3,204	2,000	1,204	Complete, balance c/fwd. for onshore works
TSHD Equipment/Spares Shed	216,063	203,538	12,526	Complete, balance c/fwd. for onshore works
TSHD Oil/Lubricant Storage	478	303	175	Complete, balance c/fwd. for onshore works
TSHD Depot Security Cameras	11,342	24,912	(13,569)	Complete, balance c/fwd. for onshore works
TSHD BI Wharf Fendering & Fence	217	3,000	(2,783)	Complete, balance c/fwd. for onshore works
TSHD Depot Wharf Fendering	41,172	78,366	(37,194)	Complete, balance c/fwd. for onshore works
TSHD Depot Wharf Sheet Piling	3,336	391,879	(388,543)	Complete, balance c/fwd. for onshore works
TSHD Concrete Hardstand	74,525	75,030	(504)	Complete, balance c/fwd. for onshore works
TSHD Workboat Storage	9,938	12,000	(2,062)	Complete, balance c/fwd. for onshore works
TSHD Waste Oil Storage	232	250	(18)	Complete, balance c/fwd. for onshore works
TSHD Electrical Upgrade	41,090	39,603	1,487	Complete, balance c/fwd. for onshore works

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2018**

Capital Expenditure Details (Cont'd)

Project	2017/18 Actual \$	2017/18 Forecast \$	Variance \$	Comment
TSHD Dredge Pipe and Floats	31,192	85,744	(54,552)	Complete, balance c/fwd. for onshore works
TSHD Gangway	21,890	26,000	(4,110)	Complete, balance c/fwd. for onshore works
TSHD PC/Notebooks for Crew & O	6,954	7,100	(146)	Complete, balance c/fwd. for onshore works
NUC Install Accessories	2,630	2,500	130	Complete, balance c/fwd. for onshore works
TSHD Shipyard Supervision	21,690	21,690	(0)	Complete, balance c/fwd. for onshore works
TSHD Project Mgmt. and Inspections	188,287	187,500	787	Complete, balance c/fwd. for onshore works
TSHD Project Control / Ref Group	0	67,846	(67,846)	Complete, balance c/fwd. for onshore works
TSHD Contingency	0	142,838	(142,838)	Complete, balance c/fwd. for onshore works
TSHD Initial EA Negotiations	0	31,948	(31,948)	Complete, balance c/fwd. for onshore works
Cunninghame Engine Replacement	0	17,000	(17,000)	C/Fwd. balance to 2018/19
Corsair Engine Replacement	0	32,000	(32,000)	C/Fwd. balance to 2018/19
Gippslander Anchor Spuds	11,580	12,030	(450)	Complete
Kalimna Hyabb	0	10,000	(10,000)	No Longer Required
Reeve Motor Replacements	36,936	36,936	0	Complete
Corsair Modifications & DGPS	7,424	17,500	(10,076)	C/Fwd. balance to 2018/19
Fuel Barge - No 12	40,503	160,000	(119,497)	Complete
Replace SG Managers Vehicle	0	42,000	(42,000)	C/Fwd. balance to 2018/19
Replace Boatyard Managers Vehicle	42,546	44,000	(1,454)	Complete
Replace Works Inspector Vehicle	36,061	36,061	0	Complete
Replace EM Maritime Vehicle	0	47,000	(47,000)	C/Fwd. balance to 2018/19
Purchase Long Jetty Vehicle	30,168	30,168	0	Complete
Caterpillar 902 Loader	129,000	129,000	0	Complete
Lakes Entrance CCTV System	30,162	20,000	10,162	Complete
Sound Velocity Probe	19,995	20,000	(5)	Complete
Replace Trimble Antenna - Kalimna	2,500	3,300	(800)	Complete
Outfall/STS Corrosion Protect	0	350,000	(350,000)	C/Fwd. balance to 2018/19
EG & SG Chainsaw Replacements	7,086	7,500	(414)	Complete
PBY Tandem Trailer Replacement	819	6,000	(5,181)	C/Fwd. balance to 2018/19
SG Defibrillator	2,185	2,185	0	Complete
Dual Axle PWC Trailer	5,881	10,000	(4,119)	Complete
SG Portable Compressor	1,454	1,800	(346)	Complete
HO Defibrillator	2,088	0	2,088	Complete
LE Server Replacement	2,111	0	2,111	Complete
Computer Replacement Program 17/18	46,332	100,000	(53,668)	C/Fwd. balance to 2018/19
Maine Officer iPad	0	726	(726)	No Longer required
Board Devices x 5	12,232	12,232	0	Complete
Replace 2 x UPS Head Office	7,573	7,573	0	Complete
Terramodel Software	18,140	21,000	(2,860)	Complete
Timeminder System	12,325	12,325	0	Complete
Firebox Firewalls	6,436	0	6,436	Complete
Grand Total	17,255,191	19,831,604	(2,576,413)	

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.2.5
DREDGING OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2018**

Gippsland Ports carried out maintenance dredging of 'The Bar' and Inner Channels at Lakes Entrance during 2017/18. These works were funded by the Victorian Government's commitment to the *Gippsland Lakes Ocean Access (GLOA)* Program.

Dredging only occurred in the Port of Gippsland Lakes during the 2017/18 financial year.

Gippsland Ports' dredging assets available during the year included:

- The Trailing Suction Hopper Dredge (TSHD) *Tommy Norton* arrived Lakes Entrance 31st August, completed final acceptance testing and commenced dredging operations on 23rd October.
- The Cutter Suction Dredge (CSD) *Kalimna* and booster pump dredged the Inner Channels at Lakes Entrance
- The Sand Transfer System (STS) on 'New Works' area adjacent to Entrance channel
- Portable dredge pump (on standby)

Trailing suction hopper dredge "Tommy Norton"

The tenth TSHD program commenced with the *Tommy Norton* on 23 October 2018. TSHD dredging will now be an ongoing year round operation as opposed to the concentrated annual program of the previous nine years with the contracted dredger *Pelican*.

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

Statistics for *Tommy Norton* TSHD operation for 2017/18 and *Pelican* operation in 5 previous GLOA years is included in the table below.

	<i>Tommy Norton</i>	<i>Pelican</i>				
	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Dredged volume	111,568m ³	200,768m ³	156,789m ³	180,932m ³	173,892m ³	244,456m ³
Program cost	\$1,460,093	\$3,932,780	\$3,258,873	\$3,081,102	\$3,666,842	\$4,076,941
Cost per m³	\$13.09	\$19.59	\$20.78	\$17.03	\$21.09	\$16.67

* *Tommy Norton* includes \$400k per annum for future slipping and required periodic consents/studies.
Tommy Norton only worked for approximately 8 months during 2017/18 and with initial reduced capacity.

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 2018**

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 2017/18 and 5 previous years are included in table below.

	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Dredged volume	130,532m ³	201,811m ³	^c 157,444m ³	^b 146,236m ³	106,356m ³	^a 143,980m ³
Cost	\$434,458	\$468,403	\$485,863	\$451,118	\$333,822	\$405,396
Cost per m³	\$3.33	\$2.32	\$3.08	\$3.09	\$3.14	\$2.82

^a 2012/13 Dredged volumes includes 'free' dredging at Loch Sport (33,600m³) and Rigby Island (15,600m³).

^b 2014/15 Dredged volumes includes 'free' dredging/sand nourishment of Crescent Island (24,600m³)

^c 2015/16 Dredging volumes include 'free' dredging/sand nourishment of Grange / Steamer Channels and Crescent Island (59,573 m³)

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 2017/18 and previous 5 years are included in Table below.

	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
STS volume	165,337m ³	200,724m ³	97,871m ³	121,597 m ³	103,375 m ³	94,562 m ³
Cost	\$159,276	\$182,163	\$192,101	\$181,461	\$253,886	\$189,629
Cost per m³	\$0.96	\$0.91	\$1.96	\$1.49	\$2.45	\$2.01

Overall Dredging Statistics

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

	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Combined volume	242,100m ³	379,579m ³	314,233m ³	327,168m ³	280,248m ³	388,546m ³
Combined costs	\$2,053,823	\$4,583,346	\$3,936,937	\$3,713,681	\$4,254,550	\$4,671,966
Combined Cost per m³	\$8.48	\$12.07	\$12.53	\$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 2018**

Area of Incident	Incident type	Date of Incident	Incident Description	Contributing Factors
Newlands Arm	Pollution	01-Jul-17	Oil/fuel spill 1/2 down Newlands Arm area.	Unknown
BULLDOG	Marine	10-Jul-17	Dredge pipe anchor lines became entangled in GP vessel BULLDOG's propeller.	Dredge anchoring procedure under review. Master of vessel counselled.
McMillan Strait	Marine	31-Aug-17	Member of public reported GP vessel with two people on board, (potentially) travelling at excess speed up McMillan Strait.	Crew were not at fault and the report from the member of public was ill informed.
Squatters row, Paynesville	Pollution	04-Sep-17	Oil spill on Squatters Row flowing out a drain near the Jarvis Norwood barge. Member of public thinks it may be coming from one of the yards across the road.	Attended by GP staff however water level had risen and no oil was observed.
South Harbour, Paynesville	Pollution	22-Sep-17	Complaint of a 2 masted timber vessel on the outside of Paynesville South Harbour stripping fibreglass from the vessel.	Non compliance.
Lakes Entrance	Marine	03-Oct-17	Vessel fire - hire boat. GWP report - A small explosion and fire caused some minor injuries on board a Hire/Drive vessel from Lakes Entrance. GWP and Maritime Safety Authorities investigated the incident.	Refer to regulatory authority investigation report
Long Jetty	Hazard to navigation	07-Oct-17	Recovered a pile section from the region north east and adjacent to the PW harbour today. Appeared to be one from the western end section, past the burn site, of the Shipping Pier (Long Jetty). Approximate length, 5 metres. No reports of anyone impacting the pile whilst it was adrift	Deteriorating structure.
PBY Slipway	Pollution	11-Oct-17	Anitfoul plume originating from slipway during Raymond Island Ferry maintenance. PBY crew expressed concerns about potential for antifoul plume due to an issue with the treatment plant. After 5-10 mins of hydro blasting antifoul was leaking from underneath the slab downstream of the bunding creating plume.	Work was suspended until a solution found. Fence boom was deployed by PBY crew in order to contain any plume.
Mitchell River Channel	Marine	11-Oct-17	GP vessel (CUNNINGHAME) whilst transiting Mitchell River channel (in vicinity of number 10 port hand marker) struck bottom.	Navigational error
Raymond Island jetty	EH&S	16-Oct-17	Person advised that in attempting to alight from the Water taxi to the Raymond island jetty, she caught her foot on the jetty toe rail and fell onto the jetty. Person did not believe they had incurred any injury at the time however subsequent to the date of the incident wrist became sore and person attended a Doctor.	Human error
REEVE - PBY	Marine	01-Nov-17	Whilst reversing vessel out of the main slipway vessel impacted pole which is a few meters out from the jetty and the starboard aft quarter of the vessel made contact with the pole. The impact resulted in minor damage to the guard rail around the starboard outboard.	Human error.

GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INCORPORATED

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.3
MARINE INCIDENT REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

Area of Incident	Incident type	Date of Incident	Incident Description	Contributing Factors
Western boat harbour	EH&S	01-Nov-17	While crossing from a floating pontoon to the GIPPLANDER barge worker fell into the water from an improvised walking platform, a ladder, which wasn't adequate for the task. Personal Floatation Device auto activated.	Not using an approved work platform.
Boatyard	Damage	29-Nov-17	Reversing Franna crane in a tight space, struck handrail with right hand rear indicator resulting in a cracked lens.	Communication.
TOMMY NORTON	Damage	03-Dec-17	Vessel was surging fore and aft and rising and falling with flood tide and swell surge along the Bullock island Wharf. Gangway struck small power bollard, deformed it and broke electrical equipment.	Weather & mooring arrangements
Duck Arm	Pollution	01-Jan-18	Member of public reported discharged sewerage into the Gippsland Lakes from a vessel. The macerator pump on the boat in question was heard and sewerage was seen coming from the outlet just above the water line. The sewerage was followed by soapy water.	Non compliance
Inverloch Jetty	EH&S	12-Jan-18	Member of public slipped on jetty and injured knee and wrist. Person was walking on the jetty at night which was slightly wet and slipped.	Environmental conditions.
Lake Tyers Beach, Red Bluff	Marine	18-Jan-18	Trawler KARUMBA GULF grounded on beach.	Unknown
Bullock island fuel facility	Pollution	20-Jan-18	Excess waste in plastic bags placed on wharf and in emergency spill kit container.	Peak holiday season
Squatters row, Paynesville	Pollution	21-Jan-18	Member of public witnessed a tilt tray truck tow derelict floating pen and deposit onshore at Squatters Row location.	Non compliance
East Gippsland Works	EH&S)	24-Jan-18	Locking grab on excavator (for pile driving) gave way while pile was lifted over water. Backup - safety sling held pile in place. Was noted that excavator operator has to hold button down to keep grabs locked.	Design
Raymond Island to Newlands Arm	Pollution	26-Jan-18	EPA Traralgon (Tamara) advised that a member of public reported Human Waste was dumped between Newlands Arm and Raymond Island.	Non compliance. Public education.
Lake Victoria	Pollution	27-Jan-18	There was a long sewage slick from a boat/boats discharging their sewage bilge.	Non compliance. Public education.
Lakes Entrance Beach	Pollution	28-Jan-18	Casualty vessel grounded on Lakes Entrance Beach (RD490 Striper). Potential marine pollution event.	Swell
Lakes Entrance Beach	Pollution	29-Jan-18	Debris consisting of drums and unserviceable outboard motor found on beach.	Weather & non compliance.

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.3
MARINE INCIDENT REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

Area of Incident	Incident type	Date of Incident	Incident Description	Contributing Factors
Port Franklin	Biological	06-Feb-18	Dead cow had lodged itself between a private berth and vessel at Port Franklin. It does not have an ear tag, no owner is putting a hand up, it is not known what the cause of death is, whether it fell into the river or died from unnatural causes, infection or disease. Rope tied to it's head and secured to the jetty.	Unknown
TOMMY NORTON	Marine	08-Feb-18	Coming alongside LE depot jetty and with most lines on, the stbd stern line became entangled in the stbd propeller while being transferred behind the exhaust stack house to the port (jetty) side. At the time the stbd engine was clutched in but at idle so immediately stalled. Engineer inspected inboard components of motor and drive system and no damage is apparent.	Procedure not clear.
Long Jetty, SMC	Hazard to navigation	17-Feb-18	Containment polypipe boom surrounding the Long Jetty project was broken and had floated across the Lewis Channel. The Master of the Matthew Flinders III , inward bound, was advised of the issue. SMC, rang and advised the pipeline had been recovered, there was evidence of impact on the pipe.	Severe weather, impacted by recreational vessel.
McMillan Strait, Paynesville	None identified	01-Mar-18	GP Marine Officers witnessed a small vessel with two POB towing old sea dock down Macmillan Straits. The vessel bore no registration marks, nor was it displaying appropriate day shapes. Vessel did not have the required safety equipment.	Weather & non compliance
BIBY - vessel Aleven Bay on hardstand	Pollution	02-Mar-18	A quantity of diesel spilled on to the hardstand during de-fuelling of the trawler Aleven Bay on the hardstand at BIBY. De-fuelled diesel placed in leaking container. It also appears that diesel has been spilled on the wharf area to the aft of the vessel.	Contractor/ owner non compliance
Inverloch jetty	EH&S	10-Mar-18	HAZARD - near miss -a youth jumped into the water behind a vessel under power. Vessel operator only became aware of the youth when onlookers on the jetty shouted at him to stop, at this point he was reversing twin outboards at high revs. Estimated range from the youth to props at half a metre prior to vessel operator taking the motors out of gear.	Peak usage. Non compliance.
Cape Coran area	Marine	26-Mar-18	Yacht ran aground on Salmon Rocks Beach. Vessel approx 400m west of West Cape surf beach car park	Unknown
Port Welshpool, Fishermans Wharf	Marine	14-Apr-18	Storm Force wind event, Fishing vessel Santo Rocco hanging into the channel, at its berth.Santo Rocco had lost its bow line during the storm event. The vessel was located at the Fishermans jetty on the southern face. Vessel was hanging at an extreme angle in relation to the berth face.	Weather.

GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INCORPORATED

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.3
MARINE INCIDENT REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

Area of Incident	Incident type	Date of Incident	Incident Description	Contributing Factors
Roll-on-roll (RO-RO) wharf, Port Welshpool	EH&S	26-Apr-18	RO-RO user advised that one of his fork lifts had nearly lost control whilst returning to the ship, King Islander. He advised that the approach road, breakwater access, had given way slightly on the eastern side, whilst the fork lift was returning to the ship. The side of the breakwater face had given way, a wheel trench was still visible. It appeared that the driver had wandered off the wheel track slightly whilst driving the machine.	Plant suitability for operating area. Spotting.
Long Jetty project	Marine	30-Apr-18	Man overboard - nil injuries resulted. Worker was standing on the checker plate bow area of a workboat to loop a rope over the top of a pile, inadvertently over reaching and losing his balance resulting in him falling over board. The workman was immediately retrieved from the water without injury.	Weather
Mitchell River, Bairnsdale Boat ramp	Hazard to navigation	03-May-18	Vehicle driven into water.	Refer to VICPOL
Anderson inlet	Hazard to navigation	08-May-18	DELWP has received a report of objects in the water at Anderson inlet - hazards to swimmers/users. Appear to be large metal object - old and rusted remains of a wreck of some sort. Images supplied.	Environmental.
Public vessels	Damage	12-May-18	Mooring ring failure. (Feedback entry 14/5/18 refers.) Two vessels damaged did not take on water.	Weather
KALIMNA dredge	Marine	12-May-18	Vessel dragged anchor placing her beam on to the current/ weather.	Weather
Lakes Entrance	EH&S	15-May-18	Charter customer cut foot on a edge of the fibreglass ladder on the low landing.	
Mitchell River	Marine	31-May-18	Member of public rang to report hitting a snag in the Mitchell River approx. 2.5km down stream of the rowing club on the east side. Person was rowing a single skull and collided with the snag hitting and his head on a branch of the snag resulting in 24hr in Bairnsdale hospital.	Inexperience
Port Welshpool, roll-on-roll-off	Damage	31-May-18	Upon deprature of the KING ISLANDER (commercial vessel) SG Manager noted the southern fender pile was damaged. The rubber donut fender unit was not visible, although the unit appears to be still connected. Master said he did not feel any impact at departure and that due to the storm/Gale force winds last night, it was possible the vessel ramp has sat on the top of the pile.	Weather

Victorian Water Police Statistics – Gippsland 2017/18

Marine Incidents (advised to Gippsland Ports by Victorian Water Police) attended and/or coordinated by Victorian Water Police: 106 (Not available in 2016/17)
Information not available on whether Gippsland Ports also attended. Incidents include waterways managed by Gippsland Ports, Coastal waters and Eastern Bass Strait.