PORT OF HASTINGS CORPORATION

Annual Report 2022-2023

Acknowledgement

We acknowledge the Bunurong People as the Traditional Custodians of the land and waters on which we operate, and pay our respects to their Elders, both past and present.

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SECTION 1:
Year in Review

Chairperson's and CEO's Report

The Victorian Government's Offshore Wind Implementation Statement No.2 has identified the Port of Hastings as the most suitable port to support the construction of Victoria's offshore wind (OSW) farms subject to planning and environmental approvals. The OSW industry presents an opportunity to open a new chapter in the history of the Port, one that will see the Port of Hastings at the heart of Victoria's drive to reach net zero emissions while providing the State's transport network with enduring benefits beyond OSW projects. Work on the design, planning and environmental approvals for the Victorian Renewable Energy Terminal (the Terminal) is now underway to ensure it is available to facilitate the Government's OSW policy commitments.

The Port of Hastings has also been chosen as the location for a liquid hydrogen export terminal by Japan Suiso Energy (JSE), a consortium comprising Kawasaki Heavy Industries and Iwatani Corporation. Once constructed, the terminal will export liquid hydrogen produced in the Latrobe Valley by J-power and Sumitomo Corporation to Japan. JSE has received a commitment of $2.35 billion from the Japanese Government for the project.

The base business of the Port of Hastings Corporation (PoHC), which three major customers dominate, has been further diversified with the introduction of a fourth customer, Viva Energy Refinery Pty Ltd (Viva), Viva has commenced ship-to-ship crude oil transfers at PoHC's recently upgraded Crib Point Jetty. United Terminals Pty Ltd has also added jet fuel imports to their trade volumes, assisting to offset lower steel and LPG shipments by BlueScope Steel (AIS) Pty Ltd and Esso Australia Resources Pty Ltd (Esso), while Esso oil volumes traded strongly. There were 148 ship visits for the year, a 25% increase on last year, despite the total tonnes of cargo being marginally lower.

The Business-As-Usual (BAU) activities of PoHC achieved revenue of $8.9M, up 12% from the previous year. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of $1.8M was $1.6M lower than the last financial year primarily due to an increase in budgeted infrastructure maintenance. PoHC continues to produce a positive cash flow and is self-funding for all of its BAU activities.

The PoHC Board and staff remain committed to ensuring the Port of Hastings grows as a vital, commercial, deep-water energy and bulk cargo port and a critical link in the State's transport network. We thank the Directors and all staff for their significant contribution to the governance and operations of the Port.

In accordance with the *Financial Management Act 1994*, we are pleased to present the Port of Hastings Corporation's Annual Report for the year ending 30 June 2023.

Jennifer Acton
Chair

Malcom Geier
Chief Executive Officer

1.1 Annual Report

For the Period 1 July 2022 to 30 June 2023

The Annual Report of the Port of Hastings Corporation (PoHC) is presented together with the Financial Statements for the year to 30 June 2023 in conformity with the provisions of the *Financial Management Act 1994*.

1.2 Objectives and Functions

The PoHC is part of Victoria's integrated transport portfolio, led by the Department of Transport and Planning (DTP). The vision of the transport portfolio is an integrated and sustainable transport system that contributes to an inclusive, prosperous and environmentally responsible state that promotes:

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

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

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

The PoHC was established under the *Transport Integration Act 2010* and is responsible for the management and operations of the Port of Hastings. From 1 July 2023, the channels and Port waters in Western Port are within the jurisdiction of Ports Victoria, which manages them.

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

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

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

1.3 Values

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

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

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

Leadership

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

Integrity

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

Respect

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

Sustainability

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

1.4 Vision, Purpose and Role

Vision:

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

Purpose:

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

Role:

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

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

1.5 Port of Hastings Trade Summary

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

Industries located at the Port provide connection to offshore oil and gas platforms, import and processing facilities, and connection to Victoria's remaining oil refinery via pipeline. Oil, gas and petroleum products are distributed from Hastings across southeast Australia, supporting the region's energy needs.

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

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

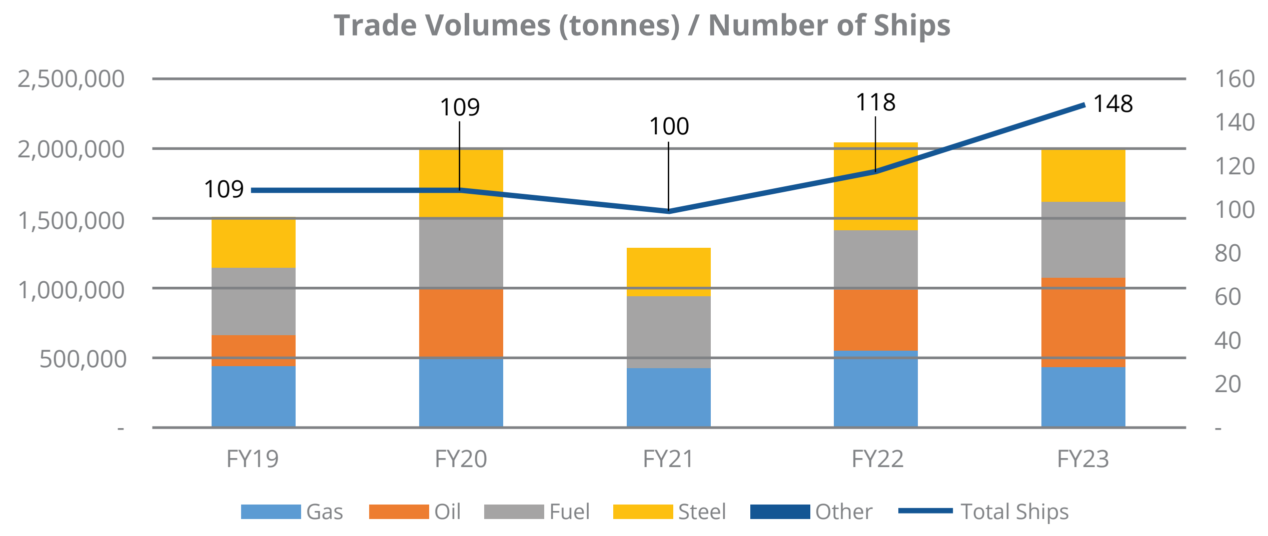
The Western Port-Altona-Gippsland (WAG) pipeline links the Bass Strait oil and gas fields with port processing facilities at Hastings and the refinery in Geelong. This pipeline provides an important link in the State economy.

Major industry facilities at Hastings include:

- BlueScope Steel (AIS) Pty Ltd's Western Port steelworks;
- The Esso Australia Resources Pty Ltd fractionation plant; and
- The United Terminals Pty Ltd fuels storage and distribution facility.

The 2022-23 financial year saw 148 ships visiting the Port. Total volumes (import and export) decreased by 2% to 2 million tonnes. Gas and Steel shipments were 23% and 42% lower than the previous year, respectively, with Oil and Fuel up by 52% and 26%.

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



1.6 Financial Summary

		($thousand)			
Financial Summary	*2023*	*2022*	*2021*	*2020*	*2019*
State government grant	8,000	-	40	-	-
Total income from transactions	8,865	7,912	6,208	7,571	6,924
Total operating expenses from transactions	(9,851)	(4,606)	(4,035)	(3,502)	(3,078)
EBITDA *(i)*	**7,014**	**3,306**	**2,213**	**4,069**	**3,846**
Depreciation and Amortisation	(2,769)	(2,615)	(2,569)	(6,478)	(6,369)
Net interest	398	(3)	734	33	62
Net result from transactions	4,643	688	378	(2,376)	(2,461)
Net result for the period	21,256	688	(353)	4,801	(2,466)
Net cash flow from operating activities	12,181	3,542	8,899	4,416	3,168
Total assets *(ii)*	**168,092**	**147,105**	**140,587**	**140,334**	**136,204**
Total liabilities	7,628	7,897	2,067	1,461	2,132

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

(ii) A fair value assessment was conducted by management as required under the Financial Reporting Directive (FRD) 103H resulting in a revaluation of buildings of $50K and infrastructure of $16.6M.

In 2022-23, the PoHC recorded Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of $7M compared to $3.3M the previous year, with a net result from transactions of $4.6M compared of $0.7M in the previous financial year. The EBITDA result was impacted by the receipt of a state government grant of $8M offset by the expenditure of $2.8M associated with the Terminal project.

Income from transactions, including port operating fees, leases, and other income (excluding government grants), increased by $1M (12%). The income increase is predominantly due to strong oil and fuel movements for the year offset by weaker LPG and steel volumes.

Total operating expenses from transactions increased to $9.9M compared to $4.6M the previous year. The main contributor to this increase was an increase in planned infrastructure maintenance of $2M, an increase in labour costs of $0.3M and consultants of $0.2M and the Terminal project costs of $2.8M.

Total assets increased by $21M in 2022-23 to $168.1M. Total liabilities decreased by $0.3M. The increase in total assets is predominantly due to the increase in financial assets due to the receipt of a Victorian Government grant of $8M. Non-financial assets increased by $14.3M due to revaluation of buildings and infrastructure of $16.6M offset by depreciation and amortisation charges.

Net cash flow from operating activities was $12.2M compared to $3.5M the previous year. The key contributors to the increase in cash were the $8M state government grant received in June and the collection of license fees included in receivables the previous financial year.

Financial Performance and Business Review

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

The PoHC has managed its overall BAU costs within its 2022-23 budget. (It should be noted that the $8M state government grant as well as $1.1M of the $2.8M spent on the Terminal project were not included in the 2022/23 budget.)

Financial Position – Balance Sheet

Net assets increased by $21.3M compared to last year, due to the building and infrastructure revaluation and an increase in cash deposits.

Total liabilities decreased by $0.3M to $7.6M.

Cash Flows

Net cash flow from operating activities was $12.2M compared to $3.5M the previous year. The PoHC received $5M in license fees, and a state government grant of $8M. Net cash at the end of the financial year was $21.6M compared to $9.7M the previous year.

Subsequent Events

There have been no subsequent events to the reporting period of the PoHC post 30 June 2023.

SECTION 2:
Governance and Organisational Structure

2.1 Board of Directors

The PoHC is governed by its Board of Directors. The PoHC's Board is appointed by the Minister for Ports and Freight. The Board comprises of three independent Directors during the year - a Chair, Deputy Chair and one Director.

The Board is responsible for the corporate governance of the PoHC and may exercise powers as set out in the Transport Integration Act 2010. The Board is directly accountable to the Victorian Government through the Minister for Ports and Freight and the Treasurer.

Corporate governance is the process by which the PoHC is directed, controlled and held accountable. It encompasses authority, accountability, stewardship, leadership, direction and control exercised in the organisation. Governance includes the legislative framework under which the PoHC was established, the role of the Board, the Chief Executive Officer and the Chief Financial Officer.

Directors

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

Claire Filson
Claire was appointed a non-executive Director of the PoHC on 1 January 2012 and appointed non-executive Deputy Chair on 1 July 2015. Claire is also the Chair of the Audit & Risk Committee. Claire has an extensive background in financial services, superannuation, insurance, funds management and infrastructure and property. She is currently a member of the Kingston City Council Audit Committee, a Director of Greater Western Water, Deputy Chair of the Portable Long Service Authority, Deputy Chair of the Indigenous Land and Sea Corporation and Chair of the Audit and Risk Committee and an independent Director of the Redundancy Payment Central Fund Limited (trading as Incolink).

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

The Board met eleven times during the year.

Table 1: Board Members and Attendance

Position	Name	Appointed	Term Expires	Attended	Eligible to Attend	Total Meetings Held
Chair	Ms Jennifer Acton	1/07/2015 (Appointed Chair 1/10/2017)	30/09/2025	11	11	11
Deputy Chair	Ms Claire Filson	1/07/2012	30/09/2025	11	11	11
Director	Mr Arthur Apted	1/10/2017	30/09/2025	11	11	11

The PoHC is committed to meeting its governance requirements and has been active in its policy and procedure development program to ensure compliance with the Government's Financial Management Compliance Framework. The PoHC was fully compliant as at 30 June 2023.

2.2 Audit and Risk Committee

The Audit and Risk Committee consists of the following members:

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

Peter Wickenden was appointed as an independent external member of the Audit and Risk Committee on 16 November 2015. Peter is a fellow of the Certified Practicing Accountants, company auditor. He is also a member of several boards and committees and is currently the Chair of Toorak College, Mount Eliza.

Audit and Risk Committee Responsibilities

The main responsibilities of the Audit and Risk Committee are to:

- Review and report independently to the Board of Directors on the annual report and all other financial information published by the Port of Hastings Corporation;
- Assist the Board of Directors in reviewing the effectiveness of the PoHC's internal control environment covering:

  - Effectiveness and efficiency of operations;

  - Reliability of financial reporting; and

  - Compliance with applicable laws and regulations;
- Determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors;
- Maintain effective communication with external auditors;
- Consider recommendations made by internal and external auditors, and review the implementation of actions to resolve issues raised; and
- Oversee the effective operation of the risk management framework.

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

Table 2: Audit Committee Meeting & Attendance

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

2.3 Executive Remuneration Committee

The Executive Remuneration Committee comprises:

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

Executive Remuneration Committee Responsibilities

The Executive Remuneration Committee undertakes and makes recommendations to the Board on matters pertaining to senior executive remuneration and succession planning issues facing the PoHC. The Executive Remuneration Committee Charter applies in respect of the PoHC executive officers employed under the Office of Public Sector Executive Remuneration (OPSER) framework.

The Executive Remuneration Committee met two times during the year.

Table 3: Executive Remuneration Committee Meeting & Attendance

Executive Remuneration Committee Member	Attended	Eligible to Attend	Total Meetings Held
Mr Apted (Chair)	2	2	2
Ms Filson	2	2	2

2.4 Senior Executives

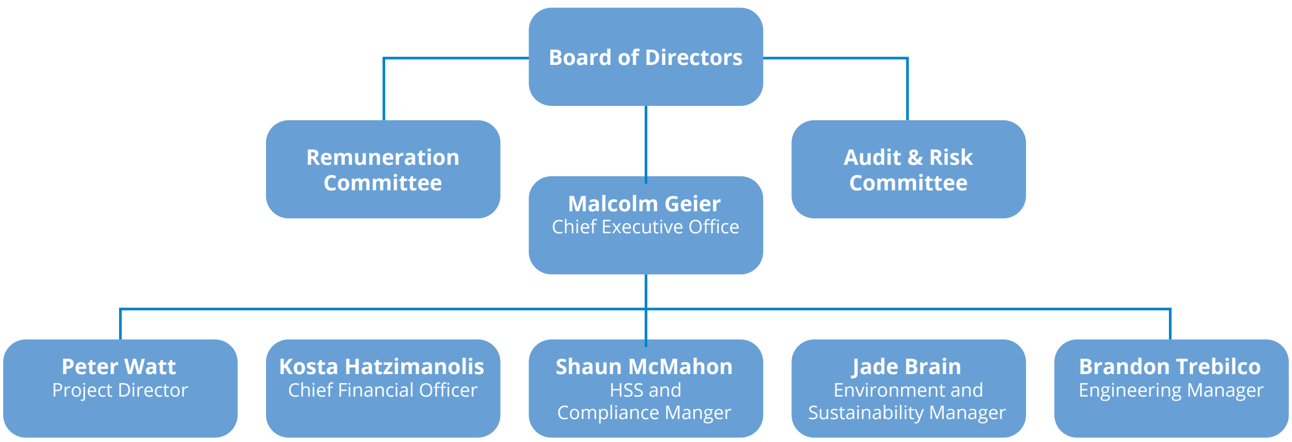
Malcolm Geier

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

Kostas Hatzimanolis

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

2.5 Organisational Structure as at 30 June 2023



2.6 Occupational Health and Safety

Safety is important to the PoHC and is a key strategic and operational goal for the organisation. Safety underpins our daily work and is integral to our approach to all identified risks and control measures. The PoHC has achieved a consistent and strong safety record with no significant events or incidents reported this year.

We continue to foster a workplace culture that is inclusive and where our employees are valued. Consultation and commitment promote good health, well-being and flexible ways of working.

The PoHC, as the Port Manager, has the primary responsibility to safely maintain jetty infrastructure to ensure port operations occur safely across its facilities at Stony Point, Crib Point and Long Island Point. This includes port security and emergency response arrangements and providing tier 1 response capability for oil spills along the coast between Cape Schanck and Wilsons Promontory.

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

Where applicable, the PoHC seeks to engage reputable third parties and consultants to support project work and asset management. Working in a marine environment presents unique challenges, however the operations and maintenance team continues to safely deliver services to a high standard.

The PoHC's Safety and Environmental Management Plan (SEMP) has been reviewed in accordance with the SEMP Ministerial Guidelines. Minor amendments have included a review of risks and responsibilities that sit outside the PoHC's control. These include risks managed by Ports Victoria, including:

- Hazards associated with ships transiting port waters;
- Berthing, ship mooring and line boat operations;
- Loading and unloading petroleum products (ship to ship transfer); and
- Navigational aids.

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

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

2.7 Consultation and Engagement

The PoHC is proud of its efforts to build and maintain mutually beneficial relationships. Engagement strategies include regular dialogue with internal and external stakeholders, from Board members to our various consultative committees and the community. Several communication mechanisms have been established including the following:

- Health and Safety Committee;
- Port User Group;
- Website information

2.8 Environment

PoHC conducts its activities in accordance with its environment policy.

The environmental programs underway in 2023 in support of the Port's environmental commitments include:

- Upgrading lights to LEDs with the support of the Victorian Energy Upgrade Program;
- Increasing our energy efficiency and reducing energy consumption, supported by the previously installed 79-kilowatt solar system at Stony Point Depot that currently generates an energy surplus. Due to the surplus solar power, bathrooms across Stony Point Depot have recently been installed with hand dryers as a replacement for hand towels.

The Port's emissions profile for FY23 is detailed in the table below:

Consumption	Emissions (tC02e)
Diesel Consumption	15.79
Petrol Consumption	8.68
Electricity Consumed (from the grid)	310.4
Total Emissions	**334.87**

Production	Kwh
Electricity Produced (Solar)	89,300 (75.9tCo2e)

Rollout of a Too Good to Waste program across the Port with a target of 90% waste diverted from landfill by 2026. The Program began in April and currently includes waste streams for organics (all organics composted are donated to the Crib Point Community Gardens) with a paper and cardboard recycling, comingles recycling and container deposit scheme (starting in November). The initiative is now focusing on opportunities to further divert waste from landfill, reporting on waste consumption and diversion rates ready for next year.

Recent refurbishments to the administration building at the Stony Point Depot have aligned to the Green star interiors requirements including all refurbishment products that are GECA certified providing assurance that the products have the lowest impact on human health, are better for the environment and ethically made/sourced.

The Port is currently preparing tender documentation for an ongoing holistic contamination management program to ensure historical and/or current contamination impacts are understood with mitigation and management plans to follow.

The Port continues to support Latrobe Universities' study into Western Port Bryozoan colonies, where colonies have been collected and located at Stony Point Jetty for important research into how fast bryozoan colonies grow and recover from inadvertent damage. Western Port Bryozoans are unique as they form extensive shallow water biogenic reefs providing important habitat for a multitude of marine species including fish, molluscs, crustaceans, worms etc. Consequently, these complex habitats are often biodiversity hotspots compared to the surrounding habitats.

The Port is supporting a sustainable innovation opportunity developed by Marine & Civil Maintenance Pty Ltd. Greentech Shield is an innovative Electrochemical Chloride Extraction System, designed for implementation on steel reinforced concrete infrastructure, reducing the need for extensive concrete maintenance works and therefore minimising environmental impacts. The Port is trialling the system at Stony Point Jetty.

The Port continues to support Agriculture Victoria in a beehive monitoring program as the first line of defence for exotic pests in our bays and waterways. These species can adversely affect aquatic habitats, food chains (farming) and the ecosystem.

The Port maintains an Emergency Management Plan (EMP) that supports our responsibility to provide a first strike response capability for small oil spills within waters and up to three nautical miles from the Victorian coast from Cape Schanck to Wilsons Promontory. The Port actively tests its capability to respond to spills and other emergencies by scheduling regular exercises and training for staff.

SECTION 3:
Workforce Data

3.1 Employment, Conduct and Principles

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

3.2 Workforce Data

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

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

The following table discloses the headcount and full-time staff equivalents (FTE) of all active employees of the PoHC employed in the last full pay period in June 2023 and the last full pay period of the previous reporting period in June 2022.

Staff as at 30 June 2023

	2023				2022			
	Male	**Female**	**Self Described**	**Total**	**Male**	**Female**	**Self Described**	**Total**
Full-time	13	4	0	17	9	1	0	10
Part-time	0	1	0	1	2	2	0	4
Totals	**13**	**5**	**0**	**18**	**11**	**3**	**0**	**14**

The PoHC has a balanced working environment where equal opportunity and diversity are valued.

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

SECTION 4:
Financial Statements

Financial Statements Declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2023 and financial position of the Port of Hastings Corporation at 30 June 2023.

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

We authorise the attached financial statements for issue on 22 August 2023

Kostas Hatzimanolis
Chief Financial Officer
Port of Hastings Corporation
Crib Point

Malcolm Geier
Chief Executive Officer
Port of Hastings Corporation
Crib Point

Jennifer Acton
Board Chair
Port of Hastings Corporation
Crib Point

The Port of Hastings Corporation has pleasure in presenting its audited general-purpose financial statements for the financial year ended 30 June 2023 and provides users with information about the PoHC's stewardship of resources entrusted to it. It is presented in the following structure:

Financial Statements

Notes to the Financial Statements

Comprehensive operating statement for the financial year ended 30 June 2023

		($thousand)	
	Notes	*2023*	*2022*
Continuing Operations			
Income from transactions			
State Government Grants	2.1(a)	8,000	-
Port Operating income	2.1(b)	8,860	7,907
Interest	2.1(c)	431	32
Other income	2.1(d)	5	5
Total income from transactions		**17,296**	**7,944**
Expenses from transactions			
Employee expenses	3.1	(3,431)	(2,413)
Depreciation and amortisation	3.2(a)	(2,769)	(2,615)
Office expenses	3.2(b)	(245)	(181)
Travel		(9)	(8)
Interest expense		(33)	(35)
Professional services	3.2(c)	(2,701)	(494)
Maintenance of infrastructure		(3,169)	(1,236)
General insurance		(205)	(175)
Subscriptions and Memberships		(46)	(52)
Other operating expenses		(45)	(47)
Total expenses from transactions		**(12,653)**	**(7,256)**
Net result from transactions (net operating balance)		**4,643**	**688**
Net result from continuing operations		**4,643**	**688**
Revaluation of infrastructure	4.4	16,613	-
Total other economic flow - other comprehensive income		**16,613**	**-**
Comprehensive result		**21,256**	**688**

The accompanying notes form part of these financial statements:

Balance sheet as at 30 June 2023

	Notes	2023	2022
		($thousand)	
Assets			
Financial assets			
Cash and deposits	6.3	21,653	9,695
Receivables	5.1	1,195	6,435
Total financial assets		**22,848**	**16,130**
Non-financial assets			
Property, plant and equipment	4.1	144,950	130,923
Intangible assets	4.9	20	17
Prepayments		274	35
Non-financial assets		**145,244**	**130,975**
Total assets		168,092	147,105
Liabilities			
Payables	5.2	6,314	6,646
Borrowings	6.1	937	976
Provisions		377	275
Total Liabilities		**7,628**	**7,897**
Net assets		**160,464**	**139,208**
Equity			
Accumulated surplus/(deficit)		(37,129)	(41,772)
Physical Asset Revaluation Reserve		147,583	130,970
Contributed capital		50,010	50,010
Net worth		**160,464**	**139,208**
Commitments for expenditure	6.5	3,527	4,159

Statement of changes in equity for the financial year ended 30 June 2023

	Physical asset revolution reserve	*Accumulated Surplus/(Losses)*	*Contributions by Owners*	*Total*
		($thousand)		
Balance at 30 June 2021	**130,970**	**(42,460)**	**50,010**	**138,520**
Net result for the year	-	688	-	**688**
Balance at 30 June 2022	**130,970**	**(41,772)**	**50,010**	**139,208**
Net result for the year	16,613	4,643	-	**21,256**
Balance at 30 June 2023	**147,583**	**(37,129)**	**50,010**	**160,464**

Cash flow statement for the financial year ended 30 June 2023

		($thousand)	
	Notes	*2023*	*2022*
Cash flows from operating activities			
Receipts			
Receipts from government		8,800	-
Receipts from other entities (inclusive of GST)		14,948	8,521
Interest received		431	30
Total receipts		**24,179**	**8,551**
Payments			
Payments to suppliers and employees (inclusive of GST)		(10,563)	(4,322)
Net payment of Goods and Services Tax to the ATO		(1,434)	(685)
Interest and other costs of finance paid		(1)	(2)
Total payments		**(11,998)**	**(5,009)**
Net cash flows from/(used in) operating activities	6.5		
Cash flows from investing activities			
Other financial assets (inclusive of GST)		-	-
Purchase of non-financial assets (inclusive of GST)		(203)	(6,227)
Net cash flows from/(used in) investing activities		**(203)**	**(6,227)**
Cash flows from investing activities			
Repayment of borrowings and finance leases		(20)	(19)
Net cash flows used in financing activities		**(20)**	**(19)**
Net increase/(decrease) in cash and cash equivalents		**11,958**	**(2,704)**
Cash and cash equivalents at beginning of financial year		9,695	12,399
Cash and cash equivalents at end of financial year	6.4	**21,653**	**9,695**

The accompanying notes form part of these financial statements:

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

(ii) The PoHC has recognised cash payments for the principal portion of lease payments as financing activities. Cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

About these Financial Statements

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

These annual financial statements represent the audited general-purpose financial statements for the PoHC for the year ended 30 June 2023. The purpose of the report is to provide users with information about the PoHC's stewardship of resources entrusted to it.

Statement of compliance

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

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

Basis of accounting preparation and measurement

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

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

The PoHC has been assessed as a for-profit entity under Financial Reporting Direction 108.

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

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

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

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

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

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

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

The Valuer-General Victoria (VGV) is the PoHC's independent valuer. A revaluation of land and buildings was completed in June 2020.

Income Tax

The Port of Hastings Corporation is not subject to income tax under the *Income tax Assessment Act 1997* and is not a participating entity under National Tax Equivalent Regime in 2023-22.

Funding Delivery of our Services

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

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

2.1 Summary of revenue that funds the delivery of our services

		($thousand)	
		2023	*2022*
(a)	**State Government Grants**		
	General purpose	8,000	-
(b)	**Port Operating Revenue**		
	Wharfage Fees	4,992	4,925
	Berth Hire	3,396	2,559
	Maintenance Charges	396	354
	Recharge and Recoveries	76	69
(c)	**Interest**		
	Interest on bank deposits	431	32
	Interest on Commercial Contracts	-	-
(d)	**Other Income**		
	Other income	5	5
	Total Income	**17,296**	**7,944**

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

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

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

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

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

Pursuant to AASB 15:

- All revenue is collectible within 30 days of invoice / performance of service
- Berthing licenses are invoiced yearly in advance; payment is received 30 days from date of invoice
- Revenue is recognised monthly; unrecognised revenue is shown in the balance sheets as deferred income
- Rates are fixed based on contract or published tariffs; no discounts are offered for volume or early settlement. PoHC services are not bundled
- There are implicit performance obligations, i.e.;
  - PoHC must ensure that the berth is in good working order and fit for purpose when a ship arrives:
  - PoHC must provide ongoing port safety functions including:
    - Implementation of OHS rules and procedures;
    - Oversight of contractors/consultants on the site;
    - Inductions, supervision of contractors;
    - Regulation of port users;
    - Compliance with, and development of, the port Safety and Environmental Management Plan; and
    - Emergency management
  - PoHC must provide ongoing port security functions including:
    - Overseeing security compliance of port users;
    - Providing secure facilities in accordance with International Ship Port Security (ISPS) code;
    - Management of the port security response in respect to Maritime Security (MarSec) levels and *Maritime Transport and Offshore Facilities Security Act 2003*;
    - Management of business response to security incidents; and
    - Provision of facilities for Customs and Biosecurity.

Government grants

In October 2022, the Department of Treasury and Finance (DTF) allocated $8M through a Treasurer's advance to PoHC to commence the planning and approval process for the redevelopment of PoHC into a clean energy terminal (the Terminal) to facilitate the State Government's offshore wind sector.

As part of the activity, PoHC will undertake studies to progress the possible redevelopment of PoHC. This will include the preparation of the Terminal investment case and the development of designs and undertaking studies and investigations for input within the investment case. To recognise grant revenue, PoHC assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with *AASB 15 Revenue from Contracts with Customers* as described above. Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058 Income of *Not-for-Profit Entities, PoHC*:

- • Recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138);
- • Recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- • Recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period. No interest was received from contractual obligation in the 2022-23 financial year.

Port operating revenue

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

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

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

The Cost of Delivering Services

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

3.1 Employee expenses

		($thousand)	
		2023	2022
	Employee expenses		
	Defined contribution superannuation expenses	233	191
	Salaries, wages and long service leave	2,717	2,049
(i)	Allowances	21	23
(ii)	Recruitment expenses	214	11
	State Government Taxes	182	87
	Training and Professional Development	28	25
	Workcover Victoria	15	12
	Other employee expenses	21	15
	Total Employee expanses	**3,431**	**2,413**

(i) Allowances paid to employees relate to telephone usage.

(ii) Recruitment expenses include the reimbursement to staff of re-location costs incurred during the recruitment process where applicable.

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

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

3.2 Employee benefits in the balance sheet

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

	($thousand)	
	2023	2022
Current Employee benefits		
Annual leave entitlements (Current)	154	123
Long service leave entitlements (Current)	80	25
Total current provisions for employee benefits	**234**	**148**
Non-current employee benefits		
Long service leave entitlements (non-current)	80	88
Total non-current provisions for employee benefits	**80**	**88**
Current on-costs	50	23
Non-Current on-costs	13	14
Total on-costs	**63**	**37**
Total provisions for employee benefits	**377**	**273**

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

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

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

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

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

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

The components of this current LSL liability are measured at:

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

3.3 Superannuation Contributions

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

	($thousand)			
Fund	*Paid contribution for the year*		*Contribution outstanding at Year End*	
	2023	*2022*	*2023*	*2022*
Defined contribution plans:	191	191	1	6

3.4 Other operating expenses

		($thousand)	
		2023	*2022*
(a)	**Depreciation and amortisation**		
(i)	ROU Assets	35	39
	Buildings	107	94
	Plant, equipment, vehicles and intangibles	165	173
	Infrastructure	2,455	2,306
	Intangibles Assets	7	3
	Total Depreciation	**2,769**	**2,615**
(b)	Office expenses		
	Rent, rates and outgoings	27	23
	Printing, stationery and supplies	13	3
	Cleaning and waste disposal	72	52
	Data and communication expenses	17	14
	Electricity	82	66
	Office Maintenance	4	2
	Other office expenses	30	21
	Total Office expenses	**245**	**181**
(c)	**Professional services**		
	Consultants	2,293	237
	Audit Services	30	44
	Legal Services	259	45
	IT Services	103	67
	Other Professional Services	16	101
	Total Professional services	**2,701**	**494**

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

Depreciation

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

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

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

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

Office expenses

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

Professional services

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

Operating lease payments

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

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

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

Assets Available to Support Output Delivery

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

Infrastructure, Property, Plant and Equipment

4.1 Gross carrying amount and accumulated depreciation

	($thousand)					
	Gross carrying amount		*Accumulated depreciation*		*Net carrying amount*	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*
Freehold land at fair value (i)	3,820	3,820	0	-	3,820	3,820
Crown land other at fair value (ii)	2,263	2,281	(97)	(67)	2,166	2,214
Buildings at fair value	775	916	(30)	(183)	745	733
Plant, equipment and vehicles at fair value	1,968	2,036	(1,349)	(1,209)	619	827
Infrastructure at fair value	137,758	127,940	(158)	(4,611)	137,600	123,329
Leasehold improvements at fair value	1	1	(1)	(1)	-	-
	146,585	**136,994**	**(1,635)**	**(6,071)**	**144,950**	**130,923**

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

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

4.2 Total right-of-use assets

	Gross carrying amount		*Accumulated depreciation*		*Net carrying amount*	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*
Crown Land - other at fair value	2,263	2,281	(97)	(67)	2,166	2,214
Net carrying amount	**2,263**	**2,281**	**(97)**	**(67)**	**2,166**	**2,214**

($thousand)

4.3 Movement in carrying value of right-of-use assets

($thousand)

	Crown Land - other at Fair Value	*Total*
Opening balance - 1 July 2022 *(i)*	2,214	2,214
Revaluation	(0)	(0)
Depreciation	(35)	(35)
Closing balance - 30 June 2023	**2,166**	**2,166**

	Crown Land - other at Fair Value	*Total*
Opening balance - 1 July 2021 *(i)*	1,739	1,739
Additions	542	542
Deprecation	(67)	(67)
Closing balance - 30 June 2022	**2,214**	**2,214**

(i) This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 along with the transfer from finance lease assets (including land under Crown Leases where there is no or nominal payments to the lessor) to right-of-use assets (recognised under AASB 16 at 1 July 2019). The additions represent an increase in rent based upon market valuation for the Crib Point jetty.

4.4 Movements in carrying amounts

($thousand)

	Land Freehold	*Crown Land Other*	*Buildings*	*Plant, Equip & Veh.*	*Infrastructure*	*Total*
Balance at 1 July 2022	3,820	2,214	733	827	123,329	**130,923**
Additions		(13)	68	60	61	**176**
Disposals						**0**
Transfer to/(from)				(103)	103	**0**
Revaluation of Infrastructure			51		16,562	**16,613**
Depreciation		**(35)**	**(107)**	**(165)**	**(2,455)**	**(2,762)**
Balance at 30 June 2023	**3,820**	**2,166**	**745**	**619**	**137,600**	**144,950**

	Land Freehold	*Crown Land Other*	*Buildings*	*Plant, Equip & Veh.*	*Infrastructure*	**Total**
Balance at 1 July 2021	3,820	1,711	735	766	120,352	**127,384**
Additions	-	542	92	234	5,283	**6,151**
Disposals						
Revaluation of Infrastructure	-	-	-	-	-	**0**
Depreciation	**-**	**(39)**	**(94)**	**(173)**	**(2,306)**	**(2,612)**
Balance at 30 June 2022	**3,820**	**2,214**	**733**	**827**	**123,329**	**130,923**

4.5 Fair value measurement hierarchy for assets as at 30 June 2023

	Carrying amount as at 30 June 2023	($thousand) Fair value measurement at end of reporting period using:		
		Level 1[(i)]	Level 2[(i)]	Level 3[(i)(ii)]
Freehold land at fair value	3,820		-	3,820
Crown land - other at fair value	2,166		-	2,166
Buildings at fair value	745		-	745
Plant, equipment and vehicles at fair value	619		-	619
Infrastructure at fair value	137,600		-	137,600
	144,950		**-**	**144,950**

	Carrying amount as at 30 June 2023	($thousand) Fair value measurement at end of reporting period using:		
		Level 1[(i)]	Level 2[(i)]	Level 3[(i)(ii)]
Freehold land at fair value	3,820		-	3,820
Crown land - other at fair value	2,214		-	2,214
Buildings at fair value	733		-	733
Plant, equipment and vehicles at fair value	827		-	827
Infrastructure at fair value	123,329		-	123,329
	130,923		-	**130,923**

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

(ii) Reconciliation of Level 3 fair value not performed as carrying amount is deemed fair value as at 30 June 2023.

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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

Items with a cost or value in excess of $1,000 (2022: $1,000) and a useful life of more than one year are recognised as assets. All other assets are expensed as acquired.

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

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

Where land is under a Crown Lease and the land was recognised as a contribution from the owner under the requirements of AASB 1004, Interpretation 1038 and FRD119, the land is recognised at fair value at the time of contribution (and is subsequently carried at fair value in accordance withFRD103I).

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

4.6 Right of Use assets

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

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

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

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

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

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

4.7 Revaluations of non-financial physical assets

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

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

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

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

Land and buildings

Non-specialised land (including land under a Crown Lease that represents a lease asset under AASB117 or AASB16) is valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

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

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

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

An independent valuation of PoHC's specialised land and specialised buildings was performed by the Valuer-General Victoria as at 30 June 2020. The valuation was performed using the market approach adjusted for CSO.

Evaluations are undertaken each year in accordance with the requirements of FRD 103H; management undertakes these valuations taking into consideration fair value indicators which include the Valuer-General Victoria Land and Building indices.

As the cumulative movement was greater than 10% but less than 40% for buildings since the last revaluation a management revaluation adjustment was required as at 30 June 2023. This revaluation has resulted in a 10.17% increase in the value of buildings ($50.7K). No revaluation was required for land as the cumulative movement was below the 10% threshold.

Vehicles

Vehicles are valued using the current replacement cost method. PoHC acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Department of Treasury and Finance who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2023. For all assets measured at fair value, the current use is considered the highest and best use.

Infrastructure

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

An independent valuation of PoHC's infrastructure assets was performed by the Valuer-General Victoria as at 30 June 2020. The valuation was performed using the Depreciated Replacement Cost approach.

Evaluations are undertaken each year in accordance with the requirements of FRD 103H; management undertakes these valuations taking into consideration fair value indicators; management use the Rise and Fall Construction Indices (VicRoads Indices 6427 Tables 17, Ref 3101) YE 31/3/2022.

As the cumulative movement was greater than 10% but less than 40% infrastructure assets since the last revaluation a management revaluation adjustment was required as at 30 June 2023. This revaluation has resulted in a 14.37% increase in the value of infrastructure assets ($16.6M).

Leasehold improvements

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

4.8 Description of significant unobservable inputs to Level 3 valuations 2023

2022 and 2021	Valuation technique	Significant Unobservable Inputs (Level 3 only)	Expected fair value level	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Land	Market approach	Community Service Obligation (CSO) adjustment	Level 3	$1.66-$73.58/m^2 ($8.30)	A significant increase or decrease in the land index would result in a significant higher or lower fair value.
Buildings	Depreciated replacement cost	Direct cost per square metre	Level 3	$212-$210/m^2 ($240)	A significant increase or decrease the estimated useful life of the asset would result in a significantly higher or lower valuation.
Buildings	Depreciated replacement cost	Useful life of buildings	Level 3	3-13 years (7.8 years)	A significant increase or decrease the estimated useful life of the asset would result in a significantly higher or lower valuation.
Vehicles	Depreciated replacement cost	Useful life of vehicles	Level 3	3-5 years (3.8 years)	A significant increase or decrease the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Useful life of plant and equipment	Level 3	3-5 years (3.8 years)	A significant increase or decrease the estimated useful life of the asset would result in a significantly higher or lower valuation.
Infrastructure	Depreciated replacement cost	Direct cost per square metre	Level 3	$5,547-$10,654/m^2 ($7,453)	A significant increase or decrease the estimated useful life of the asset would result in a significantly higher or lower valuation.
Infrastructure	Depreciated replacement cost	Useful life of infrastructure	Level 3	20-65 years (50 years)	A significant increase or decrease the estimated useful life of the asset would result in a significantly higher or lower valuation.

Intangible assets

4.9 Gross carrying amount and accumulated depreciation

($thousand)

	Gross carrying amount		*Accumulated depreciation*		*Net carrying amount*	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*
Intangible assets						
- Computer Software	181	171	(161)	(154)	20	17
	181	**171**	**(161)**	**(154)**	**20**	**17**

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

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

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

4.10 Movements in carrying amounts

	($thousand)	
	2023	*2022*
Gross carrying amount		
Opening Balance	**172**	**201**
Additions	9	20
Closing Balance	**181**	**221**
Accumulated amortisation		
Opening Balance	**(155)**	**(201)**
Amortisation charged on existing intangible assets	(6)	(3)
Closing Balance	**(161)**	**(204)**
Net written down value at end of financial year	**20**	**17**

PoHC has capitalised $9K in additional expenditure for intangible assets for the year ended 30 June 2023. The carrying amount of the capitalised software expenditure is $20K (2022:17K). The software's useful life is three years, and the cost will be amortised over its useful life.

Other Assets and Liabilities

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

Receivables

Receivables consist of:

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

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

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

Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired; or
- PoHC retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

- PoHC has transferred its rights to receive cash flows from the asset and either:

  a) has transferred substantially all the risks and rewards of the asset; or

  b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets

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

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result. There are no doubtful receivables as at the reporting date (Nil 2022).

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

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

5.1 Current Receivables

		($thousand)	
		2023	*2022*
	Current receivable		
	Contractual		
(i)	Sales of goods and services	1,113	6,381
		1,113	**6,381**
	Statutory		
	GST Input tax credit recoverable	82	33
	Payroll Tax recoverable	-	21
		82	**54**
	Total current receivables	**1,195**	**6,435**

(i) The average credit period for sales of goods and services and for other receivables is thirty-two days. No interest is charged on outstanding balances. The significant decrease on prior year is due to a prepaid license fee (26 years). The license fee was invoiced in 2022 and paid for in 2023.

(a) Ageing analysis of contractual receivables

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

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

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

5.2 Payables

	($thousand)	
	2023	*2022*
Current Payables		
Contractual		
Defered Income	5,061	5,262
Supplies and services	1,058	760
	6,119	**6,022**
Statutory		
GST Input tax payable	121	567
Payroll Tax	14	
PAYG Withholding Tax	60	57
	195	**624**
Total current receivables	**6,314**	**6,646**
Total payables	**6,314**	**6,646**

Note: The 2022-23 payables include deferred income of $5.1M, relating to a twenty-six (26) year prepaid license fee.

Payables consist of:

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

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

(a) Maturity analysis of contractual payables
Please refer to Note 7.4 for the maturity details of contractual payables.

(b) Nature and extent of risk arising from contractual payables
Please refer to Note 7 for the nature and extent of risks arising from contractual payables.

Financing our Operations

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

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

6.1 Borrowings and leases

		($thousand)	
		2023	*2022*
	Current borrowings		
(i)	Lease liabilities	45	85
	Total current borrowings	**45**	**85**
	Non-current borrowings		
(ii)	Lease liabilities	892	891
	Total non-current borrowings	892	891
	Total borrowings	**937**	**976**

Interest expense

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

Interest expense for the year ending 30 June 2023 relating to leases under AASB16 was $33K.

Leasing activities

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

Right to use asset

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

6.2 Lease amounts recognised in Comprehensive Operating Statement

	2023	2022
Interest expanses on lease liabilities	1	2
Interest expenses on right-of-use assets	32	33
Total amount recognised in comprehensive operating statement	**33**	**35**

Lease amounts recognised in Statement of Cashflows

	2023	2022
Total Cash Outflow for Leases	**20**	**19**

Leases

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

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

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

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

Recognition and measurement of leases as a lessee

Lease Liability – initial measurement

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

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

Lease Liability – subsequent measurement:

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

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

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

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

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

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

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

6.3 Cash flow information

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

6.4 Reconciliation of cash and cash equivalents

($thousand)

	2023	2022
(i) Total cash and deposits disclosed in the balance sheet	21,653	9,695
Balance as per cash flow statement	21,653	9,695

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

6.5 Reconciliation of net result for the period

($thousand)

	2023	2022
Net result for the period	**4,643**	**688**
Non-cash movements:		
Depreciation and amortisation of non-current assets	2,769	2,615
GST on non-current asset purchases	19	262
Movements in assets and liabilities		
(Increase)/decrease in receivables	5,240	(5,843)
(Increase)/decrease in other non-financial assets	(239)	177
Increase/(decrease) in payables	(353)	5,697
Increase/(decrease) in provisions	102	(54)
Net cash flows from/(used in) operating activities	**12,181**	**3,542**

6.6 Commitments for expenditure

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

6.7 Total Commitments

($thousand)

	Nominal Values	**2023**	**2022**
(i)	**Finance lease commitments payable**		
	Less than one year	50	94
	Longer than one year but not longer than five years	0	0
	Longer than five years	981	980
	Total finance lease commitments	**1,031**	**1,074**
	Other commitments payable		
(ii)	Less than one year	2,568	3,501
	Longer than one year but not longer than five years	281	
	Total other commitments	2,849	3,501
	Total commitments (inclusive of GST)	**3,880**	**4,575**
	Less GST recoverable from the Australian Tax Office	353	416
	Total commitments (exclusive of GST)	**3,527**	**4,159**

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

(ii) Other commitments payable relate to open purchase orders on general creditors not accrued at 30 June 2023 and contracted capital expenditure commitments.

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

Risks, Contingencies and Valuation Judgements

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

7.1 Financial instruments specific disclosures

Introduction

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

Categories of financial instruments

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

- Cash and deposits; and
- Receivables (excluding statutory receivables).

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

- Payables (excluding statutory payables); and
- Borrowings (including lease liabilities).

Derecognition of financial assets:

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

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

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

Impairment of financial assets:

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

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

Derecognition of financial liabilities:

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

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

7.2 Categorisation of financial instruments

	($thousand)		
2023	*Contractual financial assets - loans and receivables*	*Contractual financial liabilities at amortised cost*	*Total*
Contractual financial assets			
Cash and deposits	21,653	-	**21,653**
Receivables (sale of good and services)	1,113	-	**1,113**
Total contractual financial assets	**22,766**	**-**	**22,766**
Contractual financial liabilities			
Payables (supplies and services)	-	6,314	**6,314**
Borrowings (Finance lease liabilities)	**-**	937	**937**
Total contractual financial liabilities	-	**7,251**	**7,251**
2022	*Contractual financial assets - loans and receivables*	*Contractual financial liabilities at amortised cost*	*Total*
Contractual financial assets			
Cash and deposits	9,695	-	**9,695**
Receivables (sale of good and services)	6,381	-	**6,381**
Total contractual financial assets	**16,076**	-	**16,076**
Contractual financial liabilities			
Payables (supplies and services)	-	6,643	**6,643**
Borrowings (Finance lease liabilities)	-	976	**976**
Total contractual financial liabilities	-	**7,619**	**7,619**

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

	($thousand)	
	2023	**2022**
Total interest income/(expense)	398	-3
Total	**398**	**-3**

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

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

Credit risk

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

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

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

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

Liquidity risk

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

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

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

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

7.4 Maturity analysis of contractual financial liabilities *(i)*

		($thousand)			
		Carrying Amount	*Nominal Amount*	*Less than 1 month*	*1-3months*
	2023				
(ii)	**Payables:**				
	Payables (supplies and services)	6,314	6,314	1,253	141
	Borrowings:				
	Borrowings (Finance lease liabilities)	937	937	-	22
	Total	**7,251**	**7,251**	**1,253**	**163**
	2022				
(ii)	**Payables:**				
	Payables (supplies and services)	6,643	6,643	1,384	80
	Borrowings:				
	Borrowings (Finance lease liabilities)	976	976	-	22
	Total contractual financial assets	**7,619**	**7,619**	**1,384**	**102**

		3 months - 1 year	*1-5 years*	*5+ years*
	2023			
(ii)	**Payables:**			
	Payables (supplies and services)	365	1,265	3,290
	Borrowings:			
	Borrowings (Finance lease liabilities)	63	67	824
	Total	**428**	**1,332**	**4,114**
	2022			
(ii)	**Payables:**			
	Payables (supplies and services)	365	963	3,854
	Borrowings:			
	Borrowings (Finance lease liabilities)	63	67	824
	Total contractual financial assets	**428**	**1,030**	**4,678**

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

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

(a) Market risk

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

Interest rate risk

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

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

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

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

7.5 Interest rate exposure of financial instruments

			($thousand)
	Variable interest rate	*Non-interest bearing*	*Total*
2023			
Financial assets			
Cash and deposits *(weighted average interest rate 2.6%)*	21,653	-	21,653
Receivables (sale of good and services)	-	1,113	1,113
Total financial assets	**21,653**	**1,113**	**22,766**
Financial liabilities			
Payables (supplies and services)	-	6,314	6,314
Borrowings (Finance lease liabilities) *(weighted average interest rate 3.25%)*	937	-	937
Total financial Liabilities	**937**	**6,314**	**7,251**
2022			
Financial assets			
Cash and deposits *(weighted average interest rate 1.62%)*	9,695	-	9,695
Receivables (sale of good and services)	-	6,381	6,381
Total financial assets	**9,695**	**6,381**	**16,076**
Financial Liabilities			
Payables (supplies and services)	-	6,643	6,643
Borrowings (Finance lease liabilities) *(weighted average interest rate 3.25%)*	976	-	976
Total financial liabilities	**976**	**6,643**	**7,619**

Sensitivity disclosure analysis and assumptions

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

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

	Carrying amount	*-100 basis points Net Result*	*+100 basis points Net Result*
2023			
Cash and deposits	21,653	-217	217
Total impact		-217	217
2022			
Cash and deposits	9,695	-97	97
Total impact		-97	97

7.6 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Other Disclosures

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

Other economic flows included in net result

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

Net gain/(loss) on non-financial assets

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

Revaluation gains/(losses) of non-financial physical assets

Refer to Note 4.7 Revaluations of non-financial physical assets.

Net gain/(loss) on disposal of nonfinancial assets

Any gain or loss on the disposal of nonfinancial assets is recognised at the date of disposal and is determined after deducting the proceeds from the carrying value of the asset at the time.

Impairment of nonfinancial assets

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

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

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

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

Refer to Note 4.7 in relation to the recognition and measurement of nonfinancial assets.

8.1 Responsible persons

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

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

Title	Name	Period
Minister for Ports	Hon Melissa Horne	1 July 2022 to 30 June 2023
Treasurer	Hon Tim Pallas	1 July 2022 to 30 June 2023
Chair	Jennifer Acton	1 July 2022 to 30 June 2023
Deputy Chairman	Claire Filson	1 July 2022 to 30 June 2023
Director	Arthur Apted	1 July 2022 to 30 June 2023
Chief Executive Officer	Malcolm Geier	1 July 2022 to 30 June 2023

Remuneration

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

$320,000 - $339,999 full-time
(2022: $280,000 - $299,999 full time)

The number of responsible persons, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

The Ministers remuneration is reported within the State's Annual Financial Report.

The base remuneration of responsible persons is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

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

8.2 Directors' income bands

Income bands	*Total Remuneration*		*Base Remuneration*	
	2023	*2022*	*2023*	*2022*
$10,000 - $19,999	-	-	-	-
$20,000 - $29,999	-	2	2	2
$30,000 - $39,999	2	-	-	-
$40,000 - $49,999	-	-	-	-
$50,000 - $59,999	-	1	1	1
$60,000 - $69,999	-	-	-	-
$70,000 - $79,999	1	-	-	-
Total number of directors	**3**	**3**	**3**	**3**
Total amount	**127,494**	**119,210**	**124,017**	**108,867**

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

8.3 Remuneration of executives and payments to other personnel

Remuneration of executives

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

Remuneration	*2023*	*2022*
Short term benefits	505,077	453,070
Post-employment benefits	46,513	48,204
Other long term benefits	-	-
Termination benefits	-	-
Total remuneration	**551,590**	**501,274**
Total number of executives	**2**	**2**
Total annualised employee equivalent (AEE)	**2.00**	**2.00**

Note:

(a) Remuneration represents the expenses incurred by the entity in the current reporting period for the employee, in accordance with *AASB 119 Employee Benefits*.

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

(c) Annualised employee equivalent is based on the time fraction worked during the reporting period. This is calculated as the total number of days the employee is engaged to work during the week by the total number of full-time working days per week (this is generally five full working days per week).

8.4 Key Management Personnel

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

Title	Name	Period
Chief Executive Officer	Malcolm Geier	1 July 2022 to 30 June 2023
Chief Financial Officer	Kostas Hatzimanolis	1 July 2022 to 30 June 2023

(a) Loans to and transactions with executives

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

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

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

8.5 Remuneration of auditors

($thousand)

	2023	2022
Victorian Auditor-General's Office		
Audit of the financial statements	19	19
	19	**19**

8.6 Subsequent events

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

8.7 Change in accounting policies

There has been no change in accounting policy.

8.8 Future reporting periods

Certain new and revised accounting standards have been issued but are not effective for the 2021-22 reporting period. These accounting standards have not been applied to the Model Financial Statements. PoHC is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

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

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

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

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

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

SECTION 5:
Other Disclosures

Local Jobs First – Victorian Industry Participation Policy

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

PoHC did not enter into any new contracts to which the Local Jobs First – VIPP Policy applied in the year ended 30 June 2023.

For more information on the policy requirements.

Contact:	The Victorian Industry Participation Policy - Sector Development and Programs Division, Department of Transport
Email:	vipp@ecodev.vic.gov.au
Web link:	http://www.vic.gov.au/vipp

Social Procurement Framework

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

Consultancy Expenditure

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

In 2022-23, there were thirty consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2022-23 in relation to these consultancies is $2.6M (excluding GST). Details of individual consultancies are outlined below:

($thousand)

Title	Purpose of Consultancy	$
ARUP Australia Services Pty Ltd	Consultancy for the Victorian Renewable Energy Terminal (VERT)	910
Rps Aap Consult	VERT - Environmental - Environmental assessment	296
Esa2 Pty Ltd	VERT - Environmental - Environmental assessment	136
Jacobs Group (Australia) Pty Ltd	Engerneering Services	130
Biosis Pty Ltd	VERT - Environmental assesment	114
Wavelength Consulting Pty Ltd	VERT - Environmental - Environmental assessment/Assest Management Plan	105
Landell Probity Pty Ltd	Procurement Services	98
Corrs Chambers Westgarth	VERT - Environmental - EES legal / General Legal Services	92
Infracorr Consulting PL	Concrete Repair advice	85
Nation Partners Pty Ltd	VERT - Stakeholder & Community engagement activities	70
KPMG	Organisation Structure review	59
White & Case	VERT - Environmental - EES Legal	57
Haskoning Australia	VERT - Environmental - Environmental assessment	54
Sustainable Proj	VERT - Environmental - Environmental assessment	54
Hazcon Pty Ltd	HSE Consulting Services / Asbestos Audit	41
Rigby Cooke Lawyers	Employment Advice	37
O'Donnell Salzano Lawyers	Legal Services - Commerical	36
Bunji Planning Pty Ltd	VERT - Environmental - Planning apporvals	27
HWL Ebsworth Lawyers	Planning Scheme advice	27
Capire Consulting Group	VERT - Stakeholder & Community engegement activities	26
Brady Marine & Civil Pty Ltd	VERT- Design - Studies to inform the preliminary design	25
GHD Pty Ltd	Vic Ports Strategy Submission	25
Incitias Pty Ltd	Crib Point Firefighting System	24
Resillient Serv	Emergency Management Plan	23
BlueSphere Environmental Pty Ltd	Environmental Contamination Review	19
VAGO	External Audits	19
Moore Australia (Vic) Pty Ltd	Internal Audits	14
Mercer Consulting Pty Ltd	VPSC Review	12
Hansen Partnership Pty Ltd	Mornington Peninsula Planning Scheme	10

Information and Communication Technology Expenditure

Details of information and communication technology (ICT) expenditure

In 2022-23, PoHC had a total ICT expenditure of $129K (2021/22 $93K) with the details shown below:

All operational ICT expenditure	ICT expenditure related to prjects to create or enhance ICT capabilities		
Business As Usual (BAU) ICT expenditure	**Non-Business As Usual (Non-BAU) ICT expenditure**	**Operational expenditure**	**Capital expenditure**
(Total)	(Total = Operational expenditure and Capital expenditure)		
129	0	103	26

ICT expenditure refers to PoHC's costs in providing businessenabling ICT services. It comprises Business as Usual (BAU) ICT expenditure and NonBusiness as Usual (NonBAU) ICT expenditure. NonBAU ICT expenditure relates to extending or enhancing PoHC's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Disclosure of Major Contracts

There were no major contracts (contracts greater than $10 million) entered into during financial year 2022-23.

Freedom of Information (FOI)

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

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

The Act allows PoHC to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include cabinet documents, some internal working documents, law enforcement documents and documents covered by legal professional privilege such as legal advice, personal information about individuals and information provided to PoHC in confidence.

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

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

Making a request

FOI requests can be lodged online at www.foi.vic.gov.au An application fee of $28.40 applies. Access charges may also be payable if the document pool is large, and the search for material is time consuming. Access to documents may be obtained through written request to the Chief Executive Officer, as detailed in s17 of the *Freedom of Information Act 1982*. In summary, the requirements for making a request are:

- It should be in writing;

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

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

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

Further information regarding the operation and scope of FOI can be obtained from the Act. Regulations made under the Act, and www.foi.vic.gov.au.

The Port of Hastings Corporation did not receive any requests during the 12 months ending 30 June 2023.

Government advertising expenditure

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

For the 2022-23 reporting period, the Port of Hastings Corporation has declared a nil report on government advertising expenditure as no spend was incurred greater than $100,000.

Compliance with the *Building Act 1993*

PoHC complies with the building and maintenance provisions of the *Building Act 1993* and the Buildings Regulations 2018 for publicly-owned buildings controlled by PoHC.

PoHC completed building renovations to update the administration area at Stony Point in the reporting period. These works cost $59k.

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

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

Competitive Neutrality Policy

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

Compliance with the *Public Interest Protected Disclosure Act 2012*

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

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

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

Compliance with *Disability Act 2006*

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

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

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

Reporting Procedures

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

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

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

The Protected Disclosure Coordinator
Port of Hastings Corporation
PO Box 249
CRIB POINT VIC 3919

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

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

During the year ended 30 June 2023, there were no disclosures made by an individual to PoHC and is not aware of any disclosures being notified to the Independent Broadbased Anticorruption Commission.

A1. Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

Port of Hastings Corporation Financial Management Compliance Attestation Statement

I, Malcolm Geier, on behalf of the Responsible Body, certify that the Port of Hasting Corporation has complied with the applicable Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* and Instructions.

Malcolm Geier
Chief Executive Officer

22 / 08 / 2023

Disclosure Index

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

Legislation	Requirement	Page

Ministerial Directions

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

FRD 9A	Disclosure of Administered Assets and Liabilities by Activity	Page 35
FRD 13	Disclosure of Parliamentary Appropriations	Page 53
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Page 53
FRD 103G	NonFinancial Physical Assets	Page 38
FRD 110A	Cash Flow Statements	Page 27

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

Legislation

Transport Integration Act 2010	Page 8
Financial Management Act 1994	Page 8
Public Administration Act 2004	Page 21
Income Tax Assessment Act 1997	Page 29
Parliamentary Salaries and Superannuation Act 1968	Page 54
Victorian Industry Participation Policy Act 2003	Page 58
Building Act 1993	Page 61
Public Interest Protected Disclosure Act 2012	Page 61
Freedom of Information Act 1982	Page 60
Compliance with Disability Act 2006	Page 62

SECTION 6:
Independent Auditor’s Report

Independent Auditor's Report

To the Board of the Port of Hastings Corporation

Opinion	I have audited the financial report of the Port of Hastings Corporation (the corporation) which comprises the: • balance sheet as at 30 June 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • Financial Statements Declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Other Information	The Board of the corporation is responsible for the Other Information, which comprises the information in the authority's annual report for the year ended 30 June 2023 but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

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

Board's responsibilities for the financial report	The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.
Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Auditor's responsibilities for the audit of the financial report ***continued***	I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
5 October 2023

Simone Bohan
as delegate for the Auditor-General of Victoria