



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

**FINANCIAL REPORT
FOR THE YEAR ENDED**

30 JUNE 2017



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2017 \$	2016 \$
Revenue			
User Charges	2	4,653,707	4,682,335
Interest	3	189,038	226,904
Grants – Operating	4	7,144,830	7,179,067
Grants – Capital	5	11,934,151	6,014,284
Assets received free of charge	11	-	876,088
Distribution from CDO class action	2a	17,052	395,699
Total revenue		23,938,778	19,374,377
Expenses			
Employee Benefits	6	(5,252,279)	(5,439,303)
Contractors, Materials and Services	7	(6,817,196)	(6,276,926)
Depreciation	11	(5,072,391)	(4,956,201)
Total expenses	19	(17,141,866)	(16,672,430)
Net loss on disposal of property, plant and equipment, infrastructure	12	(292,164)	(173,794)
Surplus for the year		6,504,748	2,528,153
Other comprehensive income for the year			
Net asset revaluation increment)	13	-	—
Total comprehensive result for the year		6,504,748	2,528,153

The accompanying notes form part of the financial report.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	NOTE	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	9,818,752	9,252,040
Trade and other receivables	9	973,503	2,062,962
Accrued Income		110,682	81,396
Prepayments		33,677	65,931
Inventories	10	236,337	232,696
TOTAL CURRENT ASSETS		11,172,951	11,695,024
NON-CURRENT ASSETS			
Property Infrastructure, Plant & Equipment	11	86,467,065	79,220,923
TOTAL NON-CURRENT ASSETS		86,467,065	79,220,923
TOTAL ASSETS		97,640,015	90,915,947
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	693,062	452,969
Trust funds and deposits	15	32,441	57,997
Provisions	16	1,381,763	1,400,745
TOTAL CURRENT LIABILITIES		2,107,266	1,911,711
NON-CURRENT LIABILITIES			
Provisions	16	126,043	102,277
TOTAL NON-CURRENT LIABILITIES		126,043	102,227
TOTAL LIABILITIES		2,233,309	2,013,988
NET ASSETS		95,406,707	88,901,959
EQUITY			
Accumulated Surplus		48,704,893	42,200,145
Reserves	13	46,701,814	46,701,814
TOTAL EQUITY		95,406,707	88,901,959

The accompanying notes form part of the financial report.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Total Equity	Accumulated Surplus	Asset Revaluation Reserve
2017	\$	\$	\$
			(Note 13)
Balance at beginning of the financial year	88,901,959	42,200,145	46,701,814
Result for the year	6,504,747	6,504,747	—
Net revaluation increment	—	—	—
Balance at end of the financial year	95,406,706	48,704,892	46,701,814

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

The accompanying notes form part of the financial report

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	NOTE	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants – Operating		7,416,530	7,149,717
Grants – Capital		12,364,541	5,172,529
Interest		187,011	232,807
User Charges		5,168,838	5,059,633
Other Receipts		412,751	-
Net GST refund		134,625	240,043
Suppliers and Employees		(12,731,694)	(12,535,862)
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	12,952,602	5,318,867
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Infrastructure, Plant and Equipment		(12,557,391)	(6,868,298)
Proceeds from Sale of Property, Infrastructure, Plant and Equipment	12	171,500	154,346
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(12,385,891)	(6,713,952)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		566,712	(1,395,085)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9,252,040	10,647,125
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	9,818,752	9,252,040

The accompanying notes form part of the financial report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

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

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

a) Basis of Preparation

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

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

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

b) Revenue Recognition

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTD)

c) Depreciation of non-current assets

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

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

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

	2016/17	2015/16
Building and Improvements	10 - 121 years	10 - 121 years
Navigation Aids and Signs	6 - 50 years	6 - 50 years
Wharves and Jetties	15 - 70 years	15 - 70 years
Slipways	20 - 40 years	20 - 40 years
Foreshore Structures	40 - 165 years	40 - 165 years
Plant, Equipment & Machinery	3 - 40 years	3 - 40 years

d) Repairs and maintenance

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

e) Recognition and measurement of assets

Acquisition

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

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

Plant, Equipment and Machinery with a cost or value in excess of \$1,000 (2016: \$1,000) and a useful life to the Committee of more than one year are capitalised. All infrastructure assets (excluding signage) with a cost or value in excess of \$5,000 (2016: \$5,000) and a useful life to the Committee of more than one year are capitalised. All other assets acquired are expensed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTD)

Revaluations of Non-current Physical Assets

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

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

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

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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

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

f) Cash and cash equivalents

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

g) Financial instruments

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

Loans and other receivables

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

Financial liabilities at amortised cost

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

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

h) Refundable guarantees and security deposits

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTD)

i) Employee Benefits

Wages and salaries

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

Annual leave

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

Long service leave

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

Classification of employee benefits

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

Superannuation

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

j) Operating Leases

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTD)

k) Allocation between current and non-current

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

l) Goods and Services Tax (GST)

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

m) Impairment of assets

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

n) Crown Land

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

o) Major Cyclical Maintenance

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

p) Inventories

Measured at lower of cost and net realisable value.

q) Rounding Amounts

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

r) Contingent assets and contingent liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

s) Issued but not yet effective Australian Accounting Standards

Certain new Australian accounting standards and interpretations have been issued that were not in effect for the 30 June 2017 reporting period.

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

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on financial statements
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	The standard amends AASB 136 <i>Impairment of Assets</i> to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 <i>Fair Value Measurement</i> is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 <i>Contributions</i> and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 2 – USER CHARGES	2017 \$	2016 \$
Wharfage, Berth and Moorings	1,635,957	1,728,277
Rent and Licence Fees	74,207	79,225
Boatyard & Slipping (incl boatyard recoverables)	2,239,499	2,369,359
Other Recoverable Works	638,998	392,447
Other Income	65,046	113,027
TOTAL USER CHARGES	<u>4,653,707</u>	<u>4,682,335</u>

NOTE 2a – DISTRIBUTION FROM CDO CLASS ACTION

Collateralised Debt Obligation Settlement Dividend	17,052	395,699
TOTAL DISTRIBUTIONS FROM CDO CLASS ACTION	<u>17,052</u>	<u>395,699</u>

Gippsland Ports are a participant in a class action against Lehman Brothers Australia in connection with losses crystallised on investments sold. Formal advice was received during the year of the total distributions declared as payable to Gippsland Ports. Distributions totalled \$29,124 reduced by fees and costs of \$12,073 resulting in a net payment of \$17,052.

NOTE 3 – INTEREST

Interest on investments	188,384	222,341
Interest on overdue accounts	654	4,563
TOTAL INTEREST	<u>189,038</u>	<u>226,904</u>

NOTE 4 – OPERATING GRANTS

DEDJTR Local Ports Annual Operating	4,113,830	3,850,067
DTPLI Emergency Works State Grant	-	224,000
EGCMA Sustainable Boating Plan Funding	-	65,000
DEDJTR GLOA Annual Operating	3,031,000	2,990,000
BSFP 13-14 Steamer Channel Grant	-	50,000
TOTAL OPERATING GRANTS	<u>7,144,830</u>	<u>7,179,067</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 5 – CAPITAL GRANTS

	2017	2016
	\$	\$
Transport Investing in Regions	47,520	38,000
Johnsonville Landing Contribution	(12,984)	64,064
Long Jetty Redevelopment Fund	100,000	-
DEDJTR Facilities Grant	976,580	1,819,239
TSHD Procurement Funding	10,823,035	4,092,981
	11,934,151	6,014,284

Conditions on Grants

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

DEDJTR Gippsland Lakes Ocean Access program	1,873,878	1,294,658
Boating Safety Facilities Program	643,694	421,804
TSHD Procurement	886,863	460,606
	3,404,435	2,177,068

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

LESMP Program	-	1,273
DEDJTR Gippsland Lakes Ocean Access program	1,294,658	1,563,531
Boating Safety Facilities Program	421,804	-
TSHD Procurement	460,606	-
	2,177,068	1,564,804

NOTE 6 – EMPLOYEE BENEFITS

Direct employees	4,061,231	4,234,434
Board	109,448	113,596
Overtime and allowances	142,286	117,695
Leave taken	801,802	717,933
Leave accruals (net)	(3,435)	194,672
Payroll tax and Workcover	327,958	304,088
Superannuation	469,893	459,914
Overhead charged	1,532,914	1,328,446
Overhead recovered	(1,525,954)	(1,456,147)
Capitalised Labour	(663,864)	(575,329)
TOTAL EMPLOYEE BENEFITS	5,252,279	5,439,302

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 7 – CONTRACTORS, MATERIALS AND SERVICES

	2017	2016
	\$	\$
Audit fee - external	16,490	18,847
Audit fee – internal	23,085	2,038
Bad Debts	31,355	25,667
Bank charges	29,303	28,484
Communications, network and website	287,454	314,336
Conferences and travelling	74,224	79,461
Consultant and legal fees *	182,500	150,687
Contractors	4,333,741	4,031,980
Fuel and lubricants	338,696	295,143
Insurance premiums	47,854	46,910
Lease and rental	82,211	61,827
Materials	917,522	849,690
Office supplies	17,281	23,622
Other	95,728	132,500
Provision for doubtful debts	8,260	(20,944)
Postage, printing photocopying and advertising	33,495	44,847
Power, water and rates	252,167	251,799
Protective clothing	35,803	31,012
Waste collection and disposal	98,484	99,076
Vessel/equipment hire recovered from capital works	(88,456)	(190,060)
TOTAL CONTRACTORS, MATERIALS AND SERVICES EXPENSE	6,817,197	6,276,922

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

Ambrose Rajadurai & Associates \$456,547 (16/17)

\$456,534 (15/16)

Anglo Eastern Technical Services \$480,535 (16/17)

\$95,744 (15/16)

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

NOTE 8 – CASH AND CASH EQUIVALENTS

Cash at Bank	815,762	1,250,100
Cash Advances	2,352	1,150
Term Deposit	9,000,638	8,000,789
	9,818,752	9,252,039

NOTE 9 – TRADE AND OTHER RECEIVABLES

Trade Debtors	142,759	615,477
Less provision for doubtful debts	(20,908)	(12,649)
Government Debtors	818,951	1,414,681
GST Receivable (Net)	32,702	45,452
	973,504	2,062,961

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 10 – INVENTORIES

	2017	2016
	\$	\$
Stock on Hand – Paynesville Boatyard	96,763	123,751
Stock on Hand – Bullock Island Boatyard	24,850	27,806
Stock on Hand – EG Maintenance	94,215	61,132
Stock on Hand – Port Welshpool	2,983	2,967
Stock on Hand – Lakes Entrance Fuel Facility	17,526	17,039
	236,337	232,696

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

Land

At Cost	200,000	200,000
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Buildings and Improvements

At Fair Value	9,498,984	9,402,528
Accumulated Depreciation	(3,644,750)	(3,348,419)
Total Buildings and Improvements	5,854,234	6,054,109

Total Property

6,054,234	6,254,109
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Details of Gippsland Ports property and information about the fair value hierarchy as at **30 June 2017** are as follows:

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

No transfers between levels occurred during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

Navigation Aids and Signs	2017	2016
	\$	\$
At Fair Value	6,610,824	6,435,411
Accumulated Depreciation	(3,107,689)	(2,884,976)
	3,503,135	3,550,435
Wharves and Jetties		
At Fair Value	77,390,040	76,597,291
Accumulated Depreciation	(36,924,098)	(34,876,088)
	40,465,942	41,721,203
Slipways		
At Fair Value	5,523,841	5,523,841
Accumulated Depreciation	(4,825,280)	(4,736,076)
	698,561	787,765
Foreshore Structures		
At Fair Value	26,391,163	26,360,626
Accumulated Depreciation	(18,351,038)	(18,071,270)
	8,040,125	8,289,356
Total Infrastructure	52,707,763	54,348,759

Details of Gippsland Ports Infrastructure and information about the fair value hierarchy as at **30 June 2017** are as follows:

	Level 2	Level 3
	\$	\$
Navigation Aids	3,503,135	-
Wharves and Jetties	40,465,942	-
Slipways	698,561	-
Foreshore Structures	8,040,125	-
Total	52,707,763	-

No transfers between levels occurred during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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

Plant, Equipment and Machinery	2017 \$	2016 \$
At Cost	24,766,311	24,438,646
Accumulated Depreciation	(11,782,568)	(10,361,493)
	<u>12,983,743</u>	<u>14,077,153</u>
 Capital Works in Progress	 <u>14,721,326</u>	 <u>4,540,902</u>
 TOTAL PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT	 <u>86,467,066</u>	 <u>79,220,923</u>

Buildings, Improvements, Plant and Equipment valued at fair value

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

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

Depreciation Expense	\$	\$
Buildings and Improvements	296,332	295,894
Foreshore Structures	279,768	278,500
Navigation Aids and Signs	258,231	254,261
Plant, Equipment and Machinery	1,712,453	1,651,293
Slipways	89,204	89,204
Wharves and Jetties	2,436,403	2,387,048
Total Depreciation	<u>5,072,391</u>	<u>4,956,200</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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

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

2017	Balance beginning of year	Acquisition	Assets Received Free of Charge	Disposals Written down value Note 12	Depreciation Expense Note 11	Revaluation Increment/ (Decrement) Note 13	Balance end of year
	\$	\$		\$	\$	\$	\$
Property	6,254,109	96,456	-	-	(296,332)	-	6,054,233
Navigation Aids & Signs	3,550,436	241,277	-	(30,347)	(258,231)	-	3,503,135
Wharves & Jetties	41,721,203	1,395,993	-	(214,851)	(2,436,403)	-	40,465,942
Slipways	787,764	-	-	-	(89,204)	-	698,560
Foreshore Structures	8,289,356	30,537	-	-	(279,768)	-	8,040,125
Plant, Equipment & Machinery	14,077,153	784,960	-	(165,917)	(1,712,453)	-	12,983,743
Works in progress	4,540,902	10,232,974	-	(52,550)	-	-	14,721,326
	79,220,923	12,782,197	-	(463,665)	(5,072,391)	-	86,467,065

2016	Balance beginning of year	Acquisition	Assets Received Free of Charge	Disposals Written down value Note 12	Depreciation Expense Note 11	Revaluation Increment/ (Decrement) Note 13	Balance end of year
	\$	\$		\$	\$	\$	\$
Property	6,072,509	477,494	-	-	(295,894)	-	6,254,109
Navigation Aids & Signs	3,707,869	117,249	-	(20,421)	(254,261)	-	3,550,436
Wharves & Jetties	41,688,233	2,589,387	-	(169,369)	(2,387,048)	-	41,721,203
Slipways	876,968	-	-	-	(89,204)	-	787,764
Foreshore Structures	8,567,856	-	-	-	(278,500)	-	8,289,356
Plant, Equipment & Machinery	14,401,467	571,884	876,088 *	(120,992)	(1,651,293)	-	14,077,153
Works in progress	1,445,975	3,112,285	-	(17,358)	-	-	4,540,902
	76,760,877	6,868,297	876,088	(328,140)	(4,956,200)	-	79,220,923

* During the 2015/16 year \$876,088 of assets, consisting of oceanographic equipment, were received free of charge from the Port of Hastings Development Authority. Assets were recognised at their fair value when Gippsland Ports obtained control of the assets in October 2015.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12 – DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE	2017 \$	2016 \$
Loss on Sale of Assets:		
Plant, Equipment & Machinery		
Proceeds from Sale	171,500	154,346
Less: Written Down Value of Assets Sold	(157,550)	(120,565)
Total Profit on Sale of Assets	13,950	33,781
Loss on Assets Written Off:		
Buildings		
Written Down Value of Assets Written off	–	–
Loss on Disposal	–	–
Navigational Aid & Signs		
Written Down Value of Assets Written off	(30,347)	(20,421)
Loss on Disposal	(30,347)	(20,421)
Wharves & Jetties		
Written Down Value of Assets Written off	(214,851)	(169,369)
Loss on Disposal	(214,851)	(169,369)
Slipways		
Written Down Value of Assets Written off	–	–
Loss on Disposal	–	–
Plant, Equipment & Machinery		
Written Down Value of Assets Written off	(8,367)	(427)
Loss on Disposal	(8,367)	(427)
Work in Progress		
Written Down Value of Assets Written off	(52,550)	(17,358)
Loss on Write Off	(52,550)	(17,358)
Total Loss on Assets Written Off	(306,115)	(207,575)
Total Loss on Disposal of Assets	(292,165)	(173,794)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 13 – RESERVES

Asset revaluation reserve

2017	Balance at start of year	Increment (Decrement)	Balance at end of year
	\$	\$	\$
Property	1,623,537	–	1,623,537
Navigation aids and signs	1,821,555	–	1,821,555
Wharves and jetties	33,330,961	–	33,330,961
Slipways	933,034	–	933,034
Foreshore Structures	8,992,727	–	8,992,727
Total	46,701,814	–	46,701,814

Asset revaluation reserve

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

NOTE 14 – TRADE AND OTHER PAYABLES

	2017	2016
	\$	\$
Trade payables and accruals	693,062	452,969
	693,062	452,969

NOTE 15 – TRUST FUNDS AND DEPOSITS

Refundable security deposits	32,441	57,997
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 16 – PROVISIONS

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

2016	Annual Leave \$	Leave In Lieu \$	Long Service Leave \$	Total \$
Balance at beginning of the financial year	354,088	10,227	944,521	1,308,836
Additional provisions	374,946	22,372	215,997	613,315
Amounts Used	(348,133)	(27,418)	(43,578)	(419,129)
Balance at the end of the financial year	380,901	5,181	1,116,940	1,503,022

(a) Employee Benefits

	2017 \$	2016 \$
Current		
Annual Leave	362,988	380,900
Long Service Leave	1,008,512	1,014,663
Leave in Lieu	10,265	5,182
	1,381,765	1,400,745
Non-Current		
Long Service Leave	126,043	102,277
Total Employee Benefits	1,507,808	1,503,022

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

Weighted average increase in employee costs	3.813%	4.125%
Weighted average discount rates	2.612%	1.990%
Weighted average settlement period	12	12

Current provisions expected to be settled within 12 months

	2017 \$	2016 \$
Annual leave	362,988	380,900
Long service leave	197,486	194,022
Other Leave	10,265	5,182
	570,739	580,104

Current provisions expected to be settled after 12 months

Long service leave	811,024	820,641
Total current provisions	1,381,763	1,400,745

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 16 – PROVISIONS (CONTD)

Non-Current Employee Benefits

Long service

Total Employee Benefits

**2017
\$**

**2016
\$**

126,043

102,277

1,507,806

1,503,022

NOTE 17 – COMMITMENTS

2017	Not later than 1 year \$	Later than 1 year and not later than 2 years \$	Later than 2 years and not later than 5 years \$	Later than 5 years \$	Total \$
Operating					
Photocopier Leases	29,280	29,280	24,700	-	83,260
Office Leases	46,000	46,000	46,000	-	138,000
Total	75,280	75,280	70,700	-	221,260
Capital					
Wharves and Jetties	5,859,763	3,216,639	-	-	9,076,402
Buildings & Improvements	27,068	-	-	-	27,068
Plant	7,631,837	-	-	-	7,631,837
Total	13,518,668	3,216,639	-	-	16,735,307

2016	Not later than 1 year \$	Later than 1 year and not later than 2 years \$	Later than 2 years and not later than 5 years \$	Later than 5 years \$	Total \$
Operating					
Photocopier Leases	29,280	29,280	53,980	-	112,540
Office Leases	46,000	-	-	-	46,000
Gippsland Lakes Ocean Access Dredging Program	2,400,000	-	-	-	2,400,000
Vegetation Offset	5,624	5,849	18,990	13,960	44,423
Total	2,480,904	35,129	72,970	13,960	2,602,963
Capital					
Wharves and Jetties	585,778	-	-	-	585,778
Plant	9,207,296	7,583,333	-	-	16,790,629
Total	9,793,073	7,583,333	-	-	17,376,406

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 18 – RECONCILIATION OF SURPLUS FOR THE YEAR TO NET
CASH INFLOW FROM OPERATING ACTIVITIES**

	2017	2016
	\$	\$
Surplus for the year	6,504,748	2,528,153
<i>Non-Cash Items:</i>		
Depreciation	5,072,391	4,956,201
Assets received free of charge	-	(876,088)
Loss on disposal of property, plant and equipment, infrastructure	292,164	173,794
<i>Changes in Assets and Liabilities:</i>		
(Increase) decrease in trade/other receivables	1,089,457	(1,586,718)
(Increase) decrease in accrued income	(29,286)	41,411
(Increase) decrease in prepayments	32,254	(13,054)
(Increase) decrease in inventories	(3,641)	(70,182)
Increase (decrease) in trade and other payables	15,287	(57,813)
Increase (decrease) in trust funds	(25,556)	28,977
Increase (decrease) in provisions	4,784	194,186
Net Cash Inflow From Operating Activities	<u>12,952,602</u>	<u>5,318,867</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 19 – EXPENDITURE BY FUNCTION	2017 \$	2016 \$
Administration and management	1,588,809	1,720,683
Boating safety and incident management	270,600	268,498
Boatyard and slipway operations	2,155,670	2,287,836
Committee of Management	180,857	178,946
Depots, plant and equipment (excluding boatyards and slipways)	447,759	453,036
Depreciation	5,072,391	4,956,201
Dredging and sand management	4,838,736	4,218,074
Engineering & Operations Management	365,974	472,829
Lakes Entrance Sand Management Program	-	1,273
Navigation aids and signage	351,277	417,049
Other	417,075	391,035
Port Operations, Regulation & Compliance	678,432	458,764
Training & Development	113,901	124,097
Wharves, jetties and moorings	660,385	724,107
TOTAL EXPENSES	17,141,866	16,672,430

NOTE 20 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Committee is not aware of any contingent assets or liabilities at year end.

NOTE 21 – NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

On 12th October Gippsland Ports received a notice to creditors from Squire Patton Boggs. The notice provided the liquidators estimate that creditors will receive a further 11.27 to 15.05 cents in the dollar from the general estate. However, the exact timing and amount of the distribution is uncertain. Current estimates indicate that Gippsland Ports may receive between \$65,000 and \$87,000 after expenses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 22A – RESPONSIBLE PERSONS DISCLOSURES

RESPONSIBLE PERSONS

2016/17

Board Chairman	Period
Geoff Hocking	1/07/16 – 30/06/17
Board Members	
Richard Mostard	1/07/16 – 30/06/17
Nicola Watts	1/07/16 – 30/06/17
Richard Ellis	1/07/16 – 30/06/17
Chris Cook	1/07/16 – 30/06/17
Richard Elkington	1/07/16 – 30/06/17
Rod Thomas	1/07/16 – 30/06/17
Senior Management	
Nicholas Murray - CEO	1/07/16 – 30/06/17
Stephen Martin	1/07/16 – 30/06/17
Greg Hatt	1/07/16 – 30/06/17
David Holding	1/07/16 – 30/06/17

	2017	2016
	No.	No.
Total Number of Board Members	7	7
Chief Executive Officer and Other Key Management Personnel	4	4
Total Key Management Personnel	11	11

NOTE 22B – KEY MANAGEMENT PERSONNEL

Remuneration of executives

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Remuneration of executive officers

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

	2017 (i)
Remuneration	\$
Short-term employee benefits	704,948
Post-employment benefits	69,389
Other long-term benefits	17,900
Total remuneration (i)(ii)	792,237
Total number of executives	11
Total annualised employee equivalent (AEE) (iii)	4.10

Notes:

(i) Note that for the first year of implementation (2016-17), no comparatives are required.

(ii) 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.

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

Other Transactions of Responsible Persons and their Related Parties

There were no related party transactions during the financial year.

NOTE 23 – FINANCIAL INSTRUMENTS

23(a) Accounting Policy, Terms and Conditions

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets			
Cash and cash equivalents	8	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues. Investments are held to maximise interest returns on surplus cash.	On call deposits returned a floating interest rate between 0.10% (0.10% in 2015/16), and 0.10% (0.10% in 2015/16). The interest rate at balance date was 0.10%. Funds returned fixed interest rate of between 0.60% (0.95% in 2015/16), and 2.85% (2.90% in 2015/16).
Trade and other receivables	9	Receivables are carried at nominal amounts due less any allowance for doubtful debts. This allowance is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured. Credit terms are usually 30 days. Penalty interest is charged on overdue amounts.
Financial Liabilities			
Trade and other payables	14	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Gippsland Ports as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 23 – FINANCIAL INSTRUMENTS (CONTD)

23(b) Interest Rate Risk

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

2017

Fixed interest maturing in:

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

2016

Fixed interest maturing in:

	Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
<i>Financial assets</i>						
Cash and Cash equivalents	1,250,100	8,000,789	—	—	1,150	9,252,039
Trade and other receivables					2,062,962	2,062,962
Total financial assets	1,250,100	8,000,789	—	—	2,064,112	11,315,001
Weighted average interest rate	0.10%	2.18%				
<i>Financial liabilities</i>						
Trade and other payables	—	—	—	—	452,969	452,969
Trust funds and deposits	—	—	—	—	57,997	57,997
Total financial liabilities	—	—	—	—	510,966	510,966
Weighted average interest rate						
Net financial assets/(liabilities)	1,250,100	8,000,789	—	—	1,553,146	10,804,035

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 23 – FINANCIAL INSTRUMENTS (CONTD)

23(c) Net Fair Values

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

	Carrying Amount		Net Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial Assets				
Cash	818,113	1,251,250	818,113	1,251,250
At Call / Term Deposits	9,000,638	8,000,789	9,000,638	8,000,789
Trade & other receivables	973,503	2,062,962	973,503	2,062,962
	10,792,254	11,315,001	10,792,254	11,315,001
Financial Liabilities				
Trade & other payables	693,062	452,969	693,062	452,969
Trust funds & deposits	32,441	57,997	32,441	57,997
	725,503	510,966	725,503	510,966

23(d) Fair Value Hierarchy

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

23(e) Risk and Mitigation

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

Market risk

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

Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 23 – FINANCIAL INSTRUMENTS (CONTD)

23(e) Risk and Mitigation (Contd)

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

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

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

Credit risk

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

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

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

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

	Carrying Amount \$	Not Past Due and Not Impaired \$	Past Due But Not Impaired 1 - 3 Months \$	3 Months - 1 Year \$	Impaired Financial Assets \$
2017					
Financial Assets					
Cash and Cash Equivalents	818,113	818,113	–	–	–
Receivables					
- Trade Debtors	973,503	709,359	281,464	(17,320)	20,908
Other Financial Assets					
- Term Deposits	9,000,638	9,000,638	–	–	–
Total Financial Assets	10,792,254	10,528,110	281,464	(17,320)	20,908
2016					
Cash and Cash Equivalents	1,251,250	1,251,250	–	–	–
Receivables					
- Trade Debtors	2,062,962	1,496,615	529,709	36,638	12,649
Other Financial Assets					
- Term Deposits	8,000,789	8,000,789	–	–	–
Total Financial Assets	11,315,001	10,748,654	529,709	36,638	12,649

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 23 – FINANCIAL INSTRUMENTS (CONTD)

23(e) Risk and Mitigation (Contd)

Liquidity risk

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

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

To help reduce these risks Gippsland Ports:

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

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

The table below lists the contractual maturities for Financial Liabilities

These amounts represent undiscounted gross payments

	Carrying Amount \$	Contractual Cash Flows \$	Maturity Dates		
			Less than 1 Month \$	1 - 3 Months \$	3 Months - 1 Year \$
2017					
Financial Liabilities					
Payables	693,062	693,062	693,062	–	–
Trust funds and deposits - Security Deposits Held	32,441	32,441	–	–	32,441
Total Financial Liabilities	725,503	725,503	693,062	–	32,441
2016					
Payables	452,969	452,969	452,969	–	–
Trust funds and deposits - Security Deposits Held	57,997	57,997	–	–	57,997
Total Financial Liabilities	510,966	510,966	452,969	–	57,997

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 23 – FINANCIAL INSTRUMENTS (CONTD)

23(f) Sensitivity Disclosure Analysis

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

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

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

Market Risk Exposure

	Carrying Amount	Carrying Amount Subject to variable interest rate	Interest rate risk			
			-1% 100 basis points Profit	Equity	+1% 100 basis points Profit	Equity
2017	\$	\$	\$	\$	\$	\$
<i>Financial assets</i>						
Cash and cash equivalents	9,818,751	815,762	(8,158)	(8,158)	8,158	8,158
Total exposure	9,818,751	815,762	(8,158)	(8,158)	8,158	8,158
	Carrying Amount	Carrying Amount Subject to variable interest rate	Profit	Equity	Profit	Equity
2016	\$	\$	\$	\$	\$	\$
<i>Financial assets</i>						
Cash and cash equivalents	9,252,040	1,250,100	(12,501)	(12,501)	12,501	12,501
Total exposure	9,252,040	1,250,100	(12,501)	(12,501)	12,501	12,501

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 24 – UNCOMMITTED CASH	2017	2016
	\$	\$
Cash, Investments & Stock on Hand	10,055,088	9,484,735
Add Receivables	789,503	2,062,962
Add prepayments & accrued income	144,360	147,327
Add Balance of Capital Income	6,000	50,278
Less Payables, trust funds and deposits	(541,503)	(510,966)
Less Employee Entitlements	(1,507,808)	(1,503,022)
Less Balance of Capital Expenditure	(1,728,932)	(2,383,379)
Less GLOA Emergency Reserve	-	(1,481,000)
Less Plant Replacement Reserve	(635,701)	(926,504)
Less Boatlifting Replacement Reserve	(40,800)	(1,500)
Less Sand Transfer System Periodic Mtc Reserve	(269,000)	(268,000)
Less balance of unspent SEMP	(57,367)	(62,316)
Less balance of unspent Asset Maintenance	(1,355,254)	(765,817)
Less balance of GLOA	(1,223,878)	(1,177,658)
Less Port Upgrade balance carried forward	-	(100,000)
Less Balance of Operating projects	(128,192)	(85,352)
Less Balance of BSFP Expenditure	(1,082,444)	(635,379)
Add Balance of BSFP Income	249,750	-
Less contingency for Paynesville Slip	(299,000)	(300,000)
Less Seawall Risk Mitigation Works	-	(213,596)
GLOA Outfall Works	(550,000)	(250,000)
Purchase additional land for new Head Office	(350,000)	(350,000)
Less Balance of 16-17 Capital Commitments	(1,000,812)	-
Long Jetty Expenditure in Advance of Grants Receipts	118,247	-
Less Provision for Employee EA Payments	(100,000)	-
Total Uncommitted Cash	492,257	730,812

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 25 – ECONOMIC DEPENDENCE

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

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

NOTE 26 - GLOSSARY

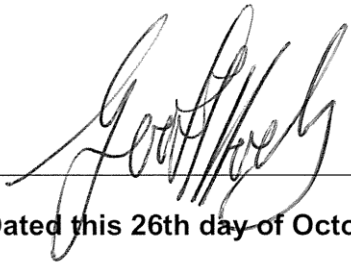
The following acronyms are used in the document

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

**CERTIFICATION BY CHAIRMAN OF THE COMMITTEE
FOR THE YEAR ENDED 30 JUNE 2017**

I, Geoff Hocking certify that:

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



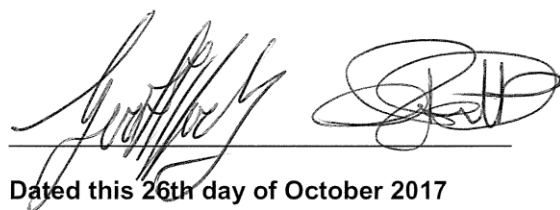
Dated this 26th day of October 2017

**STATEMENT BY MEMBERS OF THE COMMITTEE
FOR THE YEAR ENDED 30 JUNE 2017**

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

- a) Give a true and fair view of the Committee's Statement of Financial Position as at 30 June 2017 and of the Committee's Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2017; and
- b) Complies with relevant Australian Accounting Standards and the Crown Land (Reserves) Act 1978; and
- c) Complies with the requirements of the Management Agreement between Gippsland Ports Committee of Management Incorporated and the Department of Economic Development, Jobs, Transport and Resources (2012-2017); and
- d) At the date of the statement, there are reasonable grounds to believe that Gippsland Ports Committee of Management Incorporated will be able to pay its debts as and when they become due and payable.

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



Dated this 26th day of October 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Gippsland Port's Committee of Management

Opinion

We have audited the accompanying financial report of Gippsland Ports Committee of Management ("the Entity"), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement of members of the committee of management.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Gippsland Ports Committee of Management as at 30 June 2017, and of its performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the Management Agreement (1 July 2012 – 30 June 2017) signed with the Department of Economic Development, Jobs, Transport and Resources.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the Management Agreement (1 July 2012 – 30 June 2017) signed with the Department of Economic Development, Jobs, Transport and Resources, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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



Rochelle Wrigglesworth
Director
GippsAudit Pty Ltd

Date: 26 October 2017
Place: Sale

**MANAGEMENT AGREEMENT CLAUSE 7.2
ANNUAL REPORTING SUPPLEMENT
FOR THE YEAR ENDED 30 JUNE 2017**

The following information is provided in accordance with reporting requirements as detailed in Clause 7.2 of the Interim Management Agreement and supplements information provided in the 2016/17 Audited Financial Statements.

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

I hereby certify that:

- a) I am the Acting Chief Executive Officer of Gippsland Ports Committee of Management Incorporated;
- b) The Actual vs Budget comparisons are correct and the commentary accurately reflects variances from budget;
- c) The Dredging Operations report accurately reflects dredging activities during the reporting period; and
- d) The Incident Report accurately reflects incidents reported to Gippsland Ports during the year ended 30 June 2017.



Steve Martin
Acting Chief Executive Officer
Dated this 31st day of October 2017

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2017**

STATEMENT OF COMPREHENSIVE INCOME

	2016/17 Actual \$	Approved Budget \$	Forecast Revisions \$	Year End Forecast \$	Year End Forecast Variance \$
Revenue					
Operating Activities					
Annual Operating Grant	4,113,830	4,133,996	(20,166)	4,113,830	0
Operating Grant - Other	0	0	0	0	0
Operating Grant - GLOA	3,031,000	3,031,000	0	3,031,000	0
Interest Income	189,038	260,620	(39,058)	221,562	(32,524)
Wharfage, Berth & Moorings	1,635,957	2,093,295	(415,425)	1,677,870	(41,913)
Rent and Licence Fee Income	74,207	111,541	(33,745)	77,796	(3,589)
Boatyard & Slipping Income	2,239,499	2,370,254	(50,979)	2,319,275	(79,776)
Commercial Works	638,998	325,648	304,178	629,826	9,172
Other Income	65,045	52,000	14,000	66,000	(955)
Assets Received Free of Charge	0	0	0	0	0
Distribution from CDO class action	17,052	0	0	0	17,052
Total Revenue from Ongoing Activities	12,004,626	12,378,354	(241,195)	12,137,159	(132,533)
Capital Revenues					
Annual Capital Grant	0	0	0	0	0
Other Capital Grants	1,111,116	937,696	1,579,419	2,517,115	(1,405,999)
Port Upgrade	0	0	0	0	0
TSHD Procurement	10,823,035	10,823,034	0	10,823,034	1
Total Capital Revenue	11,934,151	11,760,730	1,579,419	13,340,149	(1,405,998)
Total Revenue	23,938,777	24,139,084	1,338,224	25,477,308	(1,538,531)
Expenses from Ongoing Activities					
Boating Safety & Incident Management	270,600	250,700	80,784	331,484	60,884
Boatyard & Slip Operations	2,186,343	2,225,400	(26,220)	2,199,180	12,837
Business Management	1,633,117	1,484,058	39,500	1,523,558	(109,559)
Committee of Management	180,857	202,711	0	202,711	21,854
Depots, Plant & Equipment (excluding boatyards and slipways)	486,679	700,996	(111,656)	589,340	102,661
Dredging & Sand Management	822,511	1,003,929	4,250	1,008,179	185,668
Engineering & Operations Management	365,974	505,911	(27,000)	478,911	112,937
Navigation, Port Operations, Regulation & Compliance	1,109,487	1,055,124	135,546	1,190,670	81,183
Gippsland Lakes Ocean Access	4,016,225	4,449,353	(491,000)	3,958,353	(57,872)
Other	337,297	151,085	289,237	440,322	103,025
Wharves, Jetties & Moorings	660,385	1,135,033	(322,405)	812,628	152,243
Depreciation	5,072,391	4,750,000	253,900	5,003,900	(68,491)
Impairment of Assets / Investments	0	0	0	0	0
Total Expenses from Ongoing Activities	17,141,866	17,914,300	(175,064)	17,739,236	597,369
Surplus / (Deficit) Prior to Sales, Disposals and Impairment of Assets	6,796,911	6,224,784	1,513,288	7,738,072	(941,162)
Profit / (Loss) from Asset Disposal					
Asset Sale Proceeds	171,500	177,000	(5,227)	171,773	(273)
Written Down Value of Assets Sold	193,455	177,000	(14,447)	162,553	(30,902)
Written Down Value of Assets Written Off	270,209	0	0	0	(270,209)
Total Profit / (Loss) from Asset Disposal	(292,164)	0	9,220	9,220	(301,384)
Surplus / (Deficit)	6,504,746	6,224,784	1,522,508	7,747,292	(1,242,546)

ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF FINANCIAL POSITION

	Balance 30/06/17 \$	Approved Budget \$	Forecast Revisions \$	Year End Forecast \$	Forecast Variance \$
Current Assets					
Cash & Cash Equivalents	9,818,752	4,321,917	4,454,278	8,776,195	1,042,557
Trade & Other Receivables	973,503	216,243	406,719	622,962	350,542
Inventories	236,337	162,514	70,182	232,696	3,641
Prepayments	33,677	0	0	0	33,677
Other Current Assets	110,682	25,684	21,643	47,327	63,355
Total Current Assets	11,172,951	4,726,358	4,952,821	9,679,179	1,493,772
Non-Current Assets					
Property, Infrastructure, Plant & Equipment	71,745,739	88,294,590	(1,598,848)	86,695,742	(14,950,004)
Works in Progress	14,721,326	2,000,000	0	2,000,000	12,721,326
Total Non-Current Assets	86,467,065	90,294,590	(1,598,848)	88,695,742	(2,228,677)
Total Assets	97,640,016	95,020,948	3,353,973	98,374,921	(734,906)
Current Liabilities					
Trade & Other Payables	693,062	106,005	0	106,005	587,057
Trust funds & Deposits	32,441	0	0	0	32,441
Provisions	1,381,763	1,314,960	202,424	1,517,384	(135,621)
Total Current Liabilities	2,107,266	1,420,965	202,424	1,623,389	483,877
Non-Current Liabilities					
Provisions	126,043	219,948	(117,671)	102,277	23,766
Total Non-Current Liabilities	126,043	219,948	(117,671)	102,277	23,766
Total Liabilities	2,233,309	1,640,913	84,753	1,725,666	507,643
Net Assets	95,406,707	93,380,036	3,269,220	96,649,256	(1,242,549)
Equity					
Accumulated Surplus	48,704,893	46,678,222	3,269,220	49,947,442	(1,242,549)
Asset Revaluation Reserve	46,701,814	46,701,814	0	46,701,814	0
Total Equity	95,406,707	93,380,036	3,269,220	96,649,256	(1,242,549)

ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2017

CAPITAL PROGRAM SUMMARY

	2016/17 Actual \$	Adopted Budget \$	Forecast Revisions \$	Forecast Budget \$	Forecast Variance \$
Wharves, Jetties & Moorings	1,312,709	1,825,000	(363,063)	1,461,937	149,228
Boatyards and Slips (excl. plant)	181,059	149,000	43,952	192,952	11,893
Navigational Aids & Signage	248,351	342,818	25,998	368,816	120,465
Foreshore Structures	0	0	50,000	50,000	50,000
Vehicles & Plant	349,205	421,000	112,000	533,000	183,795
Vessels	132,044	161,000	33,173	194,173	62,129
TSHD Procurement	10,322,939	10,823,034	497,126	11,320,160	997,222
Buildings & Office Equipment	235,891	169,000	351,234	520,234	284,343
Total Capital Program	12,782,197	13,890,852	750,420	14,641,272	1,859,075

STATEMENT OF CASH FLOWS

	2016/17 Actual \$	Adopted Budget \$	Forecast Revisions \$	Forecast Budget \$	Forecast Variance \$
Cash flows from Operating Activities					
<i>Receipts</i>					
Operating Grants	7,416,530	7,164,996	(20,166)	7,144,830	(271,700)
Capital Grants	12,364,541	11,760,730	1,579,419	13,340,149	975,608
Interest Received	187,011	260,620	(39,058)	221,562	34,551
User Charges & Fees	5,716,214	5,052,738	1,258,029	6,310,767	594,551
Suppliers & Employees	(12,731,694)	(13,111,366)	87,712	(13,023,654)	(291,961)
Net Cash Provided by Operating Activities	12,952,602	11,127,718	2,865,936	13,993,654	1,041,050
Cash flows from Investing Activities					
Payments for Property, Infrastructure, Plant & Equipment	(12,557,391)	(13,890,852)	(750,420)	(14,641,272)	(2,083,880)
Proceeds from Sale of Assets	171,500	177,000	(5,227)	171,773	273
(Purchase) / Proceeds of Other Investments	0	0	0	0	0
Net Cash used in Investing Activities	(12,385,891)	(13,713,852)	(755,647)	(14,469,499)	(2,083,607)
Net Increase / (Decrease) in Cash	566,712	(2,586,134)	2,110,288	(475,846)	(1,042,557)
Cash at Beginning of Period	9,252,040	6,908,051	2,343,988	9,252,040	0
Cash at End of Period	9,818,752	4,321,917	4,454,277	8,776,194	(1,042,557)

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2017**

FORECAST REVISIONS TO BUDGET

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

Operating	Income	Expense	Net Cash
SEMPs and Asset Maintenance carry forwards *		1,052,134	0
Operational Projects carry forwards *		87,899	0
Net Transfers to Capital		(17,379)	17,379
PBY Lease Planning		30,000	(30,000)
Annual Operating Grant	(20,166)		(20,166)
Legal Defence Cost		30,000	(30,000)
Berthing and Mooring Income	(110,000)		(110,000)
Internal Vessel hire		(77,656)	77,656
Depreciation**		253,900	0
Quarter 1 Budget Review	(12,840)	(45,000)	32,160
Transfers to Capital Oct 16		(2,500)	2,500
Transfers to Capital Nov 16		(21,441)	21,441
Adjustments to Recoverable Works	98,965	98,965	0
PBY mid-year review	(168,149)	(60,120)	(108,029)
Transfers from Capital Jan 17		10,000	(10,000)
BIBY mid-year review	(10,000)	(40,300)	30,300
General Operating mid-review	(129,218)	(154,000)	24,782
Transfers to Capital Feb 17		(24,600)	24,600
GLOA Savings		(475,000)	475,000
Operating Adjustments	(92,000)	(92,000)	0
Asset Maintenance Timing Review		(1,089,034)	1,089,034
Income Adjustments	(45,000)	0	(45,000)
BSEO Program	30,000	30,000	0
Capital Adjustments	20,000		20,000
Boatyards Projects Review April 17		(10,842)	10,842
Vehicle replacement Variance Adjustment	(25,227)		(25,227)
Vehicle replacement Variance Adjustment **		(14,447)	0
Transfers to Capital		(6,960)	6,960
Recoverable Works Adjustments	79,000	79,000	0
Post Office Jetty AM B/fwd.		30,000	(30,000)
Recoverable Works Projects	138,213	138,213	0
Transfers from Capital		101,657	(101,657)
Total Operating Changes	(246,422)	(189,511)	1,322,575

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2017**

FORECAST REVISIONS TO BUDGET (CONTD)

Capital	Income	Expense	Net Cash
Base capital program carry forwards*	50,278	2,483,361	0
Net Transfers from Operating		17,379	(17,379)
PBY Slipway Jetty – GWP Berth Extension		30,000	(30,000)
Long Jetty Rebuild	1,500,000	1,500,000	0
Transfers from Operating Oct 16		2,500	(2,500)
Transfers from Operating Nov 16		11,519	(11,519)
BSFP Preliminary Acquittal	(185,262)	(248,210)	62,948
Transfers to Operating Jan 17		(10,000)	10,000
Transfers from Operating Feb 17	47,520	77,620	(30,100)
Training Wall Study		(50,000)	50,000
2015-16 BSFP Program	93,700		93,700
2016-17 BSFP Program	322,933	275,000	47,933
Capital Adjustments		4,560	(4,560)
Capital Timing Review	(249,750)	(3,319,812)	3,070,062
Boatyards Projects Review April 17		12,000	(12,000)
Transfers from Operating / Commitments		66,160	(66,160)
Transfers to Operating		(101,657)	101,657
Total Capital Changes	1,579,419	750,420	3,262,082

* *No effect on uncommitted cash*

ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2017

COMMENTARY ON YEAR TO DATE PERFORMANCE

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

Revenue – Operating Activities

Interest Income

Unfavourable variance of 15% or \$32,524

The combination of low interest rate levels and delayed grant funding payments has resulted in lower than expected interest receipts.

Wharfage, Berth & Moorings Income

Unfavourable variance of 2% or \$41,913

The variance is a result of reduced berth and mooring occupancy levels and lower than expected commercial port usage fees at South Gippsland. Commercial usage at Corner Inlet has declined through the Barry Beach facility, whilst the Port Anthony facility has not yet resulted in increased usage.

Boatyards & Slipping Income

Favourable variance of 3% or \$79,776

The shortfall is a result of the introduction of a revised fee schedule together with inclement weather during the first two months of the year. Although activity picked up after the first quarter of the financial year the overall boatyards income has not been able to realise the projected estimate.

Expenses – Operating Activities

The non-payment of EA increases totalling approximately \$100,000 has contributed the variances across all operational areas. The commentary below is provided in relation to additional variances outside the non-payment of EA increases.

Boating Safety & Incident Management

Favourable variance of 18% or \$60,884

The balance of the site specific environmental management plan (\$25k) will be carried forward for completion in 2017/18. The majority of the balance represents savings across several programs.

Business Management

Unfavourable variance of 7% or \$109,559

Bad debt write offs and additional salary overhead costs were the primary causes of the variance. Sick leave taken, payroll tax, and superannuation were all contributing factors to the increase in salary overheads.

Depots, Plant & Equipment

Favourable variance of 17% or \$102,661

The variance is spread across all line items at both East and South Gippsland, where savings have been achieved. An increase in internal plant and equipment usage has created additional credits which have contributed to the positive result.

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2017**

Dredging and Sand Management

Favourable variance of 18% or \$185,668

The variation is primarily associated with asset maintenance dredging throughout the Gippsland Lakes (excluding GLOA). A number of these projects will be carried forward to 17/18. Some minor savings have been achieved under general operations.

Engineering & Operations Management

Favourable variance of 24% or \$112,937

Engineering and operations staff time costed to capital projects has in part contributed to the variance. The balance relates to long term sick leave taken during the year. This is offset by the increase in salary overheads under business administration where sick leave is reported.

Navigation, Port Operations, Regulation & Compliance

Favourable variance of 7% or \$81,183

Some savings have been achieved from the waterway management and annual repair and maintenance operations for sign and navigation aids at East and South Gippsland. The remaining variance relates to the timing of asset maintenance projects, the majority of which will be carried forward for completion in 2017/18.

Gippsland Lakes Ocean Access

Unfavourable variance of 1% or \$57,872

Included in the above figure are operational costs associated with the commissioning of the new TSHD Dredge 'Tommy Norton'. The budgets for these costs have been allocated under the capital project, however the costs will be acquitted against the project.

Other Expenses

Favourable variance of 23% or \$103,025

The variance relates to the timing of three maintenance projects that are currently underway. The unexpended balance will be carried forward to 17/18 financial year to complete the works.

Wharves, Jetties & Moorings

Favourable variance of 19% or \$152,243

The majority of the variance relates to the timing of several asset maintenance projects across East and South Gippsland. These projects are in progress and are scheduled for completion in 2017/18. Some savings have been achieved at both East and South Gippsland annual repairs and maintenance.

Capital Program

Capital Revenue

Unfavourable variance of 56% or \$1,405,999

The delay in commencing the Long Jetty Rehabilitation project has affected the timing of the initial Regional Development Victoria grant claim. The project is now underway and, due to a revised work plan, the project is expected to be completed ahead of schedule.

Economic Dependence

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

An interim Management Agreement was developed and agreed between the department and Gippsland Ports covering the period 1/07/2017 to 30/06/2018. Funding agreements are advised annually.

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2017**

Capital expenditure

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

Capital Expenditure Details

Project	2016/17 Actual \$	2016/17 Forecast \$	Variance \$	Comment
BI Waste Oil Receptor	0	17,000	(17,000)	Completed as part of separate project
PW Livestock Fencing	0	59,520	(59,520)	C/Fwd. balance to 2017/18
BI Western Yard	6,339	23,291	(16,952)	C/Fwd. balance to 2017/18
H O Relocation Planning	0	25,000	(25,000)	C/Fwd. balance to 2017/18
Training Wall Risk Mitigation	12,069	23,530	(11,461)	Complete
BI LEFCOL Jetty North Redeck	0	20,000	(20,000)	C/Fwd. balance to 2017/18
LEBH Western Low Landing	79,796	30,000	49,796	C/Fwd. balance to 2017/18
Kalimna Jetty Handrail	442	443	(1)	Complete
Paynesville Boat Harbour Central	0	21,455	(21,455)	Complete
PA Boat Harbour Mooring Piles	58,249	58,305	(56)	Complete
PA Slipway Jetty Mooring Piles	58,530	59,029	(499)	Complete
Progress Jetty Lighting and La	23,452	36,948	(13,496)	Complete
Post Office Jetty Low Landing	8,109	14,000	(5,891)	Complete
BSFP - Metung Lake King Jetty	138,824	138,824	(0)	Complete
BSFP - Johnsonville Landing Jetty	64,711	64,620	91	Complete
BSFP - McMillan's St Berthing	317,034	317,034	0	Complete
BSFP - Nicholson Boat Ramp Jetty	114,366	114,390	(24)	Complete
BI LEFCOL Jetty North	0	22,000	(22,000)	C/Fwd. balance to 2017/18
RI Public Jetty	16,326	25,000	(8,674)	C/Fwd. balance to 2017/18
Paynesville Boat Harbour North	12,989	6,000	6,989	C/Fwd. balance to 2017/18
Paynesville Boat Harbour Central	428	5,500	(5,072)	C/Fwd. balance to 2017/18
LE Eastern Wharf Lighting	13,624	15,000	(1,376)	Complete
McLaughlin's Beach Jetty	0	30,000	(30,000)	C/Fwd. balance to 2017/18
SG Long Jetty Rebuild	218,247	248,000	(29,753)	C/Fwd. balance to 2017/18
PBY Slipway Jetty GWP Extension	7,546	30,000	(22,454)	C/Fwd. balance to 2017/18
Duck Arm Sewage Pumpout	1,639	0	1,639	C/Fwd. balance to 2017/18
BSFP Public Moorings	28,933	30,000	(1,068)	C/Fwd. balance to 2017/18
BSFP Nyerimilang Jetty	3,796	1,000	2,796	C/Fwd. balance to 2017/18
BSFP Nicholson Jetty	18,650	12,000	6,650	C/Fwd. balance to 2017/18
PW Fisherman's jetty	83,747	114,460	(30,713)	C/Fwd. balance to 2017/18
PW Marginal Wharf	43,270	47,929	(4,659)	Complete
BSFP - Franklin River Channel NA	73,003	73,003	(0)	Complete
BSFP - VOZR No Boating Buoys	21,793	21,793	0	Complete
BSFP - Reeve Channel Navigation Aids	7,460	7,460	0	Complete
BSFP - Stockyard Channel Beacon	73,560	73,560	0	Complete
PW Trident Buoy	0	45,000	(45,000)	C/Fwd. balance to 2017/18
Reeve Channel No 3 Replacement	0	4,000	(4,000)	C/Fwd. balance to 2017/18
Goodwin Sands Navigation Pile	8,560	7,000	1,560	Complete
Bullock Is Bridge 5 Knot Zone	9,797	9,000	797	Complete
BSFP - LE Reeves Channel	7,063	19,950	(12,887)	C/Fwd. balance to 2017/18
BSFP - McLennan Straits Navigation Ai	2,372	3,100	(728)	C/Fwd. balance to 2017/18

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2017**

Capital Expenditure Details (Cont'd)

Project	2016/17 Actual \$	2016/17 Forecast \$	Variance \$	Comment
BSFP - Lake Wellington Navigation Ai	0	4,000	(4,000)	C/Fwd. balance to 2017/18
BSFP - Franklin River Navigation Aids	492	0	492	C/Fwd. balance to 2017/18
BSFP - Bancroft Bay 5 Knot Buoys	16,417	38,000	(21,583)	C/Fwd. balance to 2017/18
BSFP - LE 'Watch Your Wake'	3,812	3,700	112	C/Fwd. balance to 2017/18
BSFP - Marlay Point Dredging	329	0	329	C/Fwd. balance to 2017/18
BSFP - Nyerimilang Navigation Aids	800	3,320	(2,520)	C/Fwd. balance to 2017/18
BSFP - Flannigan Island Navigation Ai	1,759	3,470	(1,711)	C/Fwd. balance to 2017/18
BSFP - North Arm Navigation Aids	3,159	5,600	(2,441)	C/Fwd. balance to 2017/18
BSFP - West Entrance Navigation Aids	0	4,000	(4,000)	C/Fwd. balance to 2017/18
BSFP - Mosquito Point Navigation Aids	800	3,000	(2,200)	C/Fwd. balance to 2017/18
BSFP - Point Fullaton Navigation Aid	800	5,000	(4,200)	C/Fwd. balance to 2017/18
BSFP - Shaving Point Navigation Aids	800	4,250	(3,450)	C/Fwd. balance to 2017/18
BSFP - Lake King Navigation Aids	1,759	6,000	(4,241)	C/Fwd. balance to 2017/18
BSFP - Duck Arm Navigation Aids	800	2,320	(1,520)	C/Fwd. balance to 2017/18
BSFP - Harrington Point N.A.	5,433	2,820	2,613	Complete
BSFP - Point Wilson Navigation Aids	1,759	3,470	(1,711)	C/Fwd. balance to 2017/18
BSFP - Bluff Point Navigation Aids	2,120	6,000	(3,880)	C/Fwd. balance to 2017/18
BSFP - Butlers Point Navigation Aids	2,120	6,000	(3,880)	C/Fwd. balance to 2017/18
BSFP - Steamer Channel Navigation Aid	1,586	4,000	(2,414)	C/Fwd. balance to 2017/18
BIBY Paving and Electrics	10,796	10,900	(104)	Complete
BIBY Props and Cradles	0	2,000	(2,000)	C/Fwd. balance to 2017/18
BIBY Treatment Plant Mods	125,864	127,000	(1,136)	Complete
BIBY Cables and Fittings	0	1,000	(1,000)	C/Fwd. balance to 2017/18
PBY Slipway Rail	0	10,000	(10,000)	C/Fwd. balance to 2017/18
PBY Pressure Washer	14,935	13,000	1,935	Complete
PBY LED Light Upgrade	5,552	5,200	352	Complete
PBY Shipwrights Shed	23,912	23,852	60	Complete
TSHD Purchase Contract	8,467,089	8,535,331	(68,242)	C/Fwd. balance to 2017/18
TSHD Procurement Preliminaries	3,503	0	3,503	C/Fwd. balance to 2017/18
TSHD Plan Approval Portal	15,274	13,925	1,349	C/Fwd. balance to 2017/18
TSHD Sewage Pumpout	62,711	50,302	12,409	C/Fwd. balance to 2017/18
TSHD Equipment/Spares Shed	180,786	271,803	(91,017)	C/Fwd. balance to 2017/18
TSHD Oil/Lubricant Storage	13,197	17,000	(3,803)	C/Fwd. balance to 2017/18
TSHD Depot Security Cameras	5,088	30,000	(24,912)	C/Fwd. balance to 2017/18
TSHD BI Wharf Fendering & Fence	51,185	40,566	10,619	Complete
TSHD Depot Wharf Fendering	68,325	111,920	(43,595)	C/Fwd. balance to 2017/18
TSHD Depot Wharf Sheet Piling	1,121	393,000	(391,879)	C/Fwd. balance to 2017/18
TSHD Data Connectivity	31,500	32,000	(500)	Complete
TSHD Concrete Hardstand	19,970	55,000	(35,030)	C/Fwd. balance to 2017/18
TSHD Waste Oil Storage	13,550	15,000	(1,450)	C/Fwd. balance to 2017/18
TSHD Electrical Upgrade	10,397	50,000	(39,603)	C/Fwd. balance to 2017/18
TSHD Dredge Pipe and Floats	232,483	250,000	(17,517)	C/Fwd. balance to 2017/18
TSHD Gangway	1,773	0	1,773	C/Fwd. balance to 2017/18
TSHD Legal / Probity	2,383	2,888	(505)	C/Fwd. balance to 2017/18

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2017**

Capital Expenditure Details (Cont'd)

Project	2016/17 Actual \$	2016/17 Forecast \$	Variance \$	Comment
TSHD Shipyard Supervision	532,871	500,360	32,511	C/Fwd. balance to 2017/18
TSHD Project Mgmt. and Inspections	597,444	476,795	120,649	C/Fwd. balance to 2017/18
TSHD Project Control / Ref Group	4,747	52,993	(48,246)	C/Fwd. balance to 2017/18
TSHD Contingency	0	248,097	(248,097)	C/Fwd. balance to 2017/18
TSHD Port Modelling	0	30,855	(30,855)	C/Fwd. balance to 2017/18
TSHD SMS Preparation	7,542	0	7,542	C/Fwd. balance to 2017/18
TSHD Initial EA Negotiations	0	30,247	(30,247)	C/Fwd. balance to 2017/18
TSHD Initial Staff Training	0	112,078	(112,078)	C/Fwd. balance to 2017/18
LE Seawalls Condition Assessment	0	50,000	(50,000)	C/Fwd. balance to 2017/18
Cunninghame Engine Replacement	0	17,000	(17,000)	C/Fwd. balance to 2017/18
Corsair Engine Replacement	0	32,000	(32,000)	C/Fwd. balance to 2017/18
Shearwater Shafts	19,736	13,000	6,736	Complete
Gippslander Anchor Spuds	45,800	46,000	(200)	C/Fwd. balance to 2017/18
SeaDoo GTX Replacement - GP400	18,443	21,000	(2,557)	Complete
SeaDoo GTX Replacement - GP401	18,379	21,000	(2,621)	Complete
Kalimna Hyabb	0	10,000	(10,000)	C/Fwd. balance to 2017/18
Albatross Fire Suppression Sys	6,559	7,000	(441)	Complete
Gippslander Spuds Plan/Design	2,219	1,161	1,058	Complete
Maringa Replacement	20,907	26,012	(5,105)	Complete
Purchase CEO Vehicle	57,513	54,000	3,513	Complete
Purchase EM-CS Vehicle	43,207	38,000	5,207	Complete
Purchase EM-Ops Vehicle	39,829	42,000	(2,171)	Complete
Purchase Project Eng. Vehicle	33,946	35,000	(1,054)	Complete
Purchase ER / MO Vehicle	38,464	42,000	(3,536)	Complete
Purchase HM Vehicle	42,563	45,000	(2,437)	Complete
Purchase SG Manager Vehicle	37,728	38,000	(272)	Complete
Caterpillar 902 Loader	340	165,000	(164,660)	C/Fwd. balance to 2017/18
Lakes Entrance CCTV System	25,000	45,000	(20,000)	C/Fwd. balance to 2017/18
LE 2.4 KvA Gen Set	2,431	2,500	(69)	Complete
Lakes Entrance Defibrillator	2,055	2,000	55	Complete
Honda Gen Set 2k Waterloo	1,908	1,900	8	Complete
Antenna GA830 GNSS Beacon	2,500	2,500	0	Complete
EG Remote Release Crane Hooks	2,480	2,500	(20)	Complete
PBY Weldmatic and Trolley	3,136	3,500	(364)	Complete
Phantom Drone	3,099	3,000	99	Complete
BIBY Pressure Washer	8,118	8,200	(82)	Complete
Head Office Coffee Machine	1,999	0	1,999	Complete
IMT Regional Response Generator	2,889	2,900	(11)	Complete
Hydro Panasonic Toughbook	7,244	7,500	(256)	Complete
MO Panasonic Toughbook	7,244	7,500	(256)	Complete
Trimble Total Station	32,929	32,000	929	Complete
HO Server Replacement	473	500	(28)	Complete
LE Server Replacement	7,841	3,600	4,241	Complete
PBY Backup Device	1,565	1,500	65	Complete

**ACTUAL VS FORECAST BUDGET COMPARISONS
FOR THE YEAR ENDED 30 JUNE 2017**

Capital Expenditure Details (Cont'd)

Project	2016/17 Actual \$	2016/17 Forecast \$	Variance \$	Comment
PBY Manageable Switches x 2	1,993	2,000	(7)	Complete
MO Elite Notebook	2,600	2,600	(0)	Complete
CEO Elite Notebook	2,659	2,700	(41)	Complete
UPS Lakes Depot	4,683	4,800	(117)	Complete
Hydro Mini Computer	1,580	1,560	20	Complete
Electronic Doc Management Sys	0	160,553	(160,553)	C/Fwd. balance to 2017/18
Server Replacement	96,244	94,880	1,364	Complete
Offsite Backup HO/LED	21,202	21,200	2	Complete
User CALS Network Software	29,228	29,000	228	Complete
Grand Total	12,782,197	14,641,272	(1,859,075)	

Summary

<i>Total number of projects</i>	138	
<i>Total completed</i>	65	47%
<i>Total In progress</i>	52	38%
<i>Total complete and in progress</i>	117	85%

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.2.5
DREDGING OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2017**

Gippsland Ports carried out maintenance dredging of 'The Bar' and Inner Channels at Lakes Entrance during 2016/17. These works were funded by the Victorian Government's commitment to the *Gippsland Lakes Ocean Access* (GLOA) Program.

Dredging only occurred in the Port of Gippsland Lakes during the 2016/17 financial year.

Gippsland Ports' dredging assets available during the year included:

- The Trailing Suction Hopper Dredge (TSHD) *Pelican* carried out a contract dredging program between 7th Sept – 26th Oct 2016.
- The Cutter Suction Dredge (CSD) *Kalimna* and booster pump dredged the Inner Channels at Lakes Entrance and completed sand nourishment works at Pelican (Baxter) Island using dredged material from unnamed channel adjacent to Pelican Island and some minor renourishment at Bullock Island using sand from Reeves Channel.
- The Sand Transfer System (STS) on 'New Works' area adjacent to Entrance channel
- Portable dredge pump (on standby)

Trailing suction hopper dredge "Pelican"

The *Pelican* was contracted to carry out a ninth program which commenced on 7 September 2016 and was successfully completed on 26 October 2016.

Gippsland Ports has all approvals in place for the next TSHD program with the Gippsland Ports operated dredger *Tommy Norton* commencing in October 2017. These include EPBC Act referral (indefinite), CMA consent (June 2020) and 10-year Sea Dumping Permit (Oct 2023).

Statistics for *Pelican* TSHD operation for 2016/17 and previous GLOA years is included in table below.

	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
Dredged volume	200,768m ³	156,789m ³	180,932m ³	173,892m ³	244,456m ³	379,175m ³
Program cost	\$3,931,343	\$3,258,873	\$3,081,102	\$3,666,842	\$4,076,941	\$4,075,059
Cost per m³	\$19.58	\$20.78	\$17.03	\$21.09	\$16.67	\$10.75

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

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

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.2.5
DREDGING OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2017**

Cutter suction dredge *Kalimna*

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

Statistics for *Kalimna* CSD operation for 2016/17 and previous years are included in table below.

	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
Dredged volume	178,811m ³	^c 182,686m ³	^b 146,236m ³	106,356m ³	^a 143,980m ³	89,920m ³
Cost	\$434,053	\$485,863	\$451,118	\$333,822	\$405,396	\$314,613
Cost per m³	\$2.43	\$2.65	\$3.09	\$3.14	\$2.82	\$3.49

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

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

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

Sand Shifter

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

Sand Transfer Station

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

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

	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
STS volume	200,724	97,871	121,597 m ³	103,375 m ³	94,562 m ³	91,162 m ³
Cost	\$163,127	\$192,101	\$181,461	\$253,886	\$189,629	\$232,398
Cost per m³	\$0.81	\$1.96	\$1.49	\$2.45	\$2.01	\$2.54

Overall Dredging Statistics

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

	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
Combined volume	379,579m ³	339,475m ³	327,168m ³	280,248m ³	388,546m ³	469,095m ³
Combined costs	\$4,528,523	\$3,936,937	\$3,713,681	\$4,254,550	\$4,671,966	\$4,622,070
Combined Cost per m³	\$11.93	\$11.60	\$11.35	\$15.18	\$12.02	\$9.85

GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INCORPORATED

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.3
MARINE INCIDENT REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

Area of Incident	Incident type	Date of Incident	Incident Reported	Incident Description	Contributing Factors
Bank Jetty, Lakes Entrance	Pollution	19-Jul-16	19-Jul-16	Vehicle driven into water. Driver was being guided by a friend, into car park space in the car park on south side of Bank Jetty. Driver accidentally hit accelerator, collided with person guiding her knocking her into the water and vehicle ran off the seawall into the water. No sign of any oil or fuel coming from the vehicle.	Driver error.
Cunninghame Arm, Lakes Entrance	Damage	20-Jul-16	20-Jul-16	Pile damage Cunninghame Arm Entrance due to vessel (Flat top with propulsion capability if the form of thrusters) collision creating submerged hazard to navigation. Incident knocked down a fender pile on the corner entry into Cunningham Arm from Reeves Channel.	Error of judgement.
Howitt Park, Bairnsdale	Pollution	21-Jul-16	21-Jul-16	Howitt Park boat ramp, Bairnsdale – car and trailer submerged. Hazard to navigation.	Driver error.
Paynesville	Marine	Unknown	16-Aug-16	Unknown vessel made impacted the GIPPSLANDER barge causing damage - bending 2 uprights, breaking some handrail chains and damaging the end of barge.	Unknown.
Port Welshpool	Marine	Unknown	12-Sep-16	Owner of vessel identified that Antarona Rose had suffered damage to the sorting tray at the stern of the vessel. He indicated that he was informed of the incident by his friend. Vessel found with the tray hooked on the Fisherman jetty capping and the bow lines hanging in the water, not attached to the jetty. Bow line found lying along the fore deck of the Antarona Rose, still not connected to the Jetty. GP staff re-connected the bow lines.	Intentional removal of lines by person unknown. There did not appear to be any conflicting issues that could identify the reason why the bow lines had been removed.
Bar, Lakes Entrance	Marine	05-Aug-16	05-Aug-16	Mariners advised that the steel Trawler Coovara lost its rudder near the outer edge of the Lakes Entrance Bar. The steel rudder was lost in waters approximately 5 metres deep in line with the current leading lights (line 4). The rudder has no protrusions and will be lying flat on the bottom.	Poor maintenance.
Bullock Island, Lakes Entrance	Damage	11-Oct-16	11-Oct-16	Whilst launching vessel using BIBY Marine Straddle Carrier (MSC) as slings were being released they caught on wings. Spotter deemed slings were clear of vessel, however, as MSC was driven forward slings caught taking vessel with MSC. Vessel collided with travel lift wharf and paint work of vessel was scuffed.	Error of judgement.
Reeves Channel, Lakes Entrance	Marine	14-Oct-16	14-Oct-16	Two kayakers stranded on board the dredge KALIMINA were picked up by a passing vessel. Kayak had become wedged between the pontoons on the dredge and was holed. Kayak subsequently removed.	Inexperienced paddlers not accounting for current.
Anderson Inlet	Marine	20-Nov-16	20-Nov-16	6.8 metre aluminium vessel capsized whilst entering and crossing the bar. One man suffered a head impact and was taken to hospital. Vessel recovered.	Inexperience, weather conditions.
Port Welshpool	Damage	11-Nov-16	11-Nov-16	Vessel buffeted Careening Pile adjacent to PW Slip runway.	Unknown
Reeves Channel, Lakes Entrance	Marine	29-Nov-16	29-Nov-16	The tide was ebbing at about 2 knots and a boat hire vessel drifted midway down the entrance channel, but they managed to paddle to the rocks and two men got off and secured the boat (with no lifejackets on).	Breakdown

GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INCORPORATED

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.3
MARINE INCIDENT REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

Area of Incident	Incident type	Date of Incident	Incident Reported	Incident Description	Contributing Factors
Port Welshpool	Marine	01-Dec-16	01-Dec-16	Vessel - Antarona Rose was berthed perpendicular to the berth at the Fisherman's Jetty Port Welshpool. Inspection revealed all but one mooring line had been cast into the water. The Antarona Rose had drifted with the ebb tide to be resting against the adjacent vessel, Sylvester Leonne. Reported to VICPOL. There was a scar in the paint of the Antarona Rose, approx. 1 metre long. Previous incident 12 Sep 2016.	Intentional removal of lines by person unknown. There did not appear to be any conflicting issues that could identify the reason why the bow lines had been removed.
Lakes Entrance	Marine	04-Dec-16	04-Dec-16	Fishing vessel Nungurner approached the Flagstaff Jetty at speed and proceeded to cause extensive wash. There were about 5 vessels berthed at the jetty. The vessel master threatened persons on their boats with abusive language and to damage their vessels by ramming. Vessel master tied a line to a jetty fender pile and steamed off in an effort to pull the jetty down, the line parted and there was minimal damage to the pile however the pedestrian lights on the jetty all went out as a result of the jerk effect. Reported to police & damage assessment and works to mitigate public risk.	Disregard for vessel operating zone requirements.
Franklin River Channel	Damage	03-Dec-16	03-Dec-16	Vessel, Alcheringa a 14 metre LOA power catamaran, weight approx. 10 tonne impacted the No.13 light beacon in the Franklin River Channel on the evening of 3 December 2016. Operator advised that he believed he was distracted when approaching the light beacon and did not realise he was about to impact the beacon until he was within a metre or two, leaving no time to avoid the collision. He had identified the light beacon when making his approach to that section of the channel, knowing that he normally passes close to the beacon, to find best water.	Operator advised that he believed he was distracted
Lakes Entrance	EH&S	09-Dec-16	09-Dec-16	SWMS procedure was not followed by contractor and safety sling not attached. Post incident contract worker then proceeded to place sling on pile in water despite being advised by GP staff to wait for boat assistance. Manager EG has discussed with Contractor supervisor stating that failure to follow SWMS by not placing sling on pile is serious and further non-compliances could result in not being awarded further GP work.	The SWMS has been rewritten and Contractor supervisor has provided firm direction to his staff that SWMS are to be complied with.
Lewis Channel, Corner Inlet	Damage	06-Jan-17	06-Jan-17	Vessel Marian H impacted the No.12 light beacon in the Lewis Channel during evening. Master advised that whilst outward bound, he had come upon an unlit recreational craft, illegally anchored in the Lewis Channel in vicinity of the No.12 light beacon. In order to avoid a collision with the anchored craft Master had to dramatically alter course to Starboard and in so doing impacted the beacon. The Marian H is a 15.4 metre steel Commercial Fishing Vessel. The lower ladder section of the ladder on the No.12 light beacon has been bent and twisted.	Altering course to avoid unlit vessel.
Port Welshpool	Damage	07-Feb-17	07-Feb-17	The vessel Northern Lady was berthed stern to the east. Details of BoMet predicted strong easterly winds for the 7/2/2017 were passed to the owner and skipper. GP suggested the need for a fender board to be spread across some inflatable vessel fenders. The skipper and owner suggested he did not have anything like that on board and that the available fenders were inadequate. The next day the easterly came away at approx. 0930 hrs. By 1030 hrs GP staff found the vessel was impacting the top of the jetty fender, the rubbing strip on the bow had been broken. GP staff then attended the vessel and straightened it by way of tensioning the springers and attaching a second stern line.	Inexperience, weather

GIPPSLAND PORTS COMMITTEE OF MANAGEMENT INCORPORATED

**MANAGEMENT AGREEMENT CLAUSE 7.2.1.3
MARINE INCIDENT REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

Area of Incident	Incident type	Date of Incident	Incident Reported	Incident Description	Contributing Factors
Port Welshpool	Pollution	06-Mar-17	06-Mar-17	Vessel Sylvester Leonne was identified as having taken considerable water and was floating bow down at the berth, heavily to the starboard side. The engine room was approx. ½ full of water along with the ice room and the chain locker. All machinery was inundated. It was noted that the mooring lines were missing from the stern and that the spring line had been altered in position. Persons unknown had been seen tampering with the vessel.	Vessel removed from berth and broken up by GP and contractor.
Slipway	Damage	31-Mar-17	31-Mar-17	Releasing the vessel Jupana, one of the arms seized and the wire cable to the cradle arm winch parted. There was no whiplash effect, merely the wire parted and fell to the ground. Contractor engaged to replace the winch cable.	Wear and tear. Maintenance was scheduled for early 2017.
Lewis Channel	Hazard to navigation	05-Apr-17	05-Apr-17	GP contacted by Parks Vic, identifying an object in the water in Lewis Channel, vicinity of the Shipping Plier (Long Jetty). Inspection by South Gippsland crew in vessel Corsaire revealed a section of handrail, capping, cross head, floating at water level.	The object was recovered by SG staff and transported back to the PW depot wharf.
Lakes Entrance	Pollution	15-Apr-17	15-Apr-17	Fishing vessel sinking - follow up - see POLREP.	Unknown
Lakes Entrance		13-May-17	13-May-17	Trespassers at Flagstaff tower climbed on top of electrical box adjacent to fence and entered enclosure over barbed wire. Webcam tampered with. Reported to Police.	Unauthorised access
Sale	Pollution	19-May-17	19-May-17	A 30' timber vessel caught fire and rammed the bank at speed during afternoon approx. 1km downstream Port of Sale. CFA Incident Control believe it to be a minimal amount of diesel in water. Unknown quantity of diesel on board however tank not leaking.	Vessel fault.
Post Office Jetty, Lakes Entrance	Damage	23-May-17	23-May-17	GP work punt bumped into side of berthed vessel. Berthed vessel owner complained, however, as there was no damage he later apologized.	Operator error of judgement.
Eastern Wharf, Lakes Entrance	EH&S	19-Jun-17	19-Jun-17	Contractor was observed working at height in a non-compliant work cage suspended from a truck mounted crane.	Investigation completed by GP. Contractor advised of correct procedures and provided with copy of requirements.

Victorian Water Police Statistics – Gippsland 2016/17

Marine Incidents Attended and/or Coordinated by Victorian Water Police

Information not available at time writing* (83* - 2015/16)

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