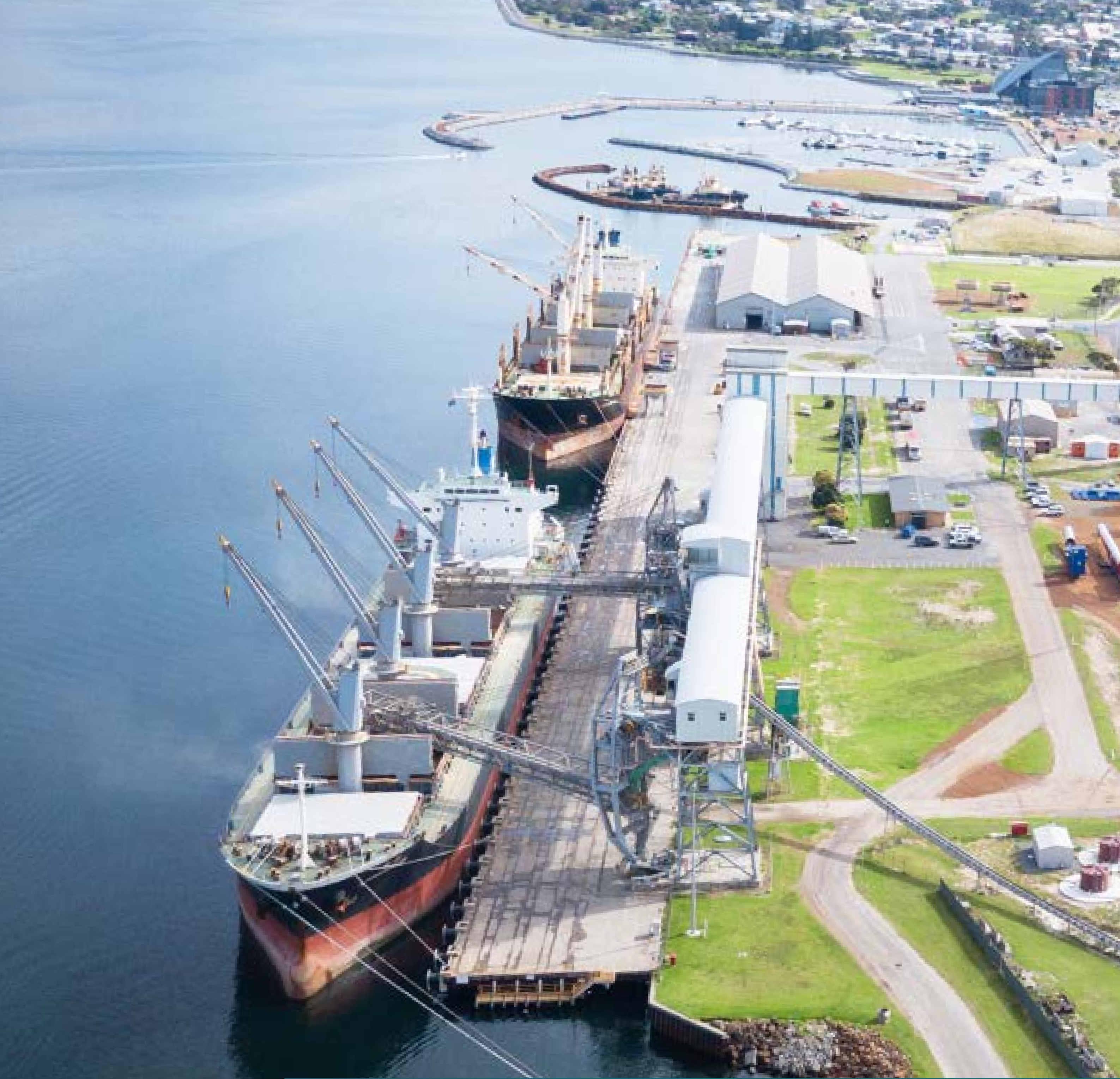

SOUTHERN PORTS
ALBANY BUNBURY ESPERANCE

2022

ANNUAL REPORT

ACKNOWLEDGEMENT OF COUNTRY

Southern Ports acknowledges the Whadjuk, Wardandi, Minang and Wudjari people as the Traditional Custodians of the lands on which we operate and their continuing connection to the land, waters and community. We pay our respects to all members of Aboriginal communities and their cultures; and to Elders both past and present.

Lines boat *William Stewart*
Port of Esperance

Statement of Compliance

For the year ended 30 June 2022

To the Hon Rita Saffioti MLA

Minister for Transport; Planning; Ports

In accordance with the provisions of the *Port Authorities Act 1999, Financial Management Act 2006* and other relevant legislation, I hereby submit for your information and presentation to the Parliament of Western Australia the annual report of Southern Ports Authority for the year ended 30 June 2022.

Ian Shepherd

CHAIR

Board of Directors

Hon Rita Saffioti MLA

Minister for Transport; Planning; Ports

2022 SOUTHERN PORTS ANNUAL REPORT

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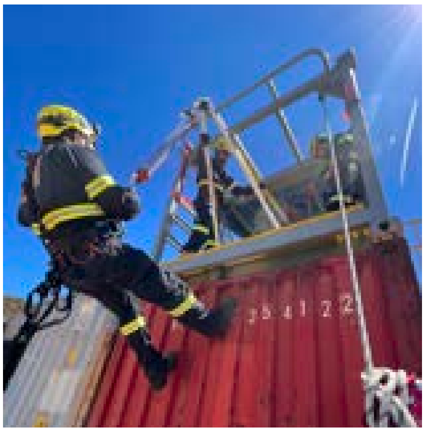
02. ACTIVE TRADE AND INVESTMENT

03. OPERATIONAL EXCELLENCE

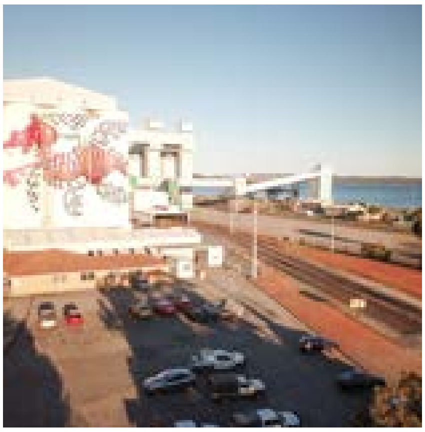
PG. 35
Record Trade

The Port of Bunbury achieved a record trade of 17.9m tonnes. Across all ports, trade reached 36.1m tonnes – the highest throughput since 2017.



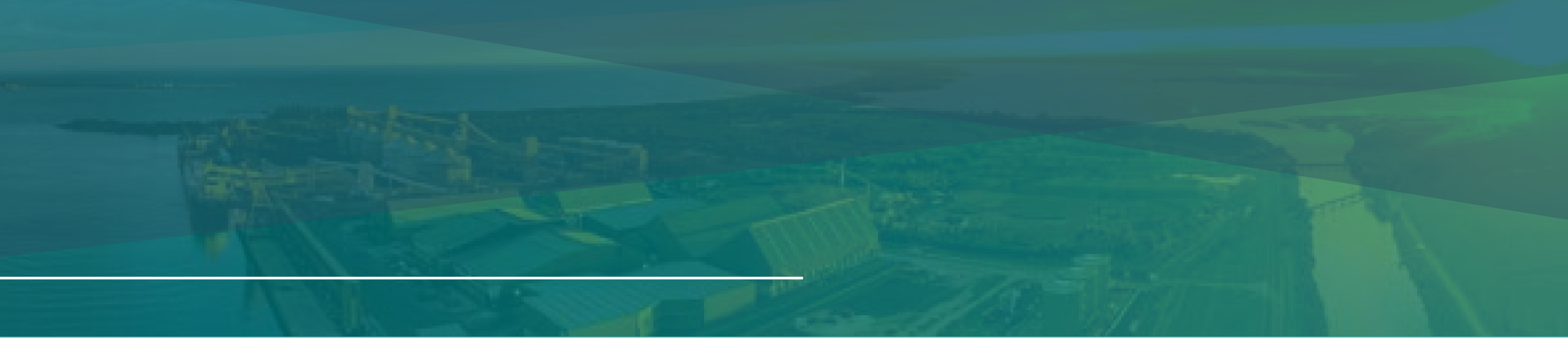
PG. 46
Safety Focus

We embarked on an organisation-wide health and wellbeing program to support the physical and mental health of our workforce.



PG. 56
Master Planning

Draft master plans for all ports were completed, guiding the future capacity and investment of our ports over the next 30 years.



04.

SUSTAINABILITY

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DISCLOSURE AND LEGAL COMPLIANCE

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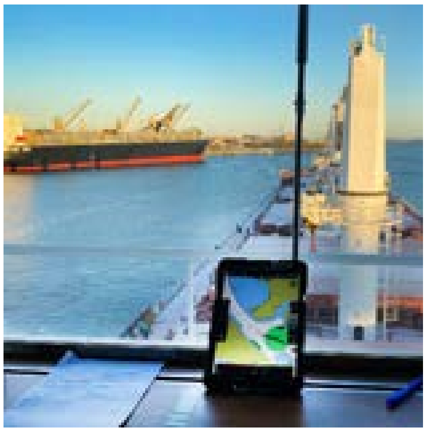
FINANCIAL STATEMENTS

PG. 56
Asset Management

We progressed our new asset management system to build efficiencies and better support trade development and asset maintenance and renewal.

PG. 63
Community Investment

A revitalised Community Investment Program saw more than $265,000 invested in our regional communities, providing support for 124 groups and projects.



PG. 74
Digital Capacity

Investment in our central, marine and landside systems coupled with our enhanced data management has advanced our goal to become fully digitised by 2025.

The Port of Bunbury has one of the largest port land holdings in Australia, providing good capacity for future trade growth
Port of Bunbury

01.

EXECUTIVE SUMMARY

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ORGANISATIONAL OVERVIEW
ORGANISATIONAL CHART
BOARD OF DIRECTORS
EXECUTIVE LEADERSHIP TEAM
STRATEGIC THEMES
KEY PERFORMANCE INDICATORS
COVID-19 RESPONSE

EXECUTIVE SUMMARY

CHAIR AND CEO OVERVIEW

Southern Ports has made significant progress during the 2021-22 financial year on advancing the development and growth of our ports of Albany, Bunbury, and Esperance. This overview outlines that progress and the unfolding opportunities we see ahead for our ports and the magnificent southern region of Western Australia that we serve.

Our Vision of 'Strong Regional Ports, Strong Regions' continues to drive our business model. It directs our professional management in order to build the capacity and capability of our ports to facilitate current and future trade growth.

2021-22 RESULTS

We are very proud of the 36.1m tonnes of trade that passed through our ports, a two per cent increase on the previous year, and the highest tonnage throughput since 2017. It is a testament to our customers and our Southern Ports team, working together to achieve this trade result. It is also noteworthy that the Port of Bunbury achieved a record tonnage of 17.9m tonnes, breaking last year's record.

This financial year we achieved a net profit of $37.8m.

Safety is the number one observed value within Southern Ports. In 2021-22 we have again improved our performance in reducing injuries in our workplaces – a 48 per cent reduction on our 2019-20 base year. We note that we still had two lost time injuries and four medical time injuries during the year, so we will continue to strive toward our zero targets. Southern Ports has invested extensively in additional safety training, engineering solutions to identified hazards, and the use of technology to enhance workplace safety. We also launched a new health and wellbeing program across our ports to ensure the physical and mental health of our workforce. It is a timely and important program, following two years of the disruption and uncertainty of the pandemic.

We placed a particular focus in 2021-22 on completing draft master plans for each of our ports and an overarching master planning framework, the intent being to demonstrate the capacity that can be built into our ports over the next 30 years. Extensive community and customer consultation has been completed, with the final plans expected to be released in late 2022.

We have undertaken extensive asset condition work as part of our new asset management system, allowing us to model the age and condition of our assets to ensure a targeted maintenance regime. We are also in a good position to support future investment decisions to support trade development, major asset maintenance, asset renewal and any new assets required.

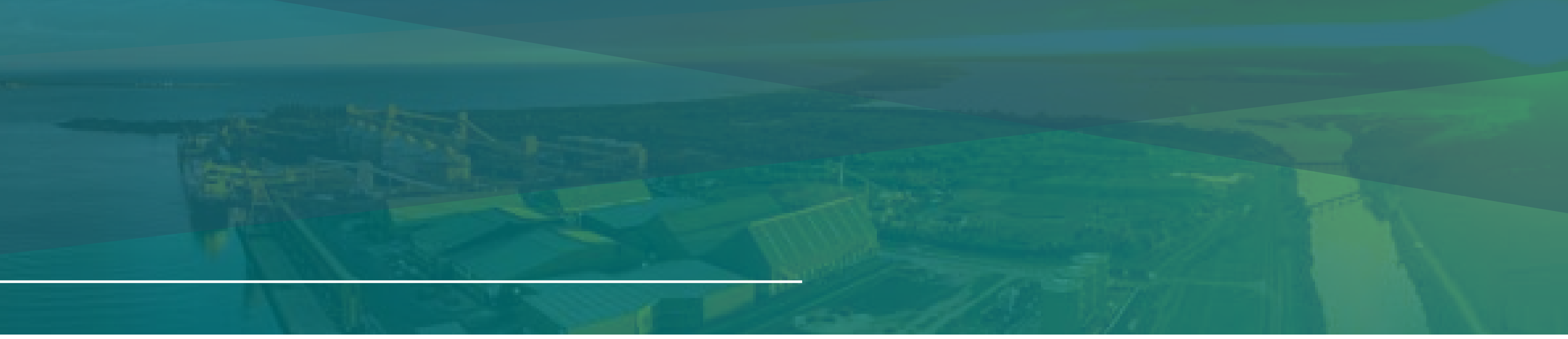
Southern Ports has also set a target of being fully digitised by 2025, and we have launched a significant investment this year in renewal of central systems, marine and landside systems, and enhanced data management. These investments will yield significant benefits to our customers in the future as we move to modern operating systems and data-driven efficiency.

We have changed our Community Investment Program during the year to provide for a quarterly assessment and distribution process – allowing a more targeted program across our three port locations and into our catchment areas. In addition, we have supported seafarer welfare through our sponsorship of service providers in our ports.

FUTURE PLANS

We are very excited by the prospects for growth in the year ahead, building upon the work we have initiated in 2021-22. A continuation of trade growth in all three ports is expected, with a very solid pipeline of trade enquiry being progressed.

> **Our results have exceeded what was anticipated and are testament to the strength and resilience of our customers, partners and workforce.**



Southern Ports will also be undertaking the largest capital works program in its eight-year history, with approved investment of $59m. This is testament to the successful work that has been delivered on our capital program in the previous financial year and our justification of projects for 2022-23 and beyond. We see even greater capital investment in future years as we implement our growth plans.

We are well advanced on our vitally important systems renewal, which includes marine and landside logistics systems that will provide in time the opportunity to develop a 'port community' network for trade and greater transparency of operations and port management.

We will also complete the implementation of our first-class asset management system which underpins our maintenance and asset lifecycle choices, including quality accreditation.

Our net zero emissions targets will be confirmed in this coming year, supporting the State Government's targets, and we will be implementing the key elements of our sustainability plan, which is in the final stages of development.

Our workforce will become more mobile and digitally operational, and we will build on the very successful safety program that we have invested in over the past year. The reinforcement of a strong safety culture with our people is critical.

LEADERSHIP AND TEAMWORK

Our Board of Directors has demonstrated flexibility and professionalism during the various disruptions of the pandemic to ensure high standards of governance for Southern Ports. As part of the process of appointment and renewal, the Board welcomed in July 2021 two new directors, Robyn Fenech and Chris Sutherland, to Southern Ports. As we close this reporting year, it is very pleasing to see such a knowledgeable and experienced Board in place, that is focused on the future capacity and capability of Southern Ports and the opportunities that are before us.

The Board has continued its emphasis on safety, environmental management, and compliance during this year. In addition, it has also taken particular and ongoing interest in asset management and investment in assets, sustainability (including a net zero emissions strategy), and the application of new technology and digital platforms – the objective being to support future customer service and supply chain efficiency.

We acknowledge the professionalism and dedication of our Executive Leadership Team, and our three Regional Managers and their teams, in the improvements in safety performance across Southern Ports and their support for our customers (and emerging customers) in achieving their trade aspirations.

We are particularly proud of the integrity, enthusiasm and teamwork that we see across our workforce. They have achieved this year's results against the backdrop of the pandemic, disrupted supply chains, and arising shortages of materials and labour. They have embraced these challenges with good humour, great skill, safe work practices, and with our Vision of 'Strong Regional Ports, Strong Regions' at the forefront. Our people are the essence of the success and reputation of our ports and we thank them for another successful year.

Ian Shepherd
CHAIR

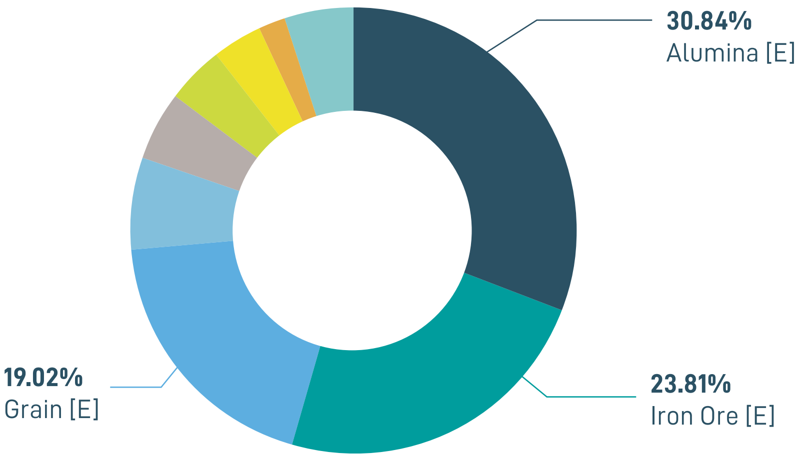
Steve Lewis
CHIEF EXECUTIVE OFFICER

BUSINESS PERFORMANCE AND TOP LINE FIGURES

In 2021-22, Southern Ports facilitated the trade of more than 36.1 million tonnes of product through our ports of Albany, Bunbury and Esperance. Alumina, iron ore and grain comprised almost three quarters of our ports' trade, with all three ports achieving record trade in grain exports this period.

Measure	FY22	FY21
Total trade (tonnes)	36,065,290	35,369,876
Ship visits (number of ships)	791	771
Operating profit before income tax (millions)	$53.360	$65.304
Rate of return	7.8%	9.9%

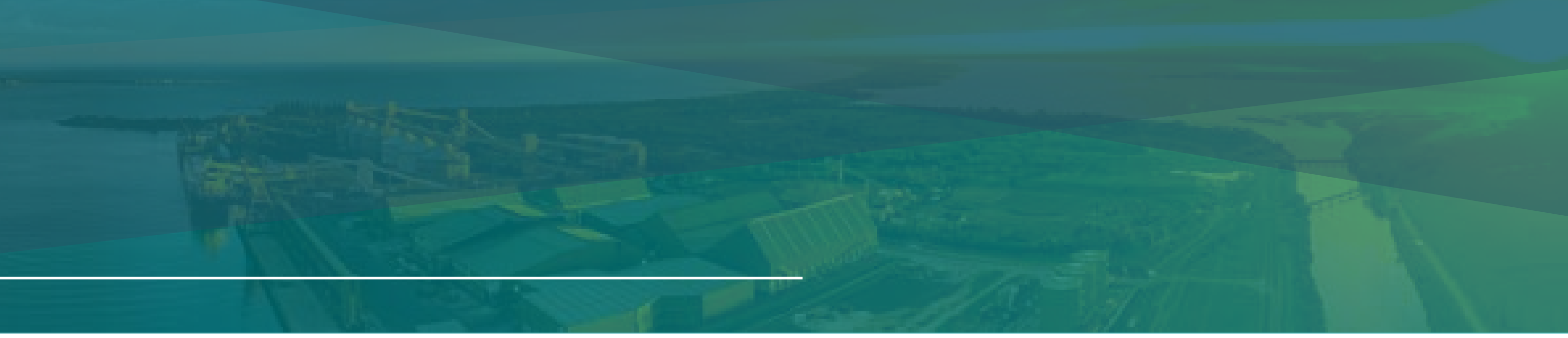
Woodchips for export
Port of Albany

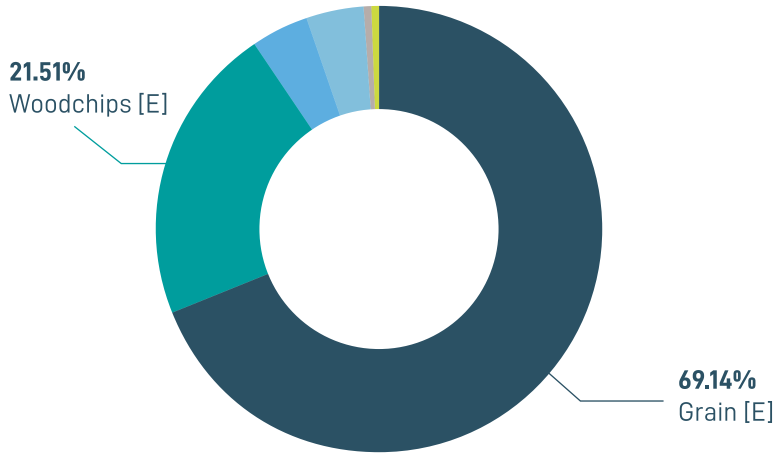


COMBINED PORTS | Per Cent of Trade

Alumina [E]	30.84%
Iron Ore [E]	23.81%
Grain [E]	19.02%
Woodchips [E]	6.62%
Spodumene [E]	5.20%
Caustic Soda [I]	4.16%
Mineral Sands [E+I]	3.56%
Silica Sands [E]	1.81%
Other [E+I]	4.98%

[E] = Export
[I] = Import

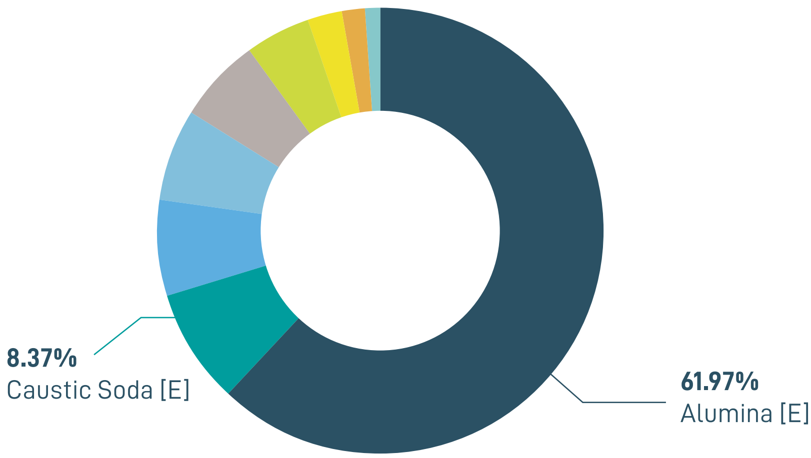




PORT OF ALBANY | Per Cent of Trade

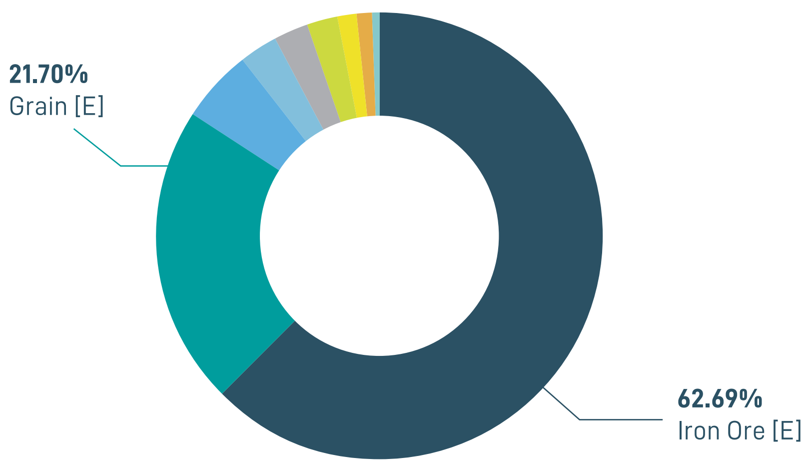
Grain [E]	69.14%
Woodchips [E]	21.51%
Silica Sands [E]	4.33%
Fertiliser [I]	3.94%
Oil / Petroleum [I]	0.74%
Timber Products [E]	0.34%

[E] = Export
[I] = Import



PORT OF BUNBURY | Per Cent of Trade

Alumina [E]	61.97%
Caustic Soda [I]	8.37%
Mineral Sands [E+I]	7.15%
Spodumene [E]	6.52%
Woodchips [E]	6.18%
Grain [E]	4.62%
Silica Sands [E]	2.57%
Copper Cons [E]	1.51%
Other [E+I]	1.11%

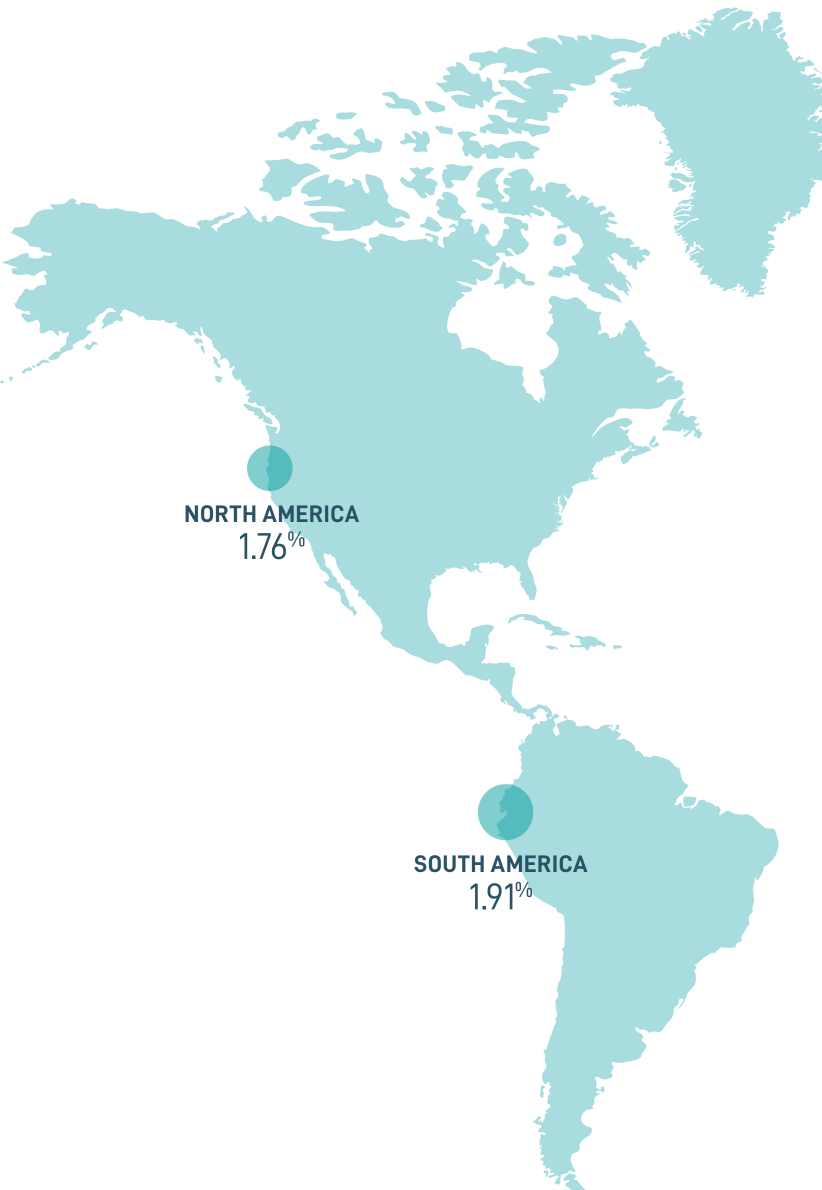


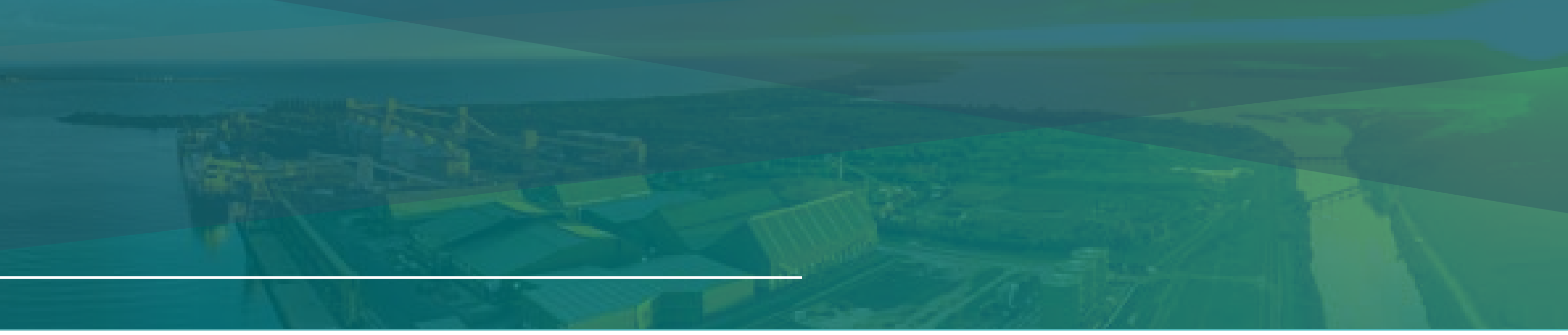
PORT OF ESPERANCE | Per Cent of Trade

Iron Ore [E]	62.69%
Grain [E]	21.70%
Spodumene [E]	5.14%
Oil / Petroleum [I]	2.95%
Woodchips [E]	2.39%
Sulphur [I]	2.31%
Fertiliser [I]	1.33%
Nickel [E]	0.99%
Other [E+I]	0.50%

INTERNATIONAL TRADE

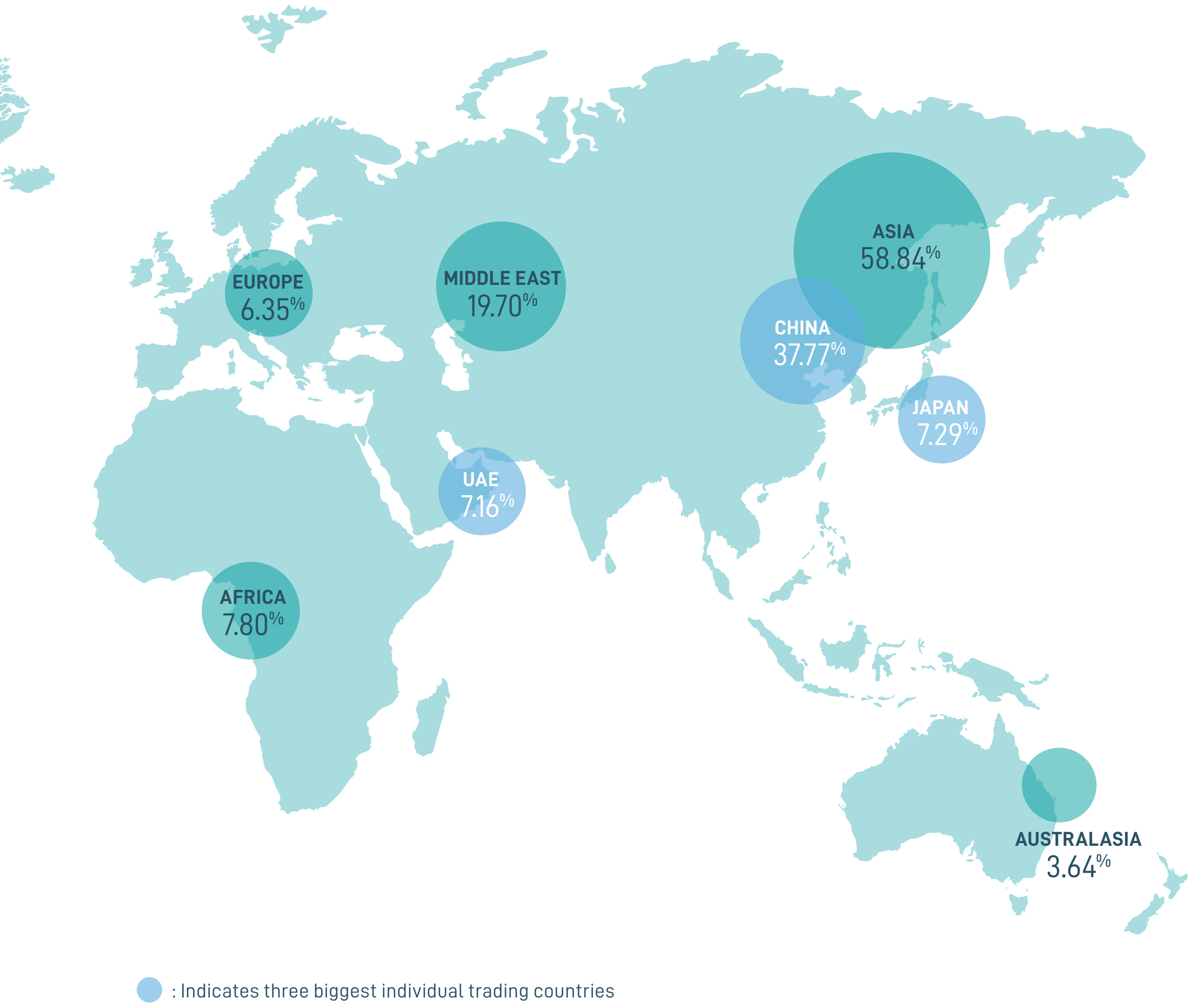
CONTINENT / COUNTRY	FY22 TONNES	% OF TRADE
AFRICA	**2,811,953**	**7.80%**
Egypt	126,000	0.35%
Kenya	60,365	0.17%
Morocco	2,832	0.01%
Mozambique	1,056,614	2.93%
South Africa	1,533,142	4.25%
Sudan	33,000	0.09%
ASIA	**21,224,156**	**58.84%**
Brunei	22,461	0.06%
China	13,626,246	37.77%
India	374,172	1.04%
Indonesia	434,880	1.21%
Japan	2,628,215	7.29%
Malaysia	782,859	2.17%
Philippines	1,232,093	3.42%
Singapore	556,051	1.54%
South Korea	661,073	1.83%
Sri Lanka	33,000	0.09%
Taiwan	429,132	1.19%
Thailand	17,438	0.05%
Vietnam	426,536	1.18%
EUROPE	**2,291,153**	**6.35%**
Belgium	297,471	0.82%
Denmark	11,133	0.03%
France	93,955	0.26%
Gibraltar	57,968	0.16%
Germany	59,309	0.16%
Iceland	531,117	1.47%
Ireland	10,502	0.03%
Lithuania	7,499	0.02%
Netherlands	908,004	2.52%
Russia	224,712	0.62%
Spain	5,284	0.01%
United Kingdom	84,199	0.23%
MIDDLE EAST	**7,103,827**	**19.70%**
Bahrain	1,985,284	5.50%
Kuwait	321,414	0.89%
Oman	104,100	0.29%
Qatar	1,265,814	3.51%
Saudi Arabia	737,671	2.05%
United Arab Emirates	2,582,975	7.16%
Yemen	106,298	0.29%





NORTH AMERICA	634,177	1.76%
Canada	225,299	0.62%
Cuba	44,000	0.12%
Mexico	112,915	0.31%
United States	251,963	0.70%
AUSTRALASIA	**1,311,948**	**3.64%**
Australia	1,000,234	2.77%
New Zealand	311,705	0.86%

SOUTH AMERICA	688,075	1.91%
Argentina	513,578	1.42%
Brazil	121,497	0.34%
Peru	53,000	0.15%
TOTAL TONNES		**36,065,290**



OUR ROLE AND STRUCTURE

Southern Ports is a Government Trading Enterprise that operates under the *Port Authorities Act 1999*. We facilitate trade through the commercial management of efficient, safe, sustainable and customer-focused ports, returning a dividend to the Government of Western Australia, our sole shareholder.

Port of Albany

Model: Gateway port | Landholding: 84.4HA

BERTH	USE	LENGTH	DEPTH	MAX DRAFT
Berth 1	General Purpose	209m	10.2m	9.8m
Berth 2	Fuel, General Purpose	172m	10.2m	9.8m
Berth 3	Grain, General Purpose	227m	12.2m	11.7m
Berth 6 (Dolphin)	Woodchips	216m	12.2m	11.7m

KEY ACTIVITIES

- Leasing land to port-related industries and providing access to port infrastructure and facilities.
- Services such as towage and stevedoring are outsourced to the private sector.

Port of Bunbury

Model: Gateway port | Landholding: 482HA

BERTH	USE	LENGTH	DEPTH	MAX DRAFT
Berth 1	General Purpose, Repair / Lay-by	184m	8.5m	8.5m
Berth 2	Methanol, Tugboats	184m	8.5m	8.5m
Berth 3 (Dolphin)	Woodchips, Grain	381m	12.2m	11.6m + tide (12m max)
Berth 4 (Dolphin)	Private Terminal: Alumina, Caustic Soda	255m	12.7m	11.6m + tide
Berth 5	General Purpose	240m	12.7m	11.6m + tide (12m max)
Berth 6 (Dolphin)	Private Terminal: Alumina, Caustic Soda	229m	12.7m	11.6m + tide
Berth 8	Bulk Materials, Shiploader	250m	12.7m	11.6m + tide

KEY ACTIVITIES

- Leasing land to port-related industries and providing access to port infrastructure and facilities.
- Services such as towage and stevedoring are outsourced to the private sector.

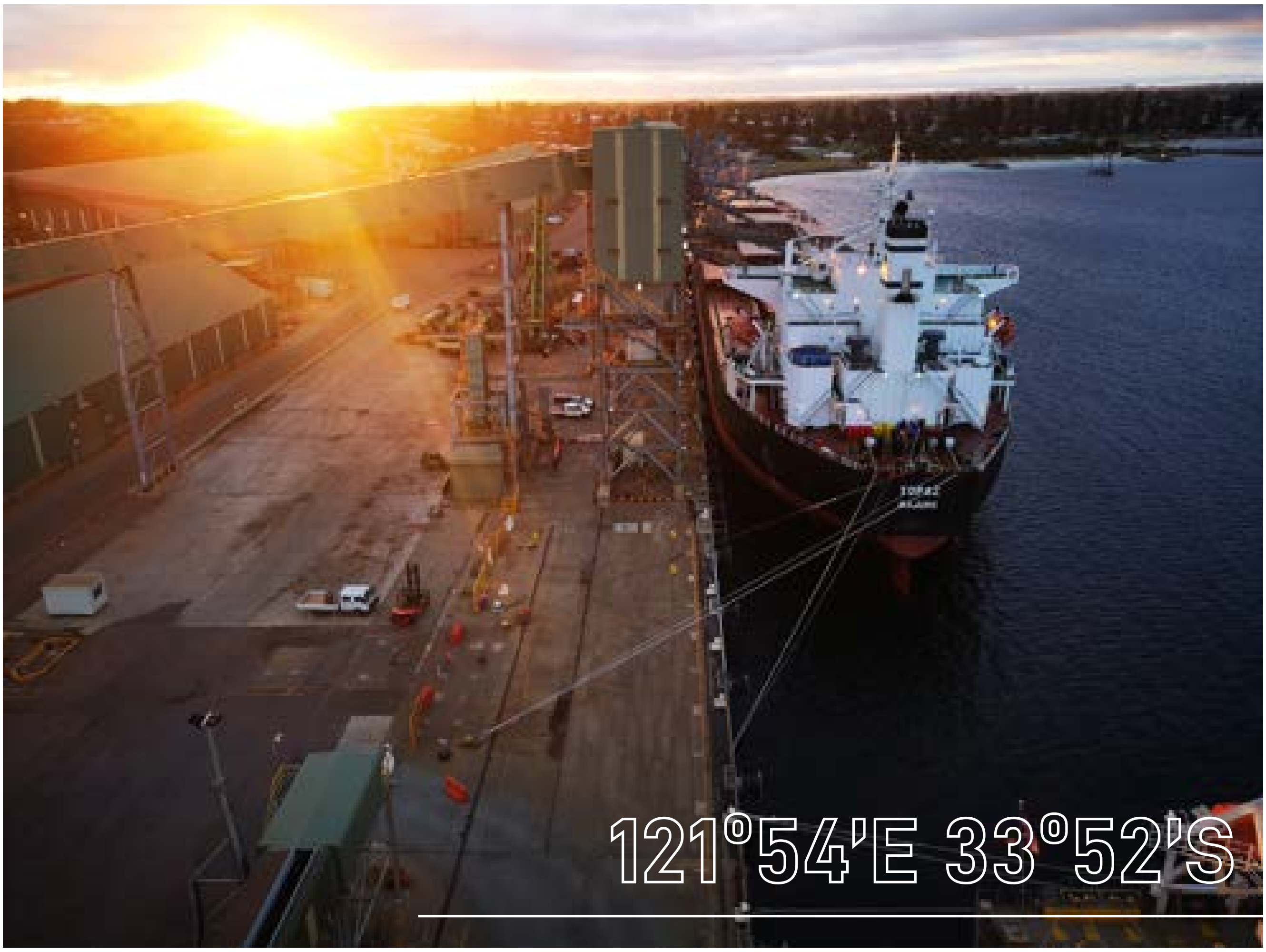
OUR ROLE AND STRUCTURE

Port of Esperance
Model: Gateway port with full terminal services | Landholding: 75HA

BERTH	USE	LENGTH	DEPTH	MAX DRAFT
Berth 1	Grain, Fuel, Woodchips	244m	14m	13.4m + tide
Berth 2	Containers, Sulphur, Fertiliser, Spodumene, Fuel, Nickel, Copper, Break Bulk Cargo	213m	14m	13.4m + tide
Berth 3 (Dolphin)	Iron Ore, Spodumene	230m	18.7m	18.1m + tide

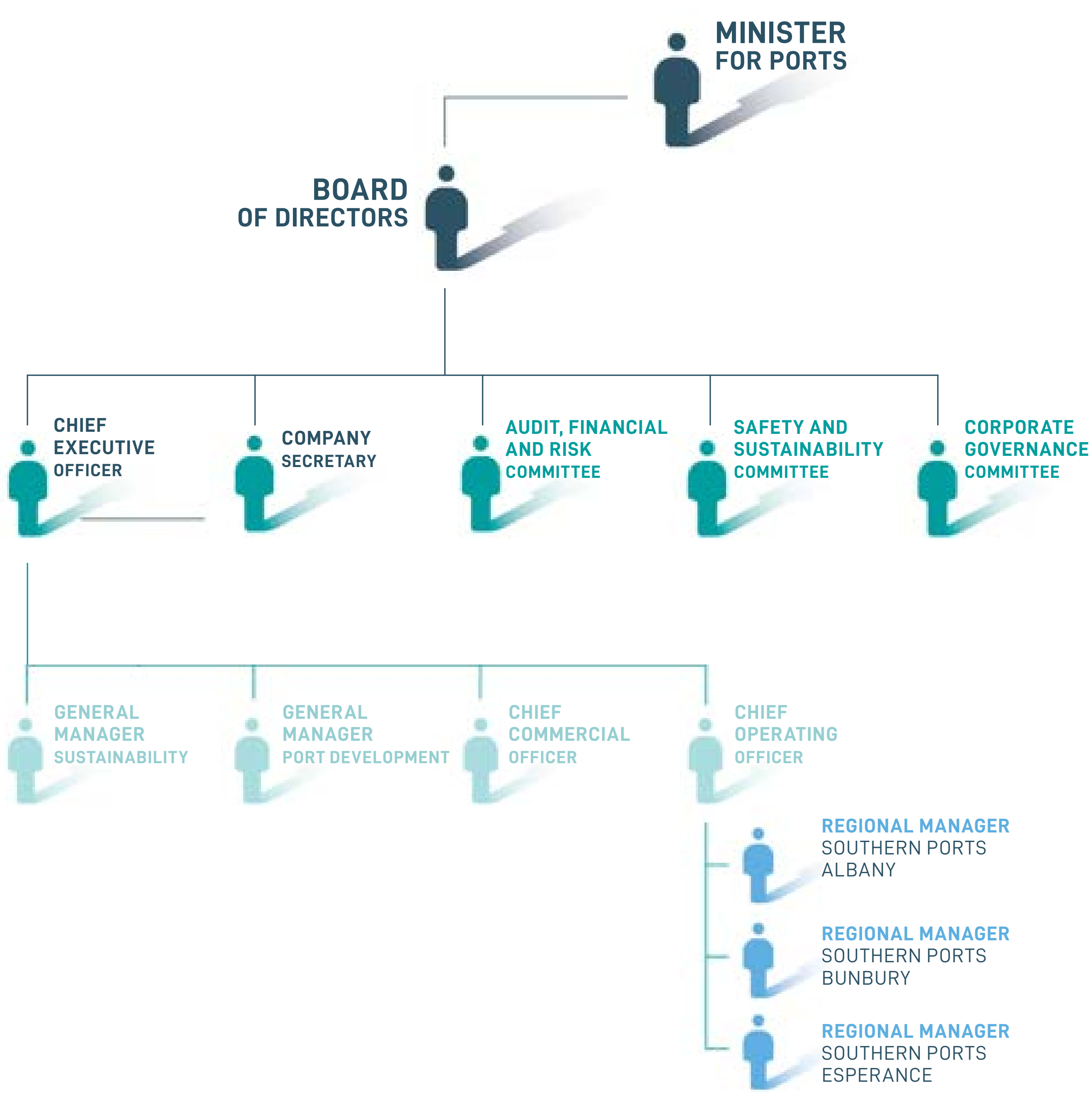
KEY ACTIVITIES

- Leasing land to port-related industries and providing access to port infrastructure and facilities.
- Most product handling equipment is owned and operated by Southern Ports. As a deep-water port, Esperance can cater for Capesize vessels.



EXECUTIVE SUMMARY

ORGANISATIONAL CHART



BOARD OF DIRECTORS

Southern Ports' Board of Directors is the governing body as detailed in the *Port Authorities Act 1999.* Members are appointed by the Minister for Ports and are tasked with determining the policies and controlling the affairs of Southern Ports.

> **As we close this reporting year, it is very pleasing to see such a knowledgeable and experienced Board in place, that is focused on the future capacity and capability of Southern Ports and the opportunities that are before us.**

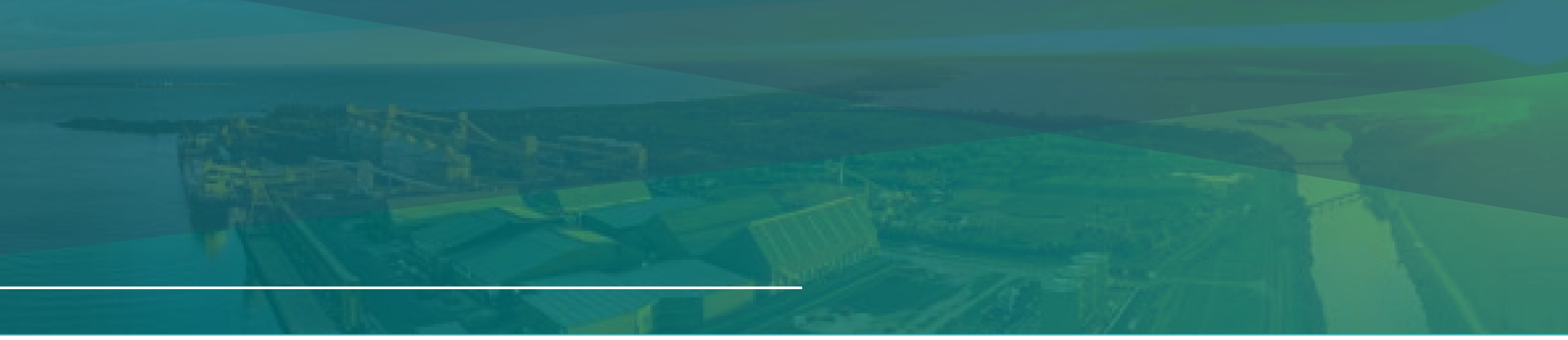
Ian Shepherd
Board Chair

Assoc. Civic Engineering, Grad. Dip. Business, Harvard Advanced Management Program, Hon. Fellow IE Aust, MAICD

Appointed: 1 February 2020
Term ends: 30 June 2024

Special responsibilities: Corporate Governance Committee Chair

Ian is an experienced CEO and director, bringing varied and direct experiences in governance, business, finance, leadership, risk and public relations to his role as Chair of Southern Ports. Ian spent 17 years as a director, and eight years as CEO/ Managing Director, of GHD Group Pty Ltd, an infrastructure services company operating across all facets of planning, project management and engineering. This experience cemented his strong commercial and strategic capabilities in relation to company growth and transformational changes. Ian is also a Director of Perth Children's Hospital Foundation.



Gaye McMath
Deputy Chair

BComm, MBA, AMP HBS, FAICD, FCPA

Appointed Deputy Chair: 1 July 2018
Term ends: 30 June 2024

Special responsibilities: Audit, Finance and Risk Committee Chair and member of Corporate Governance Committee

Gaye has extensive experience in mining, resources, infrastructure, energy, financial services, treasury, property and higher education. Her executive experience includes various senior executive finance and commercial roles over 23 years with BHP and 12 years at The University of Western Australia. Gaye has over 20 years of board experience, including as the Deputy Chair of Commissioners of the City of Perth and Deputy Chair of the Committee for Perth, and as a Board member of Gold Corporation and the Chamber of Arts and Culture WA.

John Barratt
Board Member

BBus (Accounting), FCPA, MAICD

Appointed: 1 January 2019
Term ends: 31 December 2023

Special responsibilities: Member of the Audit, Finance and Risk Committee

John brings over 23 years' experience in senior management to his role at Southern Ports, including significant experience as a Chief Financial Officer. John has a particular focus on external statutory reporting and risk management, and has extensive knowledge of port financial management, operations and contract management. His board experience includes directorships with the Bunbury Water Corporation (now Aqwest) and the Collie Miners Credit Union (now Unity Bank). John is also a volunteer community member of the City of Bunbury Audit Committee and is a member of the Australian Institute of Company Directors' South West Regional Committee.

Jane Cutler
Board Member

BE (Hons), MEnvSci, MBA, FAICD, FIChemE

Appointed: 1 February 2020
Term ends: 31 December 2024

Special responsibilities: Safety and Sustainability Committee Chair

Jane has a diverse range of experience in the resources, oil and gas, financial services, maritime, environment and technology industries. Her executive experience includes senior executive roles in public companies in the oil and gas sector, and as CEO of industry regulator National Petroleum Offshore Safety and Environmental Management Authority (NOSEMA). Jane has over 30 years of board experience, including with the Australian Maritime Safety Authority, ChemCentre, the WA Division Council of the Australian Institute of Company Directors, IChemE (including Past President), DVassist, the WA Police Audit Committee (as an independent member), and as a local government councillor.

EXECUTIVE SUMMARY

BOARD OF DIRECTORS

Dr Wiebke Ebeling
Board Member

MSc (Hons), PhD Neuroscience

Appointed: 13 July 2020
Term ends: 30 June 2023

Special responsibilities: Member of the Safety and Sustainability Committee and the Audit, Finance and Risk Committee

Wiebke has a diverse background in the biological sciences, and has held roles in science communication, education, marine science and ocean engineering over the past 10 years. She established the headquarters of The University of Western Australia – Wave Energy Research Centre in early 2018, and currently manages the Centre's operations as well as the Great Southern Marine Research Facility. Wiebke leads stakeholder engagement across a range of sectors and is an Executive Member of the Great Southern Science Council.

Robyn Fenech
Board Member

B Ed Soc. Sci

Appointed: 1 July 2021
Term ends: 31 December 2022

Special responsibilities: Member of Audit, Finance and Risk Committee

Robyn has an extensive background in regional economic development, tourism, agriculture and infrastructure planning. In addition to her experience managing tourism associations and working in business development within the water industry, she has managed her own consultancy practice for over 20 years, which has built her skills in strategic planning, governance and industry and community consultation. Robyn has been involved in strategy development and delivery within the South West region for many years and chaired the Bunbury Development Committee through to March 2022.

Chris Sutherland
Board Member

BEng (Hons), Advanced Management Program Harvard Business School

Appointed: 1 July 2021
Term ends: 31 December 2022

Special responsibilities: Member of Safety and Sustainability Committee and Corporate Governance Committee

Chris is an experienced executive and director with strong leadership, board, management and operational experience. For 20 years Chris held a range of engineering and management roles with leading companies, including Clough and Worley Parsons, before being appointed Managing Director and Group CEO of Programmed from 2008 to 2019. Chris's board experience includes positions with the Fremantle Football Club, Matrix Engineering and Composites Ltd, Copper Search Ltd, Remsense Technology Ltd and Stelect Pty Ltd.

EXECUTIVE LEADERSHIP TEAM

Steve Lewis
Chief Executive Officer

MBA, BBus
(Financial Management and Economics)

Steve is a well-respected CEO with 40 years' experience in the transport and maritime sectors, including with the (former) Dampier Port Authority, North Queensland Bulk Ports and Mid West Ports Authority before joining Southern Ports in 2019.

Steve is responsible for overseeing the growth and development of our organisation and people to enhance our value to our customers, communities and stakeholders. He also promotes Southern Ports' values and vision at each of our regional ports.

Simon Gavin
Chief Commercial Officer

BComm, CA

Simon is a highly experienced finance professional, with international experience across a range of industries.

In his role at Southern Ports, Simon ensures that we have the financial and other resources necessary to support our strategic development and risk management, and oversees the financial, commercial and information technology functions of the organisation.

Keith Wilks
Chief Operating Officer

BComm, DipScApp (Nautical Studies), Master Mariner

Keith has more than 26 years' experience in the port and maritime industry, including many years at sea as a Master Mariner.

As our Chief Operating Officer, Keith is responsible for ensuring that the marine and land operations, customer fulfillment, environmental, safety and security functions of Southern Ports are managed and developed to facilitate current and future trade.

EXECUTIVE LEADERSHIP TEAM AND COMPANY SECRETARY

Monica Birkner
General Manager
Sustainability

BBSc, GAICD

Monica is an experienced corporate and business services professional, with proven results in senior public sector roles over two decades.

At Southern Ports, Monica is responsible for delivering sustainable practices and outcomes across the organisation, including optimising workforce capacity, learning and development, culture, communications and corporate affairs.

Rob Alexander
General Manager
Port Development

BEnvSc, MBA, GAICD

Rob has almost two decades' experience in environmental management, project management, development planning, asset management and infrastructure.

At Southern Ports, he is responsible for planning and managing the development of our ports through advanced asset management practices, engineering service provision, and management of new capital investment infrastructure projects.

Peta Trigwell
Company Secretary

CPA, Fellow GIA, MAICD

Peta commenced as Company Secretary in 2011 with the former Bunbury Port Authority and has over 20 years' experience servicing boards.

As a CPA, a Fellow of Governance Institute of Australia, and a member of both the Institute of Internal Auditors Australia and the Australian Institute of Company Directors, Peta brings a strong understanding of governance to the Board and Executive Team, as well as providing executive support to the Board.

EXECUTIVE SUMMARY

STRATEGIC THEMES

Our Vision

'Strong Regional Ports, Strong Regions'

Southern Ports' strategic direction is defined in our vision – where our decisions are shaped by our drive to create strong regional ports that support strong regional communities.

Our Values

This vision is underpinned by our values:
Safety, Integrity, Teamwork, Future Focus, Accountability.

Our Strategy

We are focused on optimising trade and investment opportunities in our regions, while growing our operational excellence and building sustainability. Our strategy is driven by three key strategic themes.

Active Trade and Investment

Southern Ports has a key role in delivering trade and investment to our regions. We work actively, and in partnership, with current and potential customers and State entities to create competitive supply chains that result in securing trade and investment opportunities for our regions.

2021-22 key achievements:

- Implementation of a business development model
- Establishing an investment pipeline
- Completing a detailed supply chain optimisation study

Operational Excellence

By securing trade and investment into the regions, we can continue to operate and manage our ports at the high professional standards we expect. Through exceptional customer service, we can create value for our stakeholders while maintaining our strong reputation for safe marine and landside operations.

2021-22 key achievements:

- Progression of our asset management system and asset renewal program
- Completion of three site-based master plans
- Implementation of Zero Incident Process safety training across the entire workforce

Sustainability

Southern Ports is committed to being innovative and future focused in our pursuit of sustainable business processes. We are building a solid reputation with our customers and communities for creating long term value, which protects our environment and heritage assets, while achieving strong economic and regional development for current and future generations.

2021-22 key achievements:

- Significant progress on the inaugural Southern Ports Sustainability Plan
- Ongoing progression of Southern Ports strategy to make the organisation fully digital by 2025
- Revitalisation of the Southern Ports Community Investment Program

EXECUTIVE SUMMARY

KEY PERFORMANCE INDICATORS

Assessment of our achievements and outcomes against Key Performance Indicators allow us to measure progress against our strategic intent, evaluate the safety and efficiency of our operations, and identify areas of improvement.

Key Performance Indicators
2021-22 Outcomes

GOVERNMENT GOAL	SOUTHERN PORTS STRATEGIC THEME	KPI	FY22 TARGET	FY22 RESULT
Strong and Sustainable Finances: FINANCIALLY SUSTAINABLE	Sustainability	Return on Assets (%)	10.2% (Range of 10-12%)	12.5%
	Sustainability	EBITDA	$55,129	$64,289
	Sustainability	Economic Rate of Return (%)	6.2% (Range of 6-12%)	7.8%
	Sustainability	Debit to Equity Ratio	0.12	0.08
WA Jobs Plan: STRONG REGIONAL JOBS	Active Trade and Investment	Total Port Trade ('000 Tonnes)	35,791	36,065
	Active Trade and Investment	Total Number Vessel Visits	782	791
	Operational Excellence	Customer Satisfaction Score (%)	>65	Survey not conducted at reporting date
	Operational Excellence	Loss Time Injury Frequency Rate (LTIFR)	Zero or 10% reduction from prior reporting year	4.6
Growing our Communities: ENVIRONMENTAL COMPLIANCE	Operational Excellence	Number Reportable Environmental Incidents	Zero or reduction from prior reporting year	Zero

EXECUTIVE SUMMARY

COVID-19 RESPONSE

Throughout 2021-22, Southern Ports continued to modify our response to COVID-19 to reflect the changing nature of the pandemic.

As Western Australia transitioned to living with COVID-19, our core objectives changed from:

- protecting our staff from contracting COVID-19,
- protecting our communities by performing our role with minimum social footprint, and
- ensuring that we support the WA freight task by keeping our ports open for cargo vessels;

to:

- supporting our workforce and their families,
- supporting our communities, and
- facilitating trade.

A number of vaccination mandates were introduced that impacted our workforce. Southern Ports staff have fully complied with these mandates, and we have undertaken a huge administrative task to manage access to our sites as required.

Our workforce has adapted to the changing public health requirements throughout the year, including working from home when required, socially distancing, limiting travel between sites, routine use of Rapid Antigen Tests and adhering to mask mandates as they have been implemented.

In March 2020 we implemented a requirement for arriving international vessels to isolate at sea for 14 days prior to entering our ports. In 2022, in line with changing border requirements and increased vaccination rates for seafarers, this rule was eased, and now all ships are allowed to enter our ports in line with the relevant State and Federal requirements.

Southern Ports has proven its ability to be flexible and adapt to the fast-changing nature of the pandemic. As life begins to "return to normal", we will continue to focus on our core objectives and respond to the pandemic as required.

COVID-19 Emergency exercise
Port of Esperance

A sulphur vessel discharging at Berth 2
Port of Esperance

02.

ACTIVE TRADE AND INVESTMENT

FINANCIAL INDICATORS
TRADE AND INVESTMENT UPDATE

ACTIVE TRADE AND INVESTMENT
FINANCIAL INDICATORS FOR YEAR ENDED JUNE 2022

CONSOLIDATED TRADE RESULTS

In 2021-22, Southern Ports facilitated 36.1 million tonnes of trade, an increase of two per cent on the 35.4 million tonnes recorded the previous year.

Spodumene registered a record trade of 1.87 million tonnes, an increase of 451,192 tonnes on the previous record set in 2020-21. Although contracting slightly this period, alumina and iron ore continued to be the ports' highest traded commodities, with trade of 11.1 million tonnes and 8.6 million tonnes respectively.

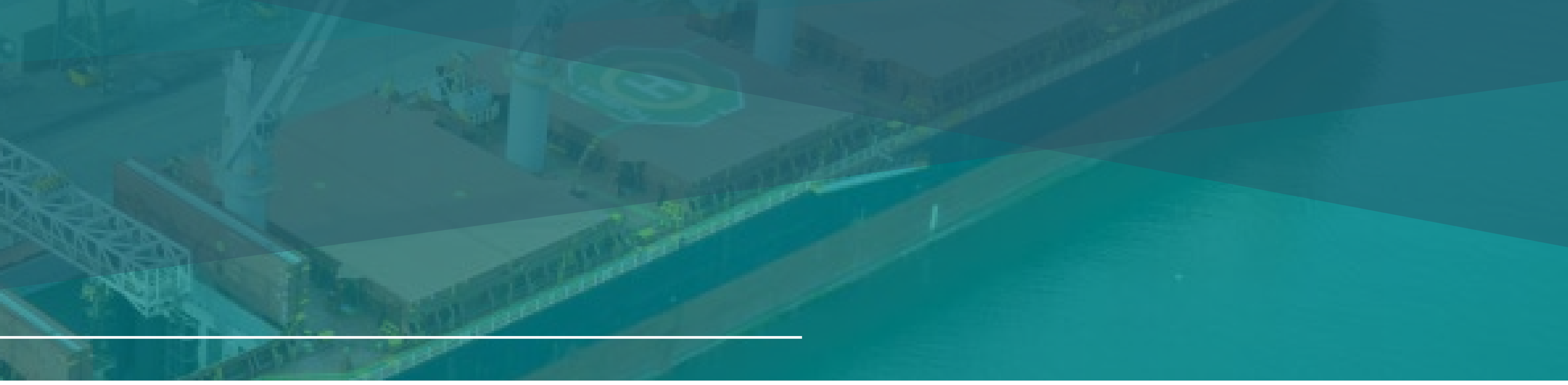
Imports increased by nine per cent on 2020-21, assisted by increased imports on all major commodities but particularly mineral sands (up by 44 per cent on the previous year) and sulphur (up by 17 per cent). Caustic soda remained the largest import commodity, with record imports of more than 1.5 million tonnes this period.

Exports increased by 1.3 per cent on the previous year as a result of strong export growth in silica sand and spodumene. Grain exports also reached 6.86 million tonnes in 2021-22, the highest level since 2016-17 on the back of a record growing period and an increase in global demand for grain.

Imports (Tonnes)

COMMODITY	2022	2021	2020	2019	2018
Caustic Soda	1,501,373	1,458,088	1,312,148	1,373,526	1,362,935
Coal	100,577	81,968	101,356	95,991	98,516
Fertiliser	381,886	377,091	292,555	257,810	262,139
Mineral Sands	422,164	293,104	352,762	336,560	476,016
Oil/Petroleum	445,042	393,384	370,052	367,329	390,042
Sulphur	316,848	269,908	176,228	0	0
Sundry	24,653	52,484	47,108	14,475	11,951
Timber Products	13,853	12,107	0	11,003	7,487
TOTAL IMPORTS	**3,206,395**	**2,938,133**	**2,652,209**	**2,456,694**	**2,609,086**

465 ships visited the Port of Bunbury in 2021-22
Port of Bunbury



Exports (Tonnes)

COMMODITY	2022	2021	2020	2019	2018
Alumina	11,120,952	11,417,470	11,173,137	10,862,697	10,744,052
Bauxite	0	0	0	0	145,698
Copper Concentrate	313,793	237,645	229,066	289,737	289,000
Grain	6,860,199	5,480,372	5,238,337	5,523,629	5,560,037
Iron Ore	8,585,478	10,186,370	7,378,420	3,156,445	8,206,916
Mineral Sands	860,594	984,603	955,909	823,637	823,245
Nickel	135,846	143,318	119,323	177,908	165,350
Oil/Petroleum	3,207	0	0	5,189	14,891
Silica Sand	652,054	423,059	636,839	575,726	600,335
Spodumene	1,874,669	1,423,477	1,227,089	1,181,238	884,630
Sundry	47,927	83,850	122,953	36,795	49,405
Timber Products	15,183	45,005	76,843	50,993	88,630
Woodchips	2,388,992	2,006,574	2,419,619	3,373,507	3,389,029
TOTAL EXPORTS	**32,858,894**	**32,431,743**	**29,577,535**	**26,057,501**	**30,961,218**

Total Trade (Tonnes) | Imports and Exports

	2022	2021	2020	2019	2018
Total Imports	3,206,395	2,938,133	2,652,209	2,456,694	2,609,086
Total Exports	32,858,894	32,431,743	29,577,535	26,057,501	30,961,218
TOTAL TRADE	**36,065,290**	**35,369,876**	**32,229,744**	**28,514,215**	**33,570,304**

ACTIVE TRADE AND INVESTMENT
FINANCIAL INDICATORS FOR YEAR ENDED JUNE 2022

CONSOLIDATED TRADE RESULTS

Shipping

	2022	2021	2020	2019	2018
Gross Registered Tonnage (Tonnes)	28,517,648	27,070,480	26,357,535	25,334,052	28,535,759
NUMBER OF VESSELS					
Trade Vessels	784	762	764	746	784
Other Vessels	7	9	24	37	40
TOTAL NUMBER OF VESSELS	**791**	**771**	**788**	**783**	**824**

791 ship visits

36.1mt total trade

16+ commodities

Alumina 30.8% of total trade

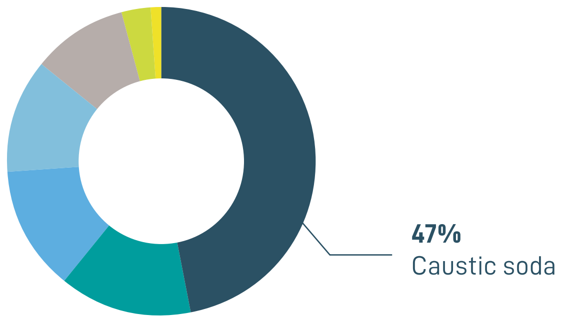
Iron ore 23.8% of total trade

Grain 19.0% of total trade

Highest traded commodities

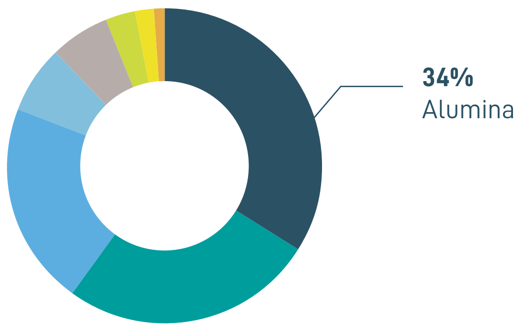
IMPORTS (Per Cent of Trade)

Caustic soda	47%
Oil / petroleum	14%
Mineral sands	13%
Fertiliser	12%
Sulphur	10%
Coal	3%
Other	1%



EXPORTS (Per Cent of Trade)

Alumina	34%
Iron ore	26%
Grain	21%
Woodchips	7%
Spodumene	6%
Mineral sands	3%
Silica sand	2%
Other	1%



Navigation buoy
Port of Albany

ALBANY TRADE RESULTS

Total trade for the Port of Albany reached 4.4 million tonnes, an increase of 528,622 tonnes on the previous reporting period.

Export trade grew by 14 per cent to 4.2 million tonnes. Imports also increased during the period, achieving record levels for a second consecutive year, up by 3,977 tonnes on 2020-21 to reach a total of 206,992 tonnes.

Record grain exports of 3.1 million tonnes were recorded, an increase of 383,335 tonnes on the previous year buoyed by a strong growing season. Fertiliser imports exceeded the previous record of 166,965 tonnes in 2020-21 by 4.3 per cent to 174,209 tonnes.

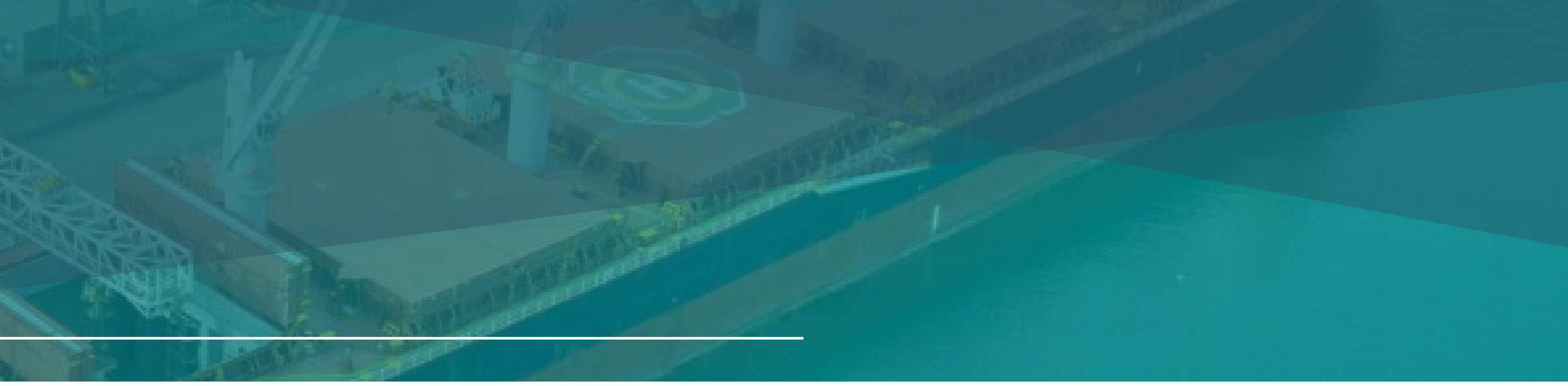
The number of vessels visiting the Port totalled 126 this period, a slight decrease on the previous reporting period (of 131 visits) and consistent with expectations while the cruise industry remained impacted by COVID-19.

Berth Capacity Utilisation
Port of Albany

BERTH	FY22 RESULT	FY21 RESULT	COMMENT
Berth 1	9%	10%	Steady trade
Berth 2	10%	13%	Reduced timber products throughput
Berth 3	60%	57%	Increased grain throughput
Berth 6	16%	16%	Increased load rates

Imports (Tonnes)
Port of Albany

COMMODITY	2022	2021	2020	2019	2018
Fertiliser	174,209	166,965	134,346	125,764	120,846
Oil/Petroleum	32,782	36,050	42,317	47,723	35,229
Sundry	0	0	0	0	0
TOTAL IMPORTS	**206,992**	**203,015**	**176,663**	**173,487**	**156,075**



Exports (Tonnes)
Port of Albany

COMMODITY	2022	2021	2020	2019	2018
Grain	3,059,537	2,676,202	2,619,382	2,684,847	2,783,882
Silica Sand	191,690	146,360	199,458	225,145	220,860
Sundry	0	0	0	20,000	0
Timber Products	15,183	45,005	38,305	50,993	58,079
Woodchips	951,633	825,831	961,632	1,537,051	1,595,715
TOTAL EXPORTS	**4,218,044**	**3,693,398**	**3,818,777**	**4,498,036**	**4,658,536**

Total Trade (Tonnes) | Imports and Exports
Port of Albany

	2022	2021	2020	2019	2018
Total Imports	206,992	203,015	176,663	173,487	156,075
Total Exports	4,218,044	3,693,398	3,818,777	4,498,036	4,658,536
TOTAL TRADE	**4,425,035**	**3,896,413**	**3,995,440**	**4,671,543**	**4,814,611**

Total trade increased by 13.6% on last year at the Port of Albany
Port of Albany

ACTIVE TRADE AND INVESTMENT
FINANCIAL INDICATORS FOR YEAR ENDED JUNE 2022

ALBANY TRADE RESULTS

Shipping
Port of Albany

	2022	2021	2020	2019	2018
Gross Registered Tonnage (Tonnes)	4,352,879	3,744,532	4,599,502	5,212,999	5,251,119
NUMBER OF VESSELS					
Trade Vessels	125	127	131	146	140
Other Vessels	1	4	20	22	21
TOTAL NUMBER OF VESSELS	**126**	**131**	**151**	**168**	**161**

HMAS Sirius visited in November
Port of Albany

ACTIVE TRADE AND INVESTMENT
FINANCIAL INDICATORS FOR YEAR ENDED JUNE 2022

BUNBURY TRADE RESULTS

Total trade at the Port of Bunbury set a new record of 17.9 million tonnes in 2021-22, an increase of 828,258 tonnes or 4.8 per cent on the previous record set in 2020-21. This was driven by record trade in grain, spodumene and silica sands during the period.

Despite a 2.6 per cent decrease from 2020-21, at 11.1 million tonnes, alumina remained the largest export commodity at the Port of Bunbury. Spodumene exports increased by 62.4 per cent or 450,022 on the last reporting period, while grain exports increased by 276,976 tonnes or 50.1 per cent. Silica sand exports also grew to 460,364 tonnes, up 66.4 per cent on 2020-21.

Caustic soda imports were up by 43,285 tonnes or three per cent, while mineral sands imports also grew by 44 per cent on the previous reporting period to 422,164 tonnes.

Berth Capacity Utilisation
Port of Bunbury

BERTH	FY22 RESULT	FY21 RESULT	COMMENT
Berth 1	13%	21%	Two general cargo vessels and two non-cargo vessels
Berth 2	10%	10%	Two methanol vessels and five non-cargo vessels
Berth 3	52%	41%	Increased grain throughput
Berth 4	77%	73%	Steady trade
Berth 5	64%	61%	Increased mineral sands throughput
Berth 6	72%	72%	Steady trade
Berth 8	70%	53%	Increased spodumene and silica sand throughput

Imports (Tonnes)
Port of Bunbury

COMMODITY	2022	2021	2020	2019	2018
Caustic Soda	1,501,373	1,458,088	1,312,148	1,373,526	1,362,935
Coal	100,577	81,968	101,356	95,991	98,516
Fertiliser	25,885	22,754	20,177	21,950	20,701
Mineral Sands	422,164	293,104	352,762	336,560	476,016
Oil/Petroleum	4,903	10,921	6,870	11,148	11,905
Sundry	13,381	8,618	7,485	348	1,029
Timber Products	13,853	12,107	0	11,003	7,487
TOTAL IMPORTS	**2,085,136**	**1,887,560**	**1,800,798**	**1,850,526**	**1,978,589**

ACTIVE TRADE AND INVESTMENT
FINANCIAL INDICATORS FOR YEAR ENDED JUNE 2022

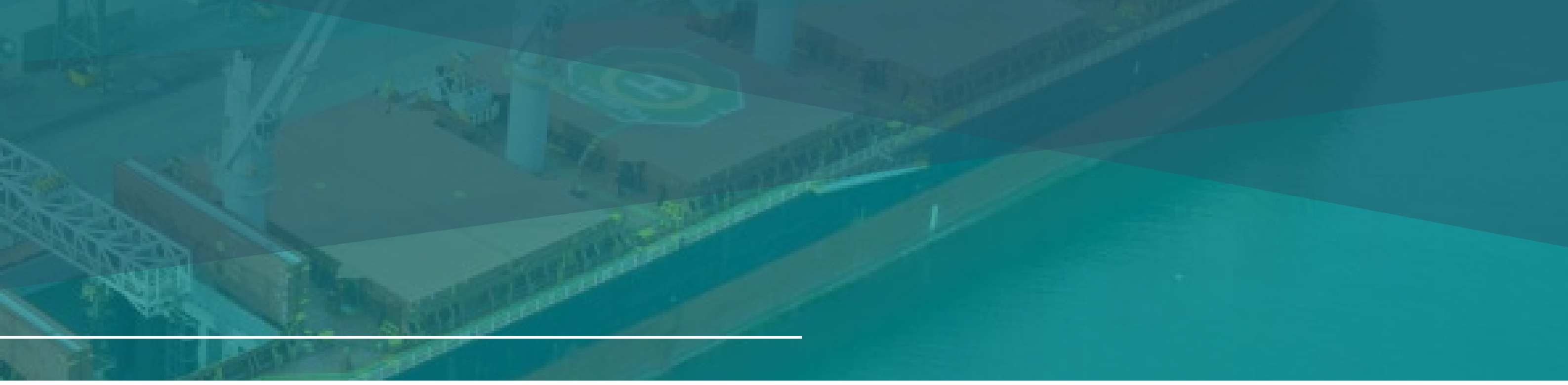
BUNBURY TRADE RESULTS

Exports (Tonnes)
Port of Bunbury

COMMODITY	2022	2021	2020	2019	2018
Alumina	11,120,952	11,417,470	11,173,137	10,862,697	10,744,052
Bauxite	0	0	0	0	145,698
Copper Concentrate	271,461	194,568	184,916	239,845	261,260
Grain	829,497	552,521	370,561	322,655	283,353
Mineral Sands	860,520	984,573	955,909	823,637	823,245
Oil/Petroleum	3,207	0	0	5,189	14,891
Silica Sand	460,364	276,699	437,381	350,581	379,475
Spodumene	1,170,770	720,748	643,169	766,960	682,975
Sundry	34,552	28,066	31,054	29,835	31,807
Timber Products	0	0	38,539	0	26,845
Woodchips	1,109,416	1,055,366	1,178,481	1,473,074	1,559,147
TOTAL EXPORTS	**15,860,693**	**15,230,011**	**15,013,147**	**14,874,473**	**14,952,748**

Total Trade (Tonnes) | Imports and Exports
Port of Bunbury

	2022	2021	2020	2019	2018
Total Imports	2,085,136	1,887,560	1,800,798	1,850,526	1,978,589
Total Exports	15,860,693	15,230,011	15,013,147	14,874,473	14,952,748
TOTAL TRADE	**17,945,829**	**17,117,571**	**16,813,945**	**16,724,999**	**16,931,337**



Shipping
Port of Bunbury

	2022	2021	2020	2019	2018
Gross Registered Tonnage (Tonnes)	14,837,074	13,481,101	13,137,838	13,361,658	13,704,485
NUMBER OF VESSELS					
Trade Vessels	459	439	440	425	453
Other Vessels	6	5	3	4	7
TOTAL NUMBER OF VESSELS	**465**	**444**	**443**	**429**	**460**

Ships at Berth 4 loading alumina, the Port's most exported commodity in 2021-22
Port of Bunbury

ACTIVE TRADE AND INVESTMENT
FINANCIAL INDICATORS FOR YEAR ENDED JUNE 2022

ESPERANCE TRADE RESULTS

Total trade for the Port of Esperance was 13.7m tonnes, down by 661,466 tonnes or 4.6 per cent, largely attributed to a decrease in iron ore exports.

Record increases in grain and spodumene exports were registered this period. Grain exports were up by 719,515 tonnes, or 32 per cent, while spodumene exports increased by 1,170 tonnes on the previous record set in the previous reporting period. Woodchip exports also increased by 161.6 per cent on 2020-21, reaching 327,943 tonnes this period.

Record fuel imports were also recorded this period, reaching 404,357 tonnes, an increase of 16.7 per cent or 57,944 tonnes.

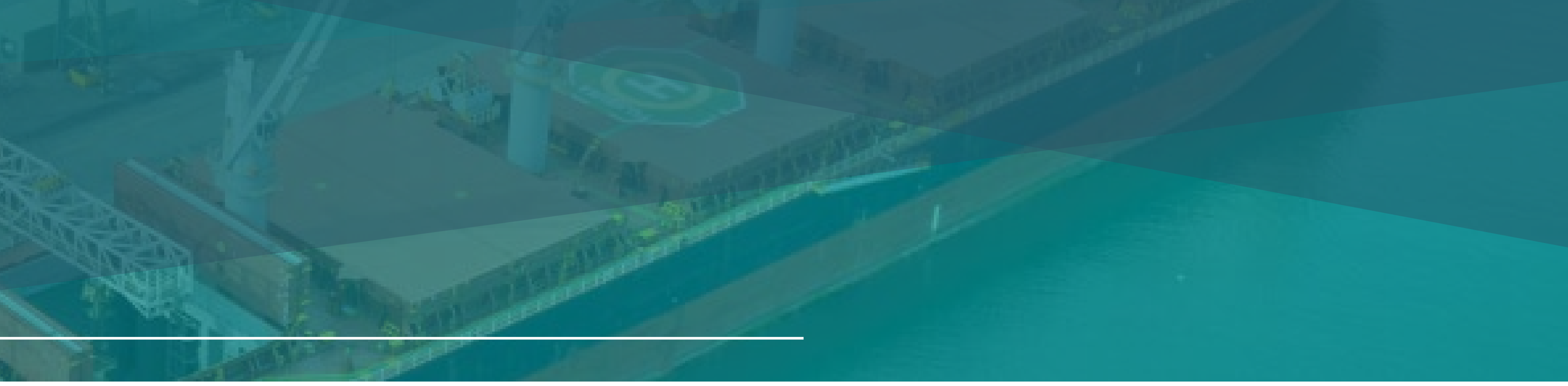
Container trade also grew, increasing by 550 TEUs, or 5.5 per cent to 10,578 TEUs.

Berth Capacity Utilisation
Port of Esperance

BERTH	FY22 RESULT	FY21 RESULT	COMMENT
Berth 1	52%	44%	Increased grain throughput
Berth 2	47%	46%	Steady trade
Berth 3	55%	68%	Reduced iron ore throughput

Imports (Tonnes)
Port of Esperance

COMMODITY	2022	2021	2020	2019	2018
Fertilisers	181,791	187,372	138,033	110,096	120,592
Oil/Petroleum	404,357	346,413	320,864	308,458	342,908
Sulphur	316,848	269,908	176,228	0	0
Sundry	11,272	43,865	39,623	14,127	10,922
TOTAL IMPORTS	**914,268**	**847,558**	**674,748**	**432,681**	**474,422**



Exports (Tonnes)
Port of Esperance

COMMODITY	2022	2021	2020	2019	2018
Copper Concentrate	42,377	43,077	44,150	49,892	27,740
Grain	2,971,164	2,251,649	2,248,394	2,516,127	2,492,802
Iron Ore	8,585,478	10,186,370	7,378,420	3,156,445	8,206,916
Nickel	135,846	143,318	119,323	177,908	165,350
Spodumene	703,899	702,729	583,920	414,278	201,655
Sundry	13,451	55,814	91,899	6,960	17,598
Timber Products	0	0	0	0	3,706
Woodchips	327,943	125,377	279,506	363,382	234,167
TOTAL EXPORTS	**12,780,158**	**13,508,334**	**10,745,612**	**6,684,992**	**11,349,934**

Total Trade (Tonnes) | Imports and Exports
Port of Esperance

	2022	2021	2020	2019	2018
Total Imports	914,268	847,558	674,748	432,681	474,422
Total Exports	12,780,158	13,508,334	10,745,612	6,684,992	11,349,934
TOTAL TRADE	**13,694,426**	**14,355,892**	**11,420,360**	**7,117,673**	**11,824,356**

Total Twenty-foot Equivalent Units (TEUs)
Port of Esperance

	2022	2021	2020	2019	2018
TEUs In	5,048	5,558	4,169	3,679	3,398
TEUs Out	5,530	4,470	4,285	3,273	4,668
TOTAL TEUs	**10,578**	**10,028**	**8,454**	**6,952**	**8,066**

ESPERANCE TRADE RESULTS

Shipping
Port of Esperance

	2022	2021	2020	2019	2018
Gross Registered Tonnage (Tonnes)	9,327,695	9,844,847	8,595,410	6,759,395	9,580,155
NUMBER OF VESSELS					
Trade Vessels	200	196	192	175	191
Other Vessels	0	0	1	11	12
TOTAL NUMBER OF VESSELS	**200**	**196**	**193**	**186**	**203**

The berthed bulk carrier, Nord Bosporus
Port of Esperance

Spodumene loading at Berth 3
Port of Esperance

TRADE AND INVESTMENT UPDATE

Supply Chain Optimisation

A significant contributor to the efficiency of the movement of commodities and freight is the road and rail connections to ports.

Southern Ports has continued to build on its supply chain analysis to support existing and new customers to achieve additional trade throughout the year.

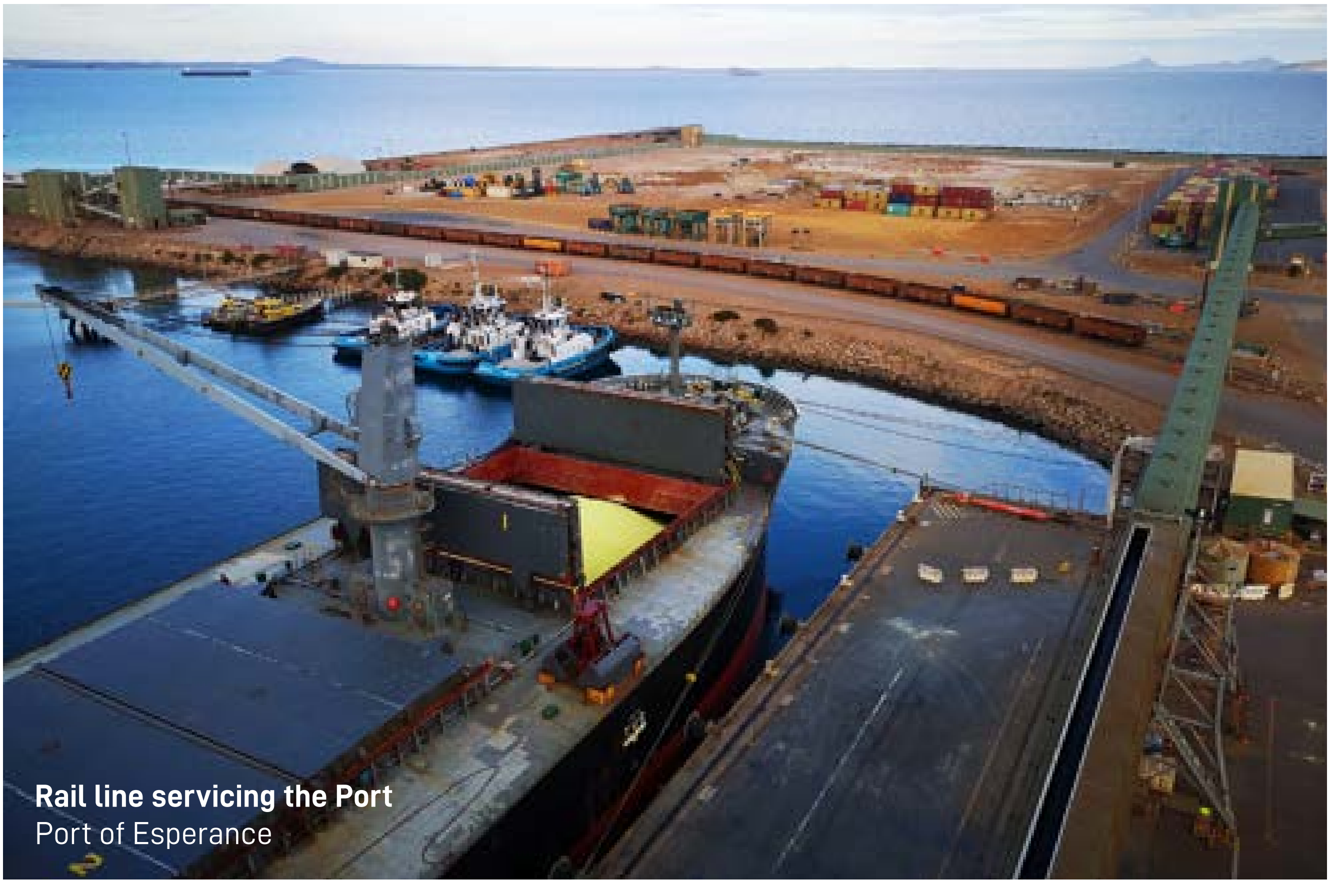
It has been pleasing to see additional investment by customers in elements of their supply chain, including the announcement this year by the State Government and CBH to jointly invest in train loading upgrades in the South West grain catchment.

Southern Ports is currently focused on the important Yilgarn to Esperance supply chain links that will ultimately be needed to cater for the potential magnetite trade and other mineral exports. Early work by Southern Ports, in partnership with various stakeholders and iron ore proponents, is providing a better understanding of the likely timing of new trades from this region, and what potential infrastructure would be required to unlock that potential.

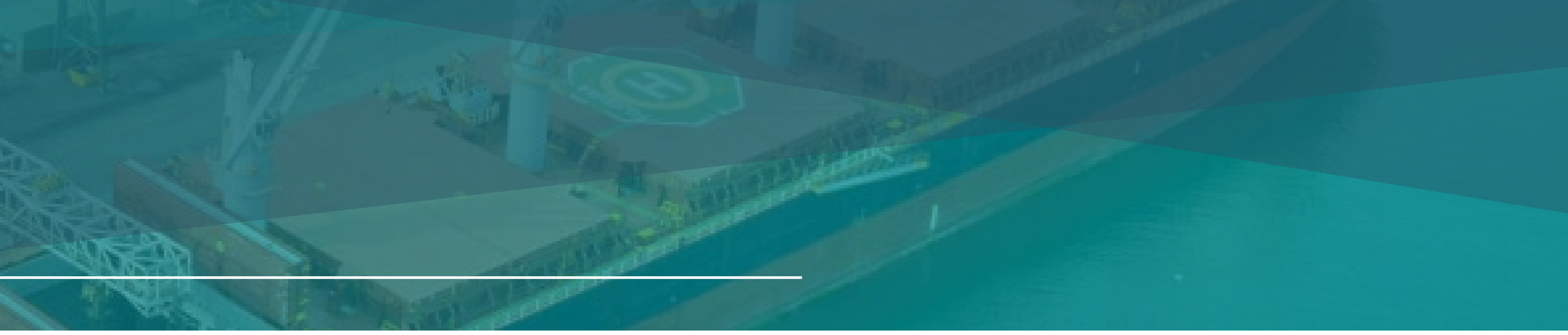
The current construction of the Bunbury ring road will also enhance the efficiency of truck movements to and from the Port of Bunbury.

Southern Ports has prepared draft Master Plans for each port that outline the capacity of its ports to meet likely demand over the next 30 years. The inclusion of supply chain considerations within those plans indicates the importance that Southern Ports places on the overall efficiency (and cost) of moving trade to and from our ports.

Over the next few years, Southern Ports will work with customers and partners to develop real-time monitoring of key supply chains, particularly rail, and to consider potential optimisation strategies for commodity handling and storage that better supports supply chain efficiency.



Rail line servicing the Port
Port of Esperance



Trade Facilitation

The primary functions of a port authority are to facilitate trade and to plan for future growth and development.

Southern Ports facilitates and encourages the development of trade and commerce through:

- efficient port management, including overseeing and providing cost-effective services and facilities for customers;
- the sustainable planning and delivery of infrastructure, services and facilities to accommodate trade growth;
- liaison with industry, relevant government agencies and other relevant stakeholders to plan for and protect port access corridors and other port-related facilities;
- port management that gives due consideration to the needs and concerns of communities and other key stakeholders; and
- the marketing of its ports to promote trade and development.

The attraction of trade and investment to the regions served by Southern Ports is central to the customer-focus and operations of our three ports.

Highlights this period included:

- following expressions of interest received for potential new trade, the issue of a request seeking proposals for the establishment of a multi-product bulk export terminal at Albany;
- working with Government on the potential future location of trades as part of the Westport considerations;
- signing one new lease and six lease renewals for existing customers;
- working with proponents on a number of trade proposals for potential new trades at each of our ports; and
- assisting our existing customers in facilitating record trade throughput at Bunbury and above-expected grain trade at all ports, resulting from Western Australia's record grain harvest.

Port of Albany Operations

Port of Bunbury achieved record trade in 2021-22
Port of Bunbury

03.

OPERATIONAL EXCELLENCE

HEALTH, SAFETY AND SECURITY
ENVIRONMENT
PORT DEVELOPMENT

OPERATIONAL EXCELLENCE

HEALTH, SAFETY AND SECURITY

> **Safety is our highest priority and we invested extensively in safety training, engineering solutions and technology to enhance workplace safety.**

Ensuring the health and safety of our workforce and operations is our highest priority. It drives our safety programs and underpins our workplace culture.

Southern Ports is committed to implementing the Zero Incident Process (ZIP) safety program across the organisation, with 243 staff participating in ZIP training this period. The program facilitates improved workplace safety by providing a better understanding about how our brains work and thinking patterns, as well as different belief systems and attitudes and how they are formed.

Open and ongoing communication regarding health and safety matters remained integral, with each port actively engaging with their stakeholders to ensure Southern Ports is a safe workplace. We continued to foster a 'Stop Work Authority' mentality, empowering staff to stop any work they may consider unsafe, and we proactively participated in the safety management of our communities through Local Emergency Management Committees and desktop emergency scenarios with the Department of Health and other stakeholders.

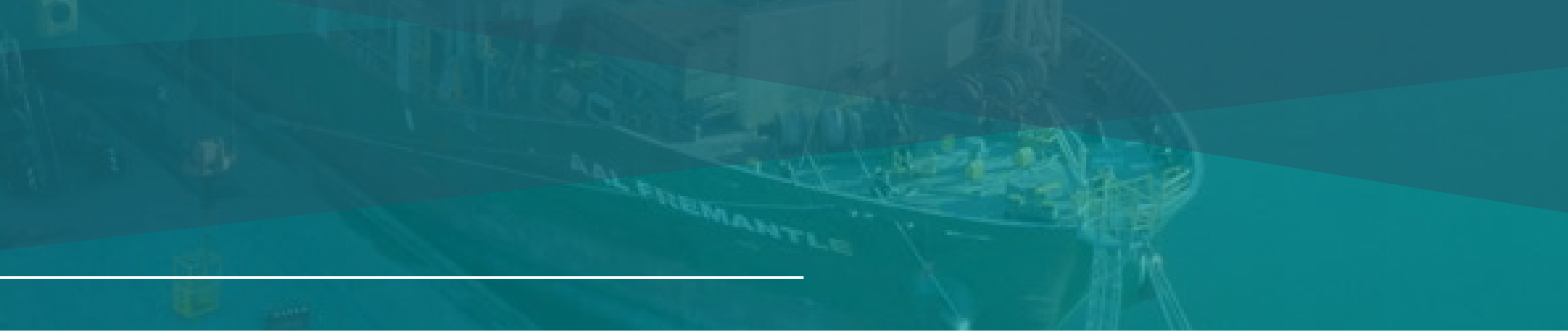
In preparation for the introduction of the new *Work Health and Safety Act 2020*, we also conducted safety leadership workshops and workforce information sessions this period and commissioned a comprehensive gap analysis to ensure Southern Ports remains compliant with the changes.

NATIONAL STRATEGIC PLAN FOR ASBESTOS AWARENESS AND MANAGEMENT (NSPAAM) 2019-23

Southern Ports continued to achieve the relevant targets of the NSPAAM 2019-23 including:

- identifying and assessing the risks associated with asbestos-containing material from within owned and controlled buildings, land and infrastructure by engaging specialist asbestos auditors to inspect the infrastructure, conduct testing and provide advice on removal or in-situ maintenance based on assessed risk;
- testing all suspected asbestos-containing materials to determine the appropriate treatment and undertaking several removal activities across the ports in Albany, Bunbury and Esperance;
- implementing general asbestos risk awareness training across the organisation, focused on management and removal for the HSE and maintenance teams; and
- issuing safety alerts where new asbestos-containing materials were identified on site.

No asbestos compliance and enforcement actions were initiated during the period.



Port of Albany

External audits of the Port of Albany's Maritime Security Plan and MSIC Issuing Body Plan were undertaken during the period. The Albany Maritime Security Plan received a clean bill of health, and some improvements were made to the MSIC Issuing Body Plan to meet specified requirements. Variations to the MSIC Issuing Body Plan were submitted and approved by the Department of Home Affairs.

New CCTV cameras were installed in the tug marina and maintenance yards and integrated into the existing Geutebruck management system. The tug marina cameras recorded footage of an unauthorised access event, which was made available to WA Police.

Asbestos removal works completed at the Port of Albany this year included the demolition of the Berth 2 amenities building. The Port's Asbestos Register was also updated by Aurora Environmental to facilitate planning for further asbestos removal works.

The Port's chemical storage area was rebuilt to meet current Australian Standards, while regular audits and risk assessment of chemicals in use continued to be undertaken using Southern Ports' chemical management system, ChemAlert.

Safety training continued to be a focus during the period. Our Safety and Assurance Officer worked towards a Certificate IV in Work Health and Safety, providing valuable skills and benefits to the safety management of the Port.

Occuhealth was also engaged to undertake PPE training with marine and deckhand staff. This training was also made available to some port users who interact with vessels – including line boats, Mission to Seafarers and Stella Maris.

The Health and Safety Team continued to work closely with the WA Health and local police in managing the COVID-19 response in relation to visiting vessels. This included attending emergency management meetings, facilitating site visits and providing input to response documents and procedures.

An Inter-Agency Emergency Exercise was also conducted with WA Health to test the infection control procedures during transfer of a COVID-19 patient from ships gangway to hospital. This beneficial exercise facilitated improvements including training and provision of shelter facilities at the berth.

Emergency response procedures for the Port of Albany were updated in line with Southern Ports' crisis management protocols, and in November, a two-day emergency exercise was conducted to test the security and oil spill response to a suspected explosion on board a commercial vessel. Recommendations resulting from the exercise have been recorded for consideration and actioning.

Albany Incident Management Team members also participated in a training workshop with the Department of Transport. This provided further guidance on enhancing team response capabilities.

Emergency training exercise
Port of Albany

OPERATIONAL EXCELLENCE
HEALTH, SAFETY AND SECURITY

Port of Bunbury

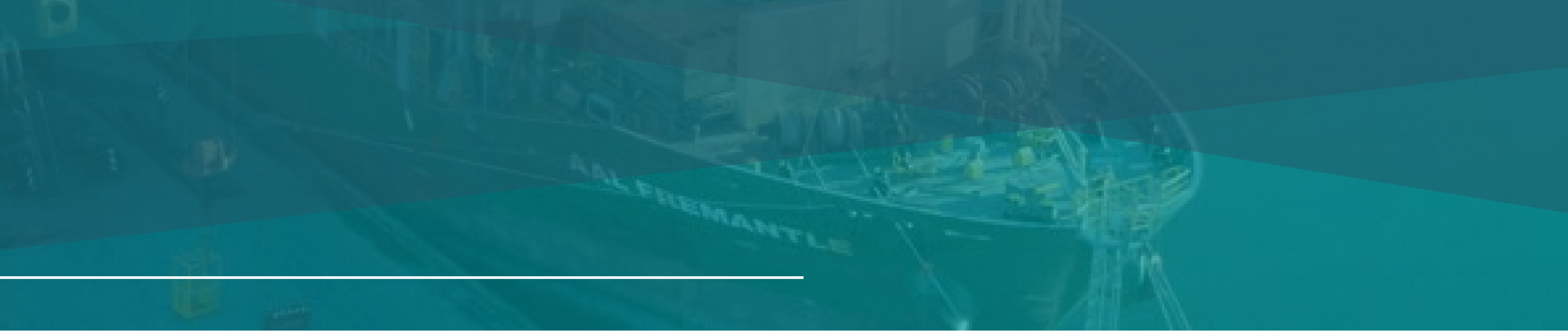
Health, Safety, Security, Environment (HSSE) and General Staff meetings provided essential HSSE communication forums for all staff at the Port of Bunbury. Regular health and wellbeing sessions with guest speakers were also conducted during the period.

A new security provider was awarded the Port's security contract, resulting in proactive and diligent action despite the challenging environment and protocol changes for site entry due to COVID-19. Site access card checks, security patrols, incident reporting and reporting of non-security related occurrences by the security staff were of a very high standard.

Response training exercises with Port of Bunbury staff, Department of Fire and Emergency Services (DFES), Western Australia Police Force and Australian Border Force were carried out during the year with valuable learnings for all involved.

Mental health and wellbeing activities for Port staff included an R U OK? Day event to bring the team together and start conversations. The team was joined by a guest speaker from Pathways SouthWest who shared stories of lived experience before they participated in an outdoor team building activity and barbecue.

Southern Ports encourages cross-port visitations and learnings
Port of Bunbury



Port of Esperance

At the Port of Esperance, a number of safety and security exercises, drills and audits were undertaken during the period, with no reportable deficiencies being recorded. These included a facilitated emergency response event where the Incident Management Team (IMT) and the Emergency Response Team (ERT) were activated to respond to a mock train derailment. It encompassed injured personnel and extensive damaged to conveyor and rail infrastructure, resulting in potentially effecting the ability to facilitate trade.

Our annual oil spill exercise saw the IMT activate the Crisis Management Team comprised of the executive leadership team, which assisted in the management of the incident.

The ERT also took part in a multi-agency training exercise to field test the infection control procedures required to transfer a patient from the port to the hospital, working closely with local paramedics and WA Police.

The Mutual Aid Agreement (MAA) between Southern Ports and participating local organisations was renewed and a Memorandum of Understanding for support in planning and responding to emergency incidents has been enacted with DFES. This includes joint training exercises and a call out system to initiate the ERT to complement the districts emergency services in emergency community events when additional resources are needed.

A number of ERT members also successfully completed nationally accredited emergency response competency training during the year.

The Port's oil spill response capabilities were enhanced with the construction of a purpose-built Marine Oil Spill Response Shed to store all the associated equipment and assets in an accessible secure and central location. The procurement of an additional oil spill boom and deployment container further boosted the Ports capability to respond to a marine oil spill with aggregated containment spill boom of 600 metres. The ERT added to its resources a high expansion foam unit to assist in the mitigation of fires within a ships' hold, conveyor galleries or a confined space. A new training structure was also established to facilitate practical maintenance skill training elements such as vertical (rope) and confined space rescue.

The electronic security site access system was also configured to provide call out notifications to the ERT and IMT, and a new AARC Site Evacuation System was installed to improve emergency response communications across the port, including localised call points for first aid and initiating an emergency call.

Fire training
Port of Esperance

ENVIRONMENT

> **Our ports play an important role in protecting and regenerating the environment through rigorous environmental management plans and ongoing monitoring.**

EMISSIONS REDUCTION

A greenhouse gas emissions baseline was completed this period, involving an audit of emissions data from 2017-18 to 2020-21.

The Southern Ports Greenhouse Gas Emissions Reduction Plan was also commenced, working towards the aspirations of the WA Government's Western Australian Climate Policy of net zero emissions by 2050, and the ambitious interim target of 80 per cent reduction by 2030. The Plan focuses on options for reducing Scope 1 and Scope 2 emissions across all Southern Ports sites.

SINGLE-USE PLASTICS

Single-use plastics at all sites – including plastic plates, bowls, cups, cutlery, stirrers, straws and thick plastic bags – were phased out in December in favour of sustainable alternatives to better protect our marine environments and fulfil the actions of Western Australia's Plan for Plastics.

CLIMATE CHANGE RISKS ON ASSETS

Southern Ports engaged coastal engineers to model the impacts of climate change on our physical assets, using historical and current meteorological, tide and wave data.

The study assessed the future risks to our larger assets from the impacts of climate change in 2030, 2050 and 2090. Recommendations (while yet to be formally provided) are expected to include adaption planning measures to address medium to long term climate change impacts on assets.

Team participation in Keep Australia Beautiful Week
Port of Esperance

Port of Albany

ENVIRONMENTAL LICENCING AND CONDITIONS

The Port of Albany is not currently required to hold an environmental licence.

DUST MONITORING

The Port of Albany chooses to undertake 24/7 PM10 monitoring of respirable dust, reporting no exceedances of the National Environmental Protection Measure in 2021-22.

NOISE AND VIBRATION MONITORING

The Port of Albany maintained its strong noise management record with no community concerns recorded during the year from port operations.

PEST SURVEILLANCE

No confirmed detection of new introduced marine species was found for the Port of Albany during 2021-22.

STAKEHOLDER PARTNERSHIPS

The Port of Albany continued its partnerships with The University of Western Australia, with both the School of Design and School of Biological Sciences.

The Albany Harbours Sustainability Group (AHSG) was recommenced and expanded to include cultural stakeholders along with all former members of the Albany Harbours Planning Group. The AHSG developed a draft Albany Harbours Sustainability Framework, initiated the use of GIS mapping and created a digital historic information resource housed at the Albany Public Library.

UWA student visit
Port of Albany

ENVIRONMENT

Port of Bunbury

ENVIRONMENTAL LICENCING AND CONDITIONS

The Port of Bunbury continues to hold a Part V Licence L6744/1996/12 for Category 58 and 58A products under the *Environment Protection Act*. The licence now allows the Port to use the 30-day trial notification licence amendment process for the import or export of new products. A notice of amendment was received from the Department of Water and Environmental Regulation regarding licence reporting requirements. The Port of Bunbury's licence was identified to be eligible for reduced reporting to *"reduce the administrative burden on licence holders, and regulators, for routine or lower risk matters. The initiative encourages proponents to achieve good performance and provides regulators with more time to focus on higher risk matters"*. The amendment will see an end to quarterly monitoring data reporting with a composite report now due in August 2023 and biennially thereafter.

In February 2021, the Port of Bunbury was issued a new sea dumping permit under the *Environment Protection (Sea Dumping) Act 1981*, allowing for the disposal of up to 4Mm3 of dredged material during the life of the permit, which expires in February 2032. All reporting requirements under the previous 10-year permit were met.

Securing a timely renewal of the Port's 10-year sea dumping permit was critical to ensuring maintenance dredging could continue uninterrupted to ensure safe navigation within the Port.

DUST MONITORING

The Port continued to operate its dust monitoring during the year with the most significant impacts to particulate concentrations coming from the smoke generated by controlled/uncontrolled fuel reduction burns. Dust impacts from port operations continue to be minor when compared to other natural and non-port ambient dust sources. However, increased grain export tonnages during the year have proved to be challenging with respect to visible dust above the ship loading area at Berth 3 Inner Harbour. The Port is working with the grain exporter to encourage the implementation of improved dust mitigation strategies.

NOISE AND VIBRATION MONITORING

The proximity of the Inner Harbour operations to the residential community of East Bunbury has the potential to present challenges in certain weather conditions. The Port continually liaises with its Stevedores and lease holders to maintain a focus on noise mitigation. A large number of rota-box export operations for mineral sands and iron concentrate have taken place during the year at Berth 5, which is proximate to residential areas with no community complaints received regarding noise.

WATER MANAGEMENT

Six-monthly monitoring of groundwater and shallow aquifers found no contamination issues of concern in 2021-22.

PEST SURVEILLANCE

The Port of Bunbury has continued to partner with State and Federal agencies to manage a comprehensive bee surveillance program to detect any imported bee diseases. During the year, two feral bee colonies near the Inner Harbour were identified and treated.

The Port engaged a private contractor to cull pest animals and birds within the Port perimeter. This work was undertaken in conjunction with the City of Bunbury and by approval from the Department of Biodiversity, Conservation and Attractions (DBCA). The Port's Fauna Causing Damage Licence (Corellas) has been renewed, with the culling quantity now changed from 700 per year to 6,000 per three years.

EMS AUDIT

An annual surveillance audit of the Port's ISO 140001:2015 Certified Environmental Management System (EMS) in late 2021 found the Port has established and maintained its management system in line with the requirements of the standard(s) and has achieved requirements for products and services to ensure its policy, objectives and legal compliance obligations are met. A full recertification audit of the EMS was conducted in May 2022. The audit team concluded that the Port of Bunbury had established and maintained its management system in line with the standard, and therefore the EMS would be certified for another three-year period, subject to the continued satisfactory operation of its management system.

Outer harbour sand trap removal
Port of Bunbury

OPERATIONAL EXCELLENCE
ENVIRONMENT

Port of Esperance

ENVIRONMENTAL LICENCING AND CONDITIONS

The Port of Esperance environment team continued to ensure compliance with the Part V Environmental Licence. Following recent changes to Western Australian environmental protection regulations to allow changes in licencing for multi-user berths, the team worked with interstate and WA port authorities, as well as the state regulator, towards licencing improvements.

DUST MONITORING

The Port of Esperance holds a Part V Environmental Licence and additional Ministerial requirements to control dust emissions. Southern Ports is always striving to improve standards even though our emissions are well below the compliance levels. This year, a review of iron ore dust mitigation controls in the enclosed loading circuit led to the implementation of new automated sprays and use of different suppression surfactants.

NOISE AND VIBRATION MONITORING

The Port of Esperance remains subject to its 2009 Regulation 17 approval. The current approval allows higher emissions of noise subject to the Port implementing management controls, which include provision of an annual monitoring report to DWER with summaries of investigations into non-compliance and community complaints.

WATER MANAGEMENT

The Port of Esperance continued its efforts to reduce water consumption across its operations during the period, targeting savings of 36 million litres at 15MTPA of bulk product. Annual water consumption is reported to the Water Corporation each November.

PEST SURVEILLANCE

The Port of Esperance continues to collaborate with the Department of Primary Industries and Regional Development and other Western Australian ports in the State-Wide Array Surveillance Program for marine pests. No evidence of new pest species was detected during the reporting period.

DANGEROUS GOODS

The Port of Esperance has completed a Quantitative Risk Assessment (QRA) of dangerous goods handled or stored port wide by the Port's own operations and its tenants. The assessment, conducted in accordance with Hazard Industry Advisory Standards, shows modelled scenario impacts contained within the port landholding. In addition, the redundant nickel export materials handling circuit was demolished. Nickel was previously treated as a dangerous good. The remnant material was disposed in an accredited waste facility.

New Zealand fur seal
Port of Albany

Storm water testing
Port of Esperance

OPERATIONAL EXCELLENCE

PORT DEVELOPMENT

Building on a renewed emphasis on port development, Southern Ports continued to create value for the business through development planning, strategic asset management and engineering services, while striving for industry-leading practice.

ASSET MANAGEMENT

Strategic asset management was a key focus within the business in pursuit of an industry-leading ISO 55000 aligned best practice management system. The team has made strong progress toward this over the course of the year with numerous initiatives being implemented.

Significant progress has been made with respect to the Strategic Asset Management Plan, digital asset class management plans, lifecycle cost models, asset performance management and asset health management. This is underpinned by robust maintenance strategies across the organisation's assets.

Technology plays a critical role in the Southern Ports asset management strategy and the achievement of a best practice management system requires leveraging an emphasis on digitalisation of asset information. Technology and innovation initiatives implemented during the year included the use of drones and drone-under-berth inspection boats, augmented reality, 3D Building Information Modelling, artificial intelligence and machine learning remote condition monitoring, as well as a variety of IoT devices to support the system and create value for the business.

Master Plans will guide the strategic development of our ports
Port of Bunbury

ENGINEERING SERVICES

This period there was significant emphasis on completing detailed 'state of the asset' inspections across the Southern Ports asset portfolio to build a thorough understanding of the condition and lifecycle status of key assets. This has resulted in a deep knowledge of the asset base and the ability for Southern Ports to maximise value through asset lifecycle management.

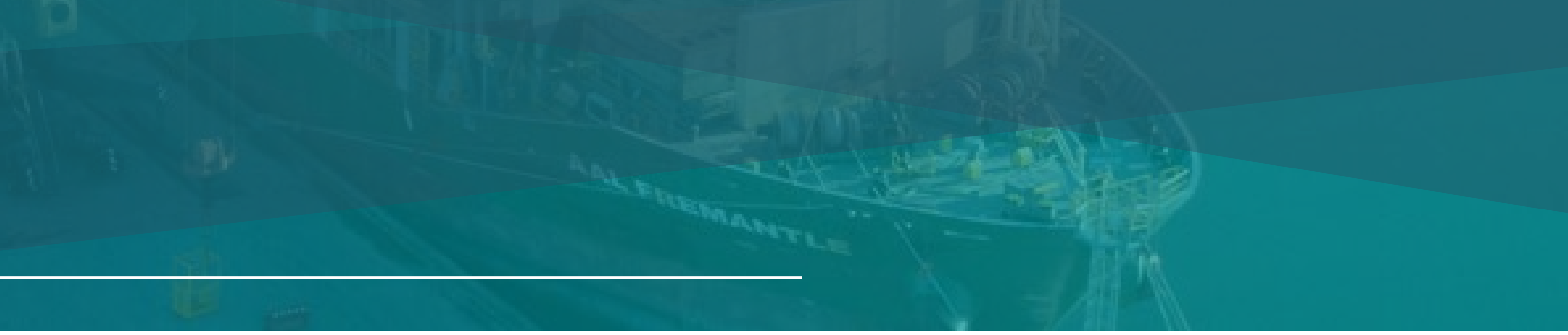
A significant program of asset recovery work for 2022-23 has also been developed, allowing for the development of detailed maintenance strategies.

Asset integrity coordinators and reliability professionals have been assigned to key asset classes across the portfolio, structured so as to best support a world-class asset management system.

MASTER PLANNING

During the period, the draft Port Master Plans (PMPs) for Bunbury, Albany and Esperance were endorsed by the Board for submission to the Minister for approval. This was a significant milestone for Southern Ports and represents the culmination of more than 18 months of strategic development planning.

The PMPs outline a clear forward vision for each of the ports and identify the infrastructure required to accommodate trade under a high growth scenario and will be used to inform key concepts and business cases as well as the formal 10-year asset investment program.



Key Completed Projects 2021-22

BERTH 6 LIGHTING AND B2 SWITCHBOARD UPGRADE	
Location	Albany
Upgrade to the Berth 6 Lighting infrastructure to LED Lights and replacement of the Berth 2 electrical switchboard.	

BERTH 3 CATWALK REPLACEMENT	
Location	Albany
Replacement of the degraded Berth 3 catwalk.	

BERTH 2 NICKEL CIRCUIT DEMOLITION	
Location	Esperance
Demolition of the remnant Berth 2 nickel circuit allowing improved safety outcomes and additional operating space at Berth 2.	

The site of the former nickel circuit following its demolition
Port of Esperance

OPERATIONAL EXCELLENCE

PORT DEVELOPMENT

Key Completed Projects 2021-22

ESPERANCE PORT POWER CONNECTION

Location	Esperance

Design and construction of infrastructure associated with the new power supply at the Port of Esperance.

MULTI-USER FACILITY - SHED 4 ENTRY / EXIT ROAD

Location	Esperance

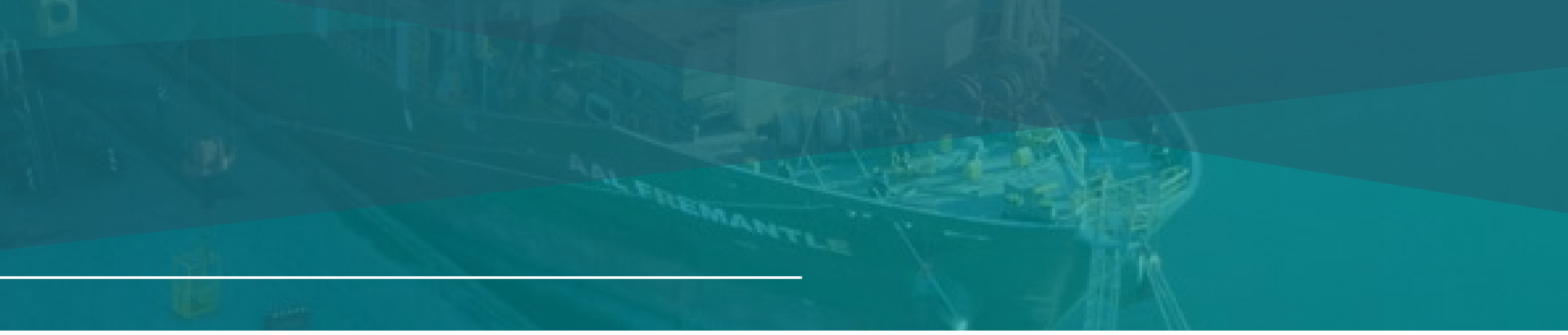
Construction and sealing of the access road for the multi-user Shed 4 facility at the Port of Esperance.

SEALING INTERNAL ROADS

Location	Esperance

Sealing the majority of internal roads to reduce dust and provide a better operational surface for truck and mobile plant movements.

Sealing internal roads
Port of Esperance



Key Completed Projects 2021-22

ADDITIONAL CONTAINER HARDSTAND

Location	Esperance

A new container hardstand area with enhanced environmental management capabilities to handle mineral concentrate containers.

BERTH CAPACITY UPGRADES - CV14/15

Location	Bunbury

Conveyor upgrades to enhance capacity and trade throughput at Berth 8.

BERTH 8 FIRE SYSTEM UPGRADE STAGE 1

Location	Bunbury

First stage of fire-fighting system upgrades to mitigate the impacts of fire risk at Berth 8.

A new container hardstand was completed in September 2021
Port of Esperance

MV Loch Lamond **entering the Port**
Port of Albany

04.

SUSTAINABILITY

SUSTAINABILITY PLAN
SUPPORTING OUR COMMUNITIES
PORT CONSULTATIVE COMMITTEES
PEOPLE AND CULTURE
FUTURE PORTS AND DIGITAL STRATEGY

SUSTAINABILITY

SUSTAINABILITY PLAN

The development of the Southern Ports Sustainability Plan reached a number of major milestones this period and is nearing completion.

The Plan is centred on the industry-based Ports Australia Sustainability Strategy Development Guidelines and, guided by the Sustainability Working Group, has been adapted to suit the needs of Southern Ports. Once finalised, it will provide a modern framework and articulate a series of goals to which the business will work towards.

During 2021-22 the Sustainability Working Group, which comprises staff across the organisation, completed a gap analysis which involved assessing the current status of sustainability, reviewing current initiatives, and determining the gaps and identifying future opportunities.

Following this gap analysis, a materiality assessment was completed through a material issues survey of more than 180 internal and external stakeholders. This process also involved interviews with key stakeholders within Southern Ports' supply chains, regions and communities. The results provided a clear list of prioritised 'material issues', which informed the preparation of the draft Southern Ports Sustainability Plan.

The identification of key themes and the mapping of projects to the Sustainability Development Goals (SDGs) was also completed this period.

> **For Southern Ports, sustainability means ensuring our organisation and regional ports are strong, resilient and enduring – both now and for future generations.**

Our Port of Albany team is driving sustainability
Port of Albany

SUSTAINABILITY

SUPPORTING OUR COMMUNITIES

COMMUNITY INVESTMENT PROGRAM

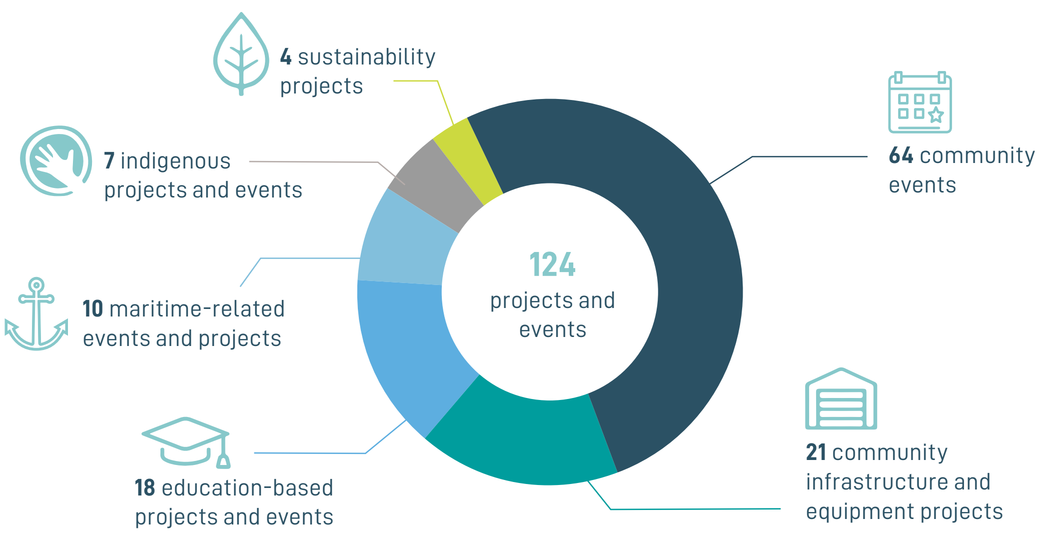
In January, Southern Ports launched a revitalised Community Investment Program to support our regional communities to thrive.

A range of improvements to the Program were adopted, most significantly the introduction of quarterly applications to facilitate a timelier allocation of funding and allow a more diverse group of organisations and events to be supported across the year.

Southern Ports contributed $265,345 in sponsorship and community investment funding this period, supporting 124 regional projects and events.

Applications were assessed against criteria aligned with Southern Ports' values, with a focus on events and projects relating to community, infrastructure, education, indigenous relations, maritime, and sustainable environment.

Community Investment Program
Snapshot 2021-22



SUSTAINABILITY

SUPPORTING OUR COMMUNITIES

Community Investment Program
2021-22 Highlights

COMMUNITY EVENTS

Albany Mountain Bike Club
King of the Mountain Kids Urban Downhill Event

Australind Junior Soccer Club
Australind Girls Soccer Carnival

Community Home Care
Dementia Café

Shire of Esperance
Edge of the Bay 2022

Albany Clay Target Club
2022 Junior Trap Festival

COMMUNITY INFRASTRUCTURE AND EQUIPMENT PROJECTS

Foodbank of WA
Equipment for Foodbank Bunbury

Donnybrook Scout Group
Water safety equipment

Esperance Theatre Guild
Digital piano

Esperance Crisis Accommodation
Defibrillator units

EDUCATION-BASED PROJECTS AND EVENTS

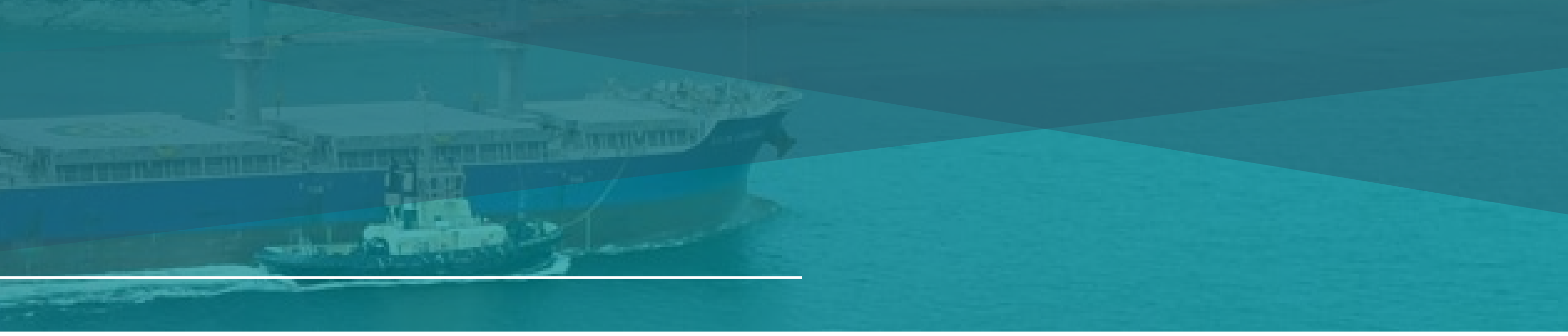
Gnowangerup District High School
One Big Voice massed choir concert

Esperance Netball Association
Junior Talent Development Squad

Football Referee South West
Referee training and development

Kids Urban Downhill
Albany Mountain Bike Club

Edge of the Bay Festival
Shire of Esperance



Community Investment Program
2021-22 Highlights

MARITIME-RELATED EVENTS AND PROJECTS

Albany Dragon Boat Club
New Dragon boat

Albany Maritime Foundation
Build-a-boat competition

Esperance Bay Yacht Club
Replacement motor on the Magellan rescue boat

Fishability Incorporated
Fishability regional programs

INDIGENOUS PROJECTS AND EVENTS

Undalup Association
Wadandi Surf Academy

Hope Community Services
NAIDOC Week Long Table Lunch

Mudjar Aboriginal Corporation
Ngulla Mia

SUSTAINABILITY PROJECTS

Esperance Pony Club
Manure Management Project

Milligan Community Learning and Resource Centre
Start up seedlings

Permaculture Association of Western Australia (Great Southern)
Kinjarling Permafest

Albany Primary School
Growing Great Gardens

Wadandi Surf Academy
Undalup Association

Build-a-boat Competition
Albany Maritime Foundation

SUSTAINABILITY

SUPPORTING OUR COMMUNITIES

Rural Clinical Schools of WA tour
Port of Esperance

COMMUNITY ENGAGEMENT

Southern Ports continued to seek opportunities to directly engage with our port communities throughout the year, with team members across all sites actively participating in a range of community activities.

Highlights included:

- Southern Ports exhibitions at the Albany Agricultural Show and the Esperance and Districts Agricultural Show;
- participating in the National Reconciliation Week walk and community event in Bunbury;
- participation in the Ravensthorpe High School careers day;
- hosting student groups from The University of Western Australia at the Port of Albany, including Marine Science students and the UWA Summer Design School;
- facilitating a tour for the Rural Clinical Schools of WA at the Port of Esperance; and
- team participation in community events including Keep Australia Beautiful Week and others.

Our team at the new jetty opening
Shire of Esperance

SUSTAINABILITY

PORT CONSULTATIVE COMMITTEES

Port of Albany

The advent of Port Community Consultation Committees (PCCC) have been well received by the community and have proved extremely valuable for two-way information exchange. In an age of accusations of 'false news' and 'alternative facts' they are an essential tool to answering concerns or making suggestions.

The past 12 months have again been impacted by COVID-19, but members of the Albany PCCC, and with that the people of our district, have been particularly well served by information coming from dedicated staff members with whom we engage.

Similarly, we have been kept up to date with major projects impacting upon the operations of the Port and the city. There are some exciting things happening, not the least amongst these is the continuation of the ring road project which will make access to the Port that much easier and reduce vehicle movement conflicts enormously.

With good conditions continuing, farmers have again enjoyed bumper crops and tonnages have increased. The unfortunate actions in Ukraine have not only shocked the world, but shown the importance of open ports and increased movements of products to a hungry world.

The three chairs of Albany, Bunbury and Esperance have conferred in an information-sharing exercise that we have resolved to continue so that we may better serve our respective regions with more accurate and timely information. Already, there have been some learnings which will only serve to improve our goal of increased two-way dialogue.

It goes without saying that I remain grateful to all members of the PCCC. To all staff who serve and inform the group, my sincere thanks. You have all been wonderful representatives of the organisation you work for and your readiness to explain, to inform and to take things on board is fantastic.

Graham Foster
CHAIR, Albany PCCC

PCCC
Port of Albany

PORT CONSULTATIVE COMMITTEES

Port of Bunbury

Whilst Western Australia has been relatively immune from the effects of COVID-19 until the opening of our borders, it is certainly having a large impact on businesses in our community now. Many are struggling to find staff to cover those that are away.

Southern Ports Bunbury has been able to adapt to these conditions very well and has been able to not only increase the number of ships coming to the Port, but also increase the amount of trade. This is a credit to the Regional Manager and his team.

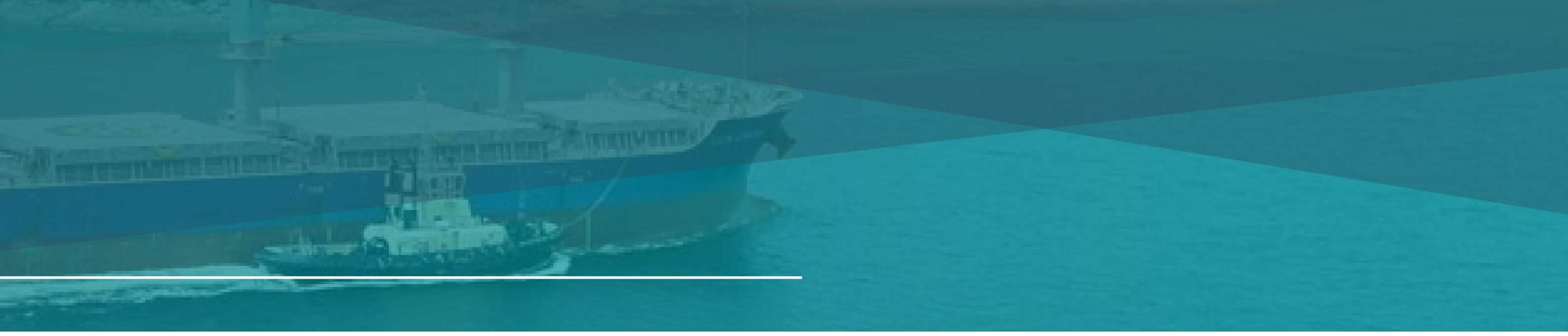
The Committee has continued to have a great relationship with both the Regional Manager and CEO, who are both proactive in taking suggestions and raising matters that are of interest to the Committee. This included having a PCCC meeting at the Leschenault Homestead, the oldest homestead in Bunbury, which was very interesting for all involved.

Our annual gathering, where we met with Port stakeholders and the Board, was very well received by the PCCC members. We look forward to this event and the opportunity to catch up and get to hear what they are doing in the Port.

It was also pleasing to meet and exchange ideas with the Albany PCCC Chair on ways to improve the functioning of the PCCC for the future.

Mike Ansell
CHAIR, Bunbury PCCC

PCCC
Port of Bunbury



Port of Esperance

We have had an exciting year at the Port of Esperance with multiple projects underway and PCCC members being regularly engaged and kept up-to-date with the Board's continued business performance and operations throughout 2021-22.

It was great to see the progress and completion of the COVID stimulus package and subsequent projects announced earlier in 2020 by the Minister for Ports, Hon Rita Saffioti. This included the nickel circuit demolition, which will provide opportunities for future business growth; the sealing of Port roads, thereby reducing the gravel dust emanating from the Port; and an additional container hardstand installation.

The PCCC has greatly appreciated learning more about Port operations and future trade opportunities. We were provided with several presentations during the year, including a demonstration of the augmented reality HoloLens goggles as an example of the new technologies being utilised across Southern Ports, the Southern Ports Community Investment Program launch, and an environmental monitoring presentation.

In October 2022, the PCCC had the pleasure of attending an evening with the Board at a stakeholder function held to discuss the future of the Port with the Executive, which included the outline of the Southern Ports Strategic Plan.

The PCCC, also welcomed four new members this year – Pia Powell, Frank Roe, Kris Starcevich and Wayne Walter.

I would like to thank outgoing PCCC Shire Representative Basil Parker for his contribution to the PCCC over many years and it is with great pleasure that we welcome Rob Horan as the new Esperance Shire Council representative.

In closing, I would like to thank all PCCC committee members for their ongoing commitment over the last year and look forward to another exciting year of growth and development for Southern Ports and the PCCC.

Stephen Francis
CHAIR, Esperance PCCC

PCCC
Port of Esperance

SUSTAINABILITY

PEOPLE AND CULTURE

> **Our people are our greatest asset. We are committed to supporting our teams and to building a diverse, capable and regionally-based workforce.**

This year, we continued to grow the capability of WA's marine sector by developing new talent and broadening the skills of experienced people in the key area of marine pilotage. We employed four new marine pilots in Bunbury and Esperance, including a new Esperance Harbour Master who joined our organisation with extensive interstate and international experience.

We supported 10 apprentices, three trainees and six work placement students across the organisation, providing opportunities for young members of the community to gain rewarding experiences in the fields of their interest. Two apprentices successfully completed their trade during the year.

In Bunbury and Esperance, we also introduced a school-based traineeship program for young people interested in a career in the marine industry. These traineeships commenced in the first half of 2022, with participants expected to complete their Coxswain Grade 1 qualification by the end of 2023. The traineeships allow regional students to gain industry experience within the maritime industry, complete their WACE studies, and gain a nationally-recognised qualification.

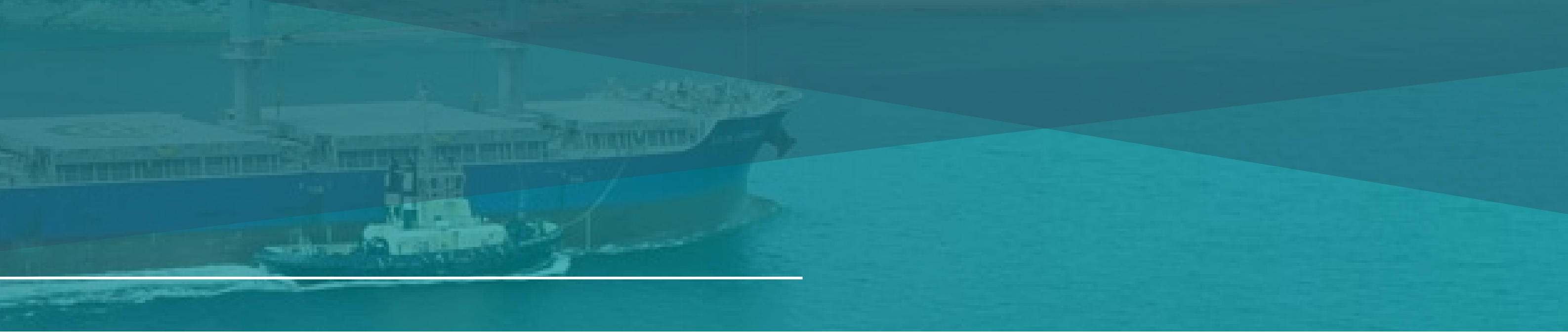
Employee health and wellbeing remained a key focus this period. Launched in March, our new organisation-wide Health and Wellbeing Program combines the support of allied health and wellbeing coaches with a dedicated mobile app to proactively address physical, mental and lifestyle health, as well as fatigue.

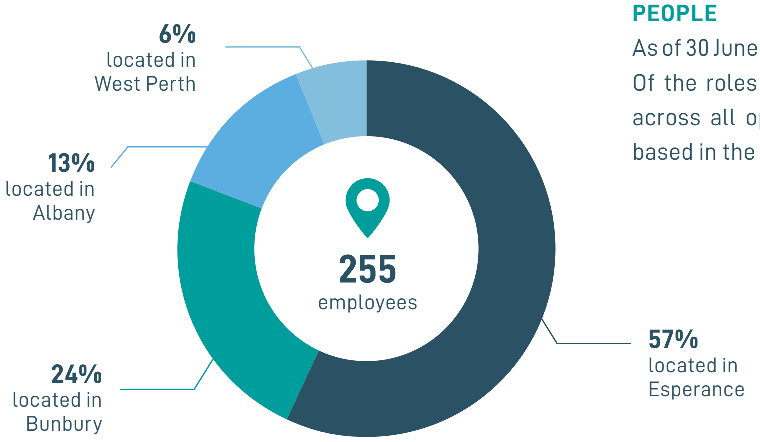
We offered all staff an annual reimbursement for a range of health and wellness tools, equipment, and activities, including fitness classes, gym/sports memberships, mental health, sports wearables, and financial wellness.

Results of the Barrett Values Survey, conducted in May 2022 to gauge employee perspectives on organisational culture, showed that Southern Ports has consolidated the improved culture from its 2020 survey, despite considerable uncertainty with the pandemic and the significant growth and workplace change that has occurred over the intervening two years.

The commitment to safety and staff health and wellbeing were seen as strong elements of the current workplace, and the work being done on systems renewal, sustainability, and community investment support the high value that our people place on being innovative and forward looking.

Southern Ports is committed to maintaining a positive workplace culture, and it continues to make progress toward the desired culture, which aligns with the values of its people and Southern Ports stated Values of safety, accountability, integrity, teamwork, and future focus.





PEOPLE

As of 30 June 2022, Southern Ports directly employed 255 people. Of the roles with cross-organisational accountability that sit across all operational sites of the business, 94 per cent are based in the regional hubs of Albany, Bunbury, and Esperance.

Growth in our marine pilotage team was a focus this period
Port of Bunbury

PEOPLE AND CULTURE

TRAINING

Workplace training is structured to ensure our workforce is capable, balanced, self-motivated, and has skills that align to the future needs of the organisation. Learning opportunities range from competency-based qualifications to support operational needs, through to personal development and wellbeing, technical knowledge and leadership skills.

We extended our responsibility to assist our staff in their development and growth by encouraging and supporting learning goals through a new online learning platform. More than 2,000 sessions were delivered to our employees on a variety of topics, including monthly safety courses.

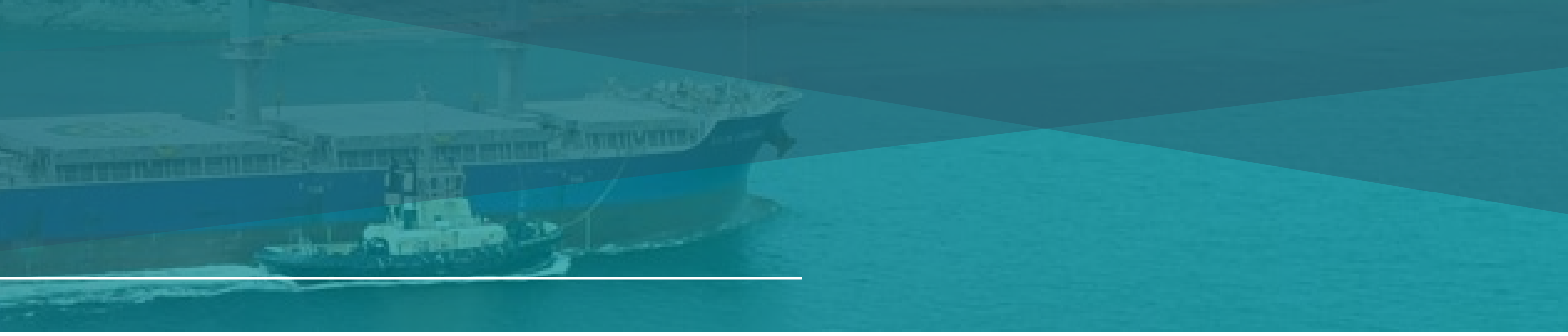
In April, a second round of workplace behaviour training was undertaken using a theatrical learning experience provider. The focus for this year was on sexual harassment and discrimination, as well as building on previous training on bullying and negative workplace behaviours. Feedback from employees who attended the training was very positive, with many praising the unique learning experience.

Training 2021-22

	TRAINING EVENTS
Verification of Competency (VOC)*	250
ZIP Safety Culture Training	243
Workplace Behaviour and Sexual Harassment	129
Change Management	8
EnviroSys End User Training	96
Online Training Courses*	2,264
Total	**2,990**

* Includes multiple sessions on different topics, noting employees may have participated in more than one session during the period.

> **The ZIP Safety Culture program helped to foster a ‘safety citizenship’ across all sites and was a highlight on the 2021-22 training calendar.**



EMPLOYEE RELATIONS

The following enterprise agreements were operational during the period:

Agreement	COMMENCEMENT	EXPIRY DATE
Southern Ports Authority, Port of Esperance Administration Enterprise Agreement 2021	19 May 2021	13 November 2023
Southern Ports Authority, Port of Albany Maintenance and Operations Agreement 2020	30 March 2020	31 August 2022

One enterprise agreement was approved by the Fair Work Commission and took effect during the year. The enterprise agreement was negotiated in accordance with the State Government's wages policy.

Agreement	FWC APPROVAL	EXPIRY DATE
Southern Ports Authority, Port of Albany Marine Pilots Agreement 2021-2023	24 January 2022	30 June 2023

Four enterprise agreements reached their nominal expiry date and are currently under negotiation in accordance with the State Government's wages policy.

Agreement	EXPIRY DATE
Southern Ports Authority, Esperance Shift Superintendents Enterprise Agreement 2018	31 December 2020
Southern Ports Authority, Esperance Operations and Maintenance Enterprise Agreement 2018-2020	31 December 2020
Southern Ports Authority, Bunbury Maintenance Enterprise Agreement 2020	30 June 2021
Southern Ports Authority, Marine Pilots Port of Bunbury and Port of Esperance Enterprise Agreement 2020-2022	30 June 2022

FUTURE PORTS AND DIGITAL STRATEGY

ASSET INFORMATION GOVERNANCE

Significant work to plan and structure a well-governed asset information system was undertaken this period, including processes, procedures and documentation critical to best practice system and data management. This included the preparation of a Digital Engineering Framework to set out our goals and objectives to integrate systems, remove data silos, deliver dynamic and current quality data across departments, and partner with our customers, contractors and consultants to ensure the highest standard of information-based decision-making.

ASSET DIGITISATION

Scanning and reality modelling of the Port of Albany and Port of Bunbury sites were undertaken to provide the necessary data to generate 3D Building Information Model (BIM) frameworks for our asset digital twin. Port of Esperance BIM framework modelling was also commenced using reality capture data from March 2021.

We completed ultra-high resolution reality modelling of our Berth 2 container crane and Berth 1 soffit in Esperance, and our navigation aids and Berth 1, 2 and 3 wharf structures, including above and below decks, in Albany. The reality models are a valuable engineering inspection tool and provide the ability to accurately estimate and plan remediation or construction works.

We also commenced development of a complete set of Digital Asset Management Plan reports for all 14 Asset Classes across Southern Ports. Coupled with other data sources, this will provide management with full transparency across each of the asset classes in Southern Ports, including asset valuation, condition, demand, risk, maintenance and overview details across each class.

ENTERPRISE ARCHITECTURE, HARDWARE AND SOFTWARE

The Esri Enterprise Geographic Information System (GIS) was procured and deployed during 2021-22. This sophisticated software consists of seven individual components and will form the visual portal from which Southern Ports staff, customers and the community will be able to access business information. One of the Enterprise GIS components allows the ingestion and visualisation of real time data feeds and Internet of Things (IoT) and Operational Technology (OT) sensor feeds which will bring life to our asset digital twin.

As we continued our work towards machine learning and artificial intelligence in the operation of our assets, we installed a number of asset monitoring sensors including mobile equipment trackers, vibration and temperature monitors, and strain gauges to be visualised in 3D in our GIS platform.

We also implemented SPM Assets, a software package that tracks the condition and degradation curves of our assets against standardised Wharf Structures Condition Assessment Manual ratings. The project has allowed us to consolidate our asset master data, collect inspection results, inject budgeting scenarios and manage assets by condition – and has facilitated the preparation of data for the Enterprise Resource Planning implementation.

Data acquisition for the Southern Ports Data Estate also commenced this period. This includes data feeds from our operational technology network through the FLOW platform, feeds from IoT sensors via TTN and Movus, and connectors with business systems via our enterprise integration platform Dell Boomi.

Southern Ports also appointed its first GIS engineer this period.

SPATIAL DATA IMPROVEMENTS

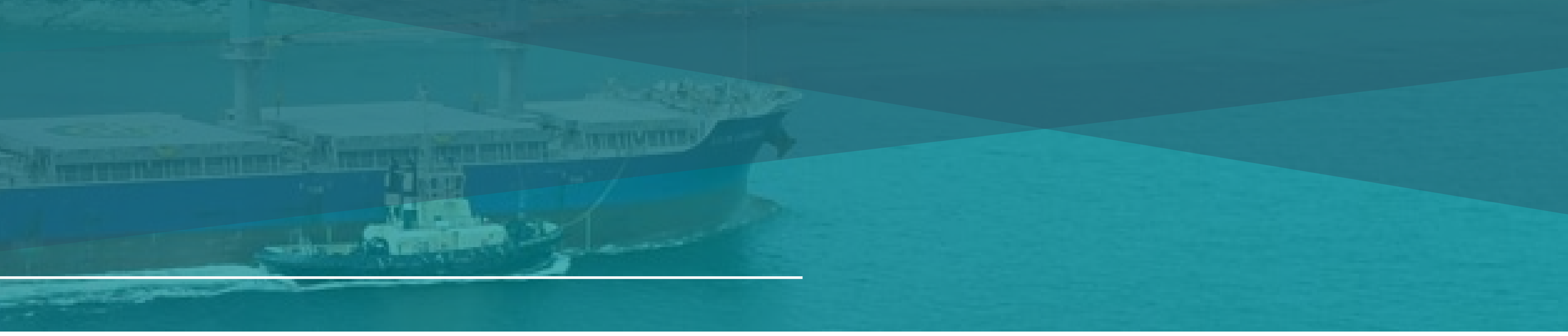
In line with the best practice guidelines, GIS data has been transformed to the new GDA2020 datum across all three sites, offering vastly improved spatial accuracy. Southern Ports also acquired RTK GPS units, enabling trained staff to map port assets in high accuracy, contributing to ongoing data quality improvement.

Southern Ports' spatial data holdings have been reviewed, restructured and cleansed in preparation for migration to our new Enterprise Geodatabase store, part of the new Enterprise GIS system. This process also prepared the spatial data to accommodate future integration activities.

INTELLIPORTS

Significant progress was made on the digital transformation of Southern Ports in 2021-22. The IntelliPorts program of works includes a full Enterprise Resource Planning (ERP) system and, in 2021-22, DXC was selected as the implementation partner for Dynamics 365 (D365) – the new platform for finance, human resources, maintenance and procurement. Detailed design and configuration of D365 were commenced during the period in readiness for deployment in late 2022. Southern Ports' new payroll system, Business Pay, was also progressed this period as part of the ERP delivery.

Early planning work to support the delivery of the new Port Operations Management System and Terminal Operating System were also completed this period, ahead of the appointment of delivery partners and implementation in 2022-23.



DRONE OPERATIONS

We extended our drone pilotage team this period, with two team members granted their Civil Aviation Safety Authority remote pilot licence and seven others reaching the final stages of their training.

In conjunction with a local Albany inventor, Southern Ports devised a remote-controlled drone boat with omni-directional navigation, a camera mount and remote camera control, allowing ultra-high resolution photographs in difficult areas, such as under our wharves. Our ability to create spatially-referenced reality models from these photographs has provided our engineers and maintenance crew with unprecedented visual access to these areas. The boat is also used as a tool to facilitate online inspections by specialist engineers located intrastate or overseas.

We also partnered with Curtin University to develop an algorithm which will allow us to identify failure modes in our breakwaters by converting and analysing drone generated point clouds.

Our drone pilotage team continues to grow
Port of Esperance

Rail network and shipping
Port of Esperance

05.

DISCLOSURE AND LEGAL COMPLIANCE

DIRECTORS' REPORT
GOVERNANCE
LEGAL COMPLIANCE
OTHER LEGAL AND POLICY REQUIREMENTS

DISCLOSURE AND LEGAL COMPLIANCE
DIRECTORS' REPORT

REVIEW OF OPERATIONS

As a Government Trading Entity reporting to the Minister for Ports, the primary role of Southern Ports is to operate as a commercial enterprise to facilitate trade through the ports of Albany, Bunbury and Esperance, aligned with the vision of 'Strong Regional Ports, Strong Regions'. Our operations and financial year end results reflect the commitment and drive of the organisation to attain this vision.

The 2021-22 period provided profit before income tax of $53.360 million (2020-21: $65.304 million).

The income tax attributable for the financial year was $15.655 million (2020-21: $19.915 million).

The following table is a summary of Southern Ports' results for the financial year 2021-22:

Summary of Results
For the year ended 30 June 2022

	2022 ($'000)	2021 ($'000)
Profit before income tax	**53,360**	**65,304**
Income tax expense	(15,655)	(19,915)
Profit for the period	**37,705**	**45,389**
Other comprehensive income/(loss)	122	21
Total comprehensive income for the year	**37,827**	**45,410**
Retained earnings at 1 July	145,035	138,607
Changes in accounting policy	-	-
Dividends paid in the financial year	-	(38,982)
Retained earnings at 30 June	**182,862**	**145,035**

STATE OF AFFAIRS

There were no significant changes in the state of affairs of Southern Ports during the financial year under review.

PRINCIPAL ACTIVITIES

The principal activity of Southern Ports during the year was the provision of port services and facilities. There were no significant changes those activities during the reporting period.

EVENTS SUBSEQUENT TO REPORTING DATE

During the period ended 30 June 2022 and the date of this report, there has not been any item, transaction or event of material and unusual nature, likely in the opinion of the Directors of Southern Ports to significantly affect the operation, the results of those operations or the state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Southern Ports will continue to work closely with our customers and stakeholders to fulfil our trade facilitation role and meet the needs of our current and future customers.

ENVIRONMENTAL REGULATION

Under the *Ports Authorities Act 1999*, Southern Ports is required to "protect the environment of the port and minimise the impact of port activities on that environment". Our operations are subject to regulation under both Commonwealth and State environmental legislation applicable to any Australian commercial entity.

For more details on Southern Ports' environmental management, please refer to page 50 within the report.

DIVIDENDS

Southern Ports is required to pay a 75 per cent dividend on after-tax profit, in line with State Government Financial Policy. The percentage may be amended from to time by Government.

During 2021-22 Southern Ports was not required to submit a dividend payment.

No dividends were recommended and provided for during the reporting period.

DIRECTORS

At the time of publication, the Directors of Southern Ports were:

Ian Shepherd, Chair
Gaye McMath, Deputy Chair
John Barratt
Jane Cutler
Wiebke Ebeling
Robyn Fenech
Chris Sutherland

DIRECTORS MEETINGS

The Board schedules meetings to be held throughout the year for both the full Board and Board Committees.

Special meetings are also called on occasion to consider urgent matters. During the reporting period, the Board called one special Board meeting.

Meetings were held between 1 July 2021 to 30 June 2022.

The table below represents the number of meetings held during the financial year and the number of attendances by Directors at the respective meetings based on their membership.

Ian Shepherd attended five meetings on behalf of Southern Ports, as a member of the Westport Steering Committee.

Total Meetings Held
For the year ended 30 June 2022

	Board	Audit, Finance and Risk Committee	Safety and Sustainability Committee	Corporate Governance Committee
TOTAL MEETINGS HELD	**8**	**6**	**5**	**3**
John BARRATT	8	5	-	-
Jane CUTLER	7	-	5	-
Wiebke EBELING	8	-	5	-
Robyn FRENCH	8	4	-	-
Gaye McMATH	7	5	-	3
Ian SHEPHERD	8	-	-	3
Chris SUTHERLAND	7	-	4	3

DIRECTORS' REPORT

EMOLUMENTS

In accordance with clause 13(c) (ii) of Schedule 5 of the *Port Authorities Act 1999*, the nature and amount of each major element of remuneration of each Director of Southern Ports and each of the three named officers who received the highest remuneration for the reporting period are reported below.

DIRECTOR EMOLUMENTS

The Minister for Ports establishes the remuneration paid to Directors as per clause 10(1) Part 2 Division 2 of the *Port Authorities Act 1999*.

Details of emoluments provided to Directors:

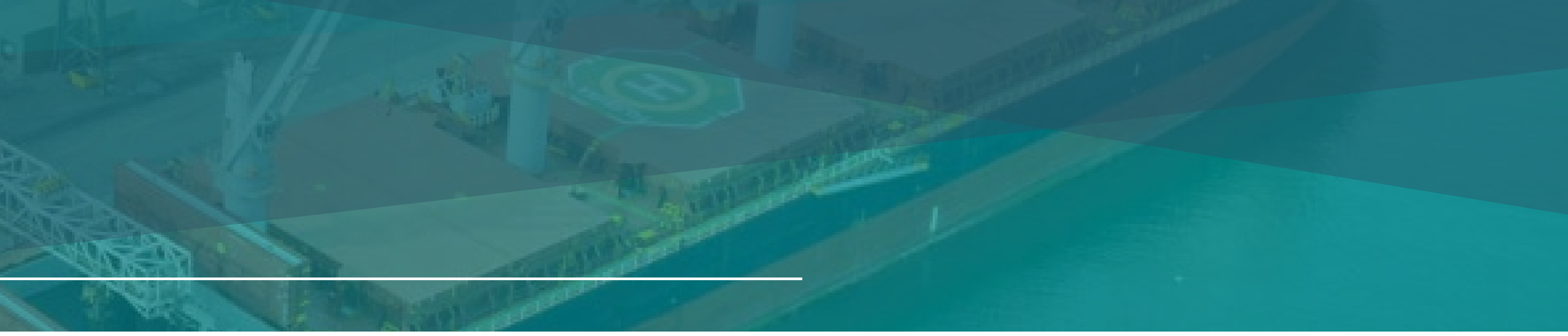
Director's Emolument Breakdown
For the year ended 30 June 2022

	Position Title	Type of Renumeration	Period of Membership	Term of Appointment	Board and Committee Fees $'000	Post-employment Benefits Superannuation $'000	Gross Renumeration $'000
John BARRATT	Director	Sitting Fee	12 months	Full Time	34	3	37
Jane CUTLER	Director	Sitting Fee	12 months	Full Time	34	3	37
Wiebke EBELING	Director	Sitting Fee	12 months	Full Time	33	3	36
Robyn FENECH	Director	Sitting Fee	12 months	Full Time	32	3	35
Gaye McMATH	Deputy Chair	Sitting Fee	12 months	Full Time	40	4	44
Ian SHEPHERD	Chair	Sitting Fee	12 months	Full Time	64	7	71
		Seasonal*	12 months	Part Time	3	0	3
Chris SUTHERLAND	Director	Sitting Fee	12 months	Full Time	34	3	37

*Ian Shepherd was remunerated during the reporting period, in accordance with the then Minister's approval of the Public Sector Commissioners recommended rates, as a member of the Westport Steering Committee.

DIRECTOR'S BENEFITS

No Director of Southern Ports received or became entitled to receive any benefit by reason of a contract, with a firm or entity of which the Director is a member, or has a substantial interest in (other than a benefit included in the total amount of emoluments received or due by Directors). Remuneration amounts for Directors is at the discretion of the Minister, with the Chair, Deputy Chair and Chair of Committee's receiving varying emolument values.



OFFICER EMOLUMENTS

The Board, with the approval of the Minister and subject to the *Salaries and Allowances Act 1975*, determines the terms and conditions of employment, including the remuneration package of the Chief Executive Officer.

The Chief Executive Officer, together with the Board, determines the employment terms, conditions and remuneration packages of the senior executives. The Chief Executive Officer and senior executives' performance is monitored against agreed criteria.

The remuneration, terms and conditions of employment for other staff are delegated to the Human Resources Committee and Chief Executive Officer, who ensures such terms and conditions are not less than the National Employment Standards contained in the *Fair Work Act 2009 (Cth)* and the *Minimum Conditions of Employment Act 1993 (WA)*.

Details of emoluments provided to Southern Ports three highest remunerated staff during 2021-22 are as listed below.

Employee Emoluments
For the year ended 30 June 2022

	Salary $'000	Other $'000	Post-employment Benefits Superannuation $'000	Other Long Term Benefits Long Service Leave $'000	Total $'000
Steve LEWIS	355	0	35	9	399
Jean NAUDE	313	10	28	9	360
Vernon TURNER	277	31	26	10	344

ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

Amounts have been rounded off to the nearest thousand dollars in the Directors' Report and Financial Statements.

This report is made with a resolution of Directors on 29 August 2022.

Ian Shepherd
CHAIR
Perth, Western Australia

Gaye McMath
DEPUTY CHAIR
Perth, Western Australia

DISCLOSURE AND LEGAL COMPLIANCE

GOVERNANCE

LEGISLATIVE FRAMEWORK

Southern Ports is the registered business name under which the Southern Ports Authority operates.

In accordance with the *Port Authorities Act 1999 WA* [the Act] Southern Ports carries out the duties to facilitate trade in a commercially responsible manner. The Act provides the accountability role with the State Government, as well as the powers to perform specific functions.

The Act adopts financial reporting provisions equivalent to those of Corporations Law and exempts Southern Ports from the *Financial Management Act 2006*, except for audit provisions, which means that the Auditor General continues to conduct annual audits.

While Southern Ports is exempt from the *Public Sector Management Act 1994*, it is required to, and have put in place minimum standards, through the setting of a Code of Conduct and Ethics, that reflect the principles of the *Public Sector Management Act 1994.* Southern Ports report annually to the Public Sector Standards Commissioner on the adherence to those standards.

BOARD OF DIRECTORS, ROLE AND ACTIVITIES

Directors to the Southern Ports Board are appointed by the Minister for terms of up to three years and Directors are eligible for reappointment. The Board consists of seven non-executive Directors and the Minister appoints the Chair and the Deputy Chair positions. The Board reports to the Minister regularly against Southern Ports' Strategic Plans and key operational items.

The Board is required to demonstrate a high level of ethical behaviour and responsibility to all stakeholders and meets throughout the year to consider strategic proposals and receive operational performance reports.

Information on Directors' experience and skills are outlined on pages 18-20.

BOARD CHARTER

The Board Charter sets out the role, responsibilities, membership and processes of the Board of Southern Ports, in line with the corporate governance framework and is aligned with the ASX Corporate Governance Principles and Recommendations, 4th Edition. Newly appointed Directors are provided a copy of the Board Charter within the induction pack.

INTERNAL AUDIT

Internal audits include operational [performance], compliance, financial and information systems audits, as well as reviews of corporate governance. The aim of the audits is to provide independent, objective assurance that adds value to Southern Ports' operations, and improves risk management, controls and governance processes.

The Audit, Finance and Risk Committee has oversight of the internal audit function for Southern Ports. The Board endorses the appointment of the internal auditors and the internal audit plan each financial year. Southern Ports engaged the services of Moore Australia during the reporting period as an independent consultant, to undertake internal audits.

Seven areas were audited during the reporting period, some of which included site security, delegations, risk management, environmental management, and financial controls.

EXTERNAL AUDIT

In compliance with the Act, Southern Ports' financial report has been audited by the Auditor General. The external audit is outsourced to KPMG as appointed by the Office of the Auditor General.

RISK MANAGEMENT

Our Risk Management Framework implemented in 2019 has been embedded and the new system and program for the recording, assessment, management and reporting of risks established within the organisation. The Framework assists the Board and Management to meet our ongoing risk management need and establishes good business practices, governance structures, identification, assessment and management processes.

The Board's Audit, Finance and Risk Committee is responsible for the oversight and governance of Southern Ports risk management.

LEGAL COMPLIANCE

FINANCIAL MANAGEMENT

Section 91 of the Act gives effect to Schedule 5 of the Act which contains provisions substantially based upon Corporations Law in relation to financial administration and audit. The provisions of the *Financial Management Act 2006* are limited to the application of the audit process only.

MINISTERIAL DIRECTIVES

Southern Ports did not receive a Ministerial direction during 2021-22.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

The Code of Conduct and Ethics [the Code] provides the expectations and standards for interacting with teammates, customers, suppliers and the general public. The Code further defines that all employees are accountable to behave respectfully, professionally and with integrity.

New employees receive information about the Code as part of their induction, and the Code is also available in offices and on the intranet.

Annual staff performance reviews also include an area for feedback and assessment against the Code.

During 2021-22, we received reported allegations against four individuals of behaviour that may have conflicted with the Southern Ports' Code of Conduct and Ethics. After initiating preliminary enquiries into two of these matters, one was resolved, and the other was dismissed. Two of the allegations were investigated, one allegation was substantiated as a breach of the Code of Conduct and action was taken appropriate to the level of the breach. The other misconduct matter was not substantiated, however, there was an element of the allegation that was considered unsatisfactory conduct (not misconduct), and appropriate action was taken in accordance with the Southern Ports Authority Disciplinary Procedure.

OTHER LEGAL AND POLICY REQUIREMENTS

Expenditure on Advertising, Market Research, Polling and Direct Mail
For the year ended 30 June 2022

EXPENDITURE CATEGORY AND COMPANY NAME	FY22 AMOUNT	FY21 AMOUNT
Advertising Agencies	0	0
Market Research Organisations	0	0
Polling Organisations	0	$78,750.00
Direct Mail Organisations	0	0
Media Advertising Organisations	$9,165.00	$16,910.14
TOTAL	**$9,165.00**	**$95,660.14**

RECORD KEEPING PLAN

In accordance with section 19 of the *State Records Act 2000* and State Records Commission Standard 2 [Principle 6], Southern Ports has a Record Keeping Plan that provides an accurate reflection of how recorded information is created and managed within the organisation, and the Plan must be complied with by our staff.

The Southern Ports Record Keeping Plan was revised during 2021 and approved by the State Records Commission in November 2021. Of note is the progress toward incorporating all of our records and documents towards a fully digital document and records management system. This body of work is being undertaken as part of Southern Ports' Enterprise Resource Planning (ERP).

Staff are informed of the importance and responsibilities of maintaining Southern Ports records, as part of their induction training. Periodic training is provided as a refresher and also when enhancements are made to create efficiencies in our systems.

FREEDOM OF INFORMATION

The *Western Australian Freedom of Information Act 1992* (WA) gives members of the community the right to apply for access to documents and information held by public sector agencies, such as Southern Ports.

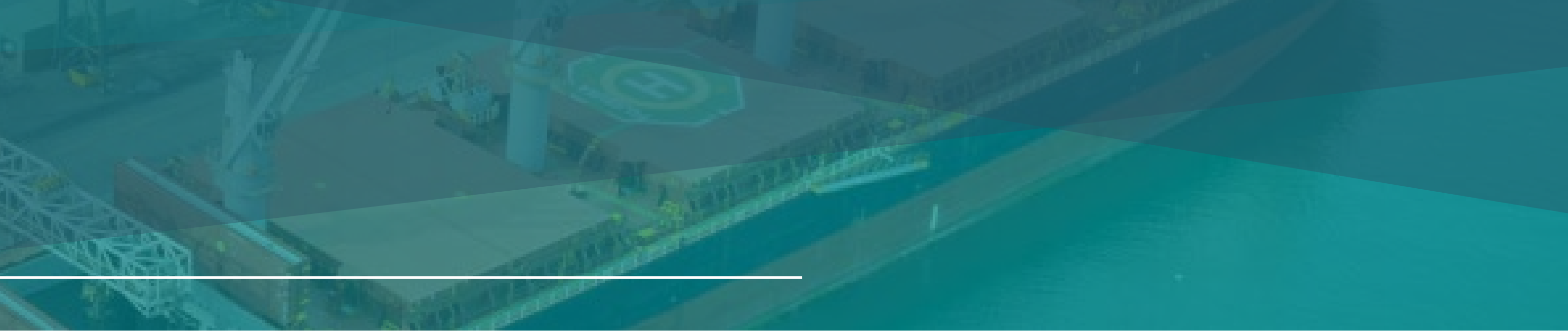
Information, media releases and publications are available via Southern Ports website at www.southernports.com.au. The 2021 Annual Report was released this period.

Our Freedom of Information Officer can be contacted via the following methods:

Postal: Freedom of Information Officer, Southern Ports
PO Box 992, BUNBURY WA 6231

Or email: FOI@southernports.com.au

During the reporting period there were two applications for personal or non-personal information. There was also one third-party request for consultation for applications made to other government agencies during the period.



SUBSTANTIVE EQUALITY AND DIVERSITY

We proudly support flexible arrangements in the workplace whereby employees can balance work and family commitments, offering a purchase of leave procedure to meet individual needs, paternity and maternity leave and part-time work opportunities.

Southern Ports is an inclusive and non-discriminatory employer that embraces diversity irrespective of race, age, sex, marital status, pregnancy, religious or political conviction, impairment, family responsibility or family status, gender, history or orientation.

The *Equal Opportunity Act 1984* is referenced by Southern Ports to guide equality in employment. The skills, knowledge and abilities for all applications for employment are assessed, the assessment method is fairly and consistently applied, and decisions are transparent and capable of review. We are committed to improving diversity outcomes in the workforce.

The following data has been collated during the reporting period and provides a representation of staff diversity.

As at 30 June 2021 Southern Ports employed 255 direct employees, as shown below:

CONTRACTS WITH DIRECTORS, EXECUTIVE AND MANAGEMENT

At the date of reporting, no Directors, Executive or Management or firms of which Directors, Executive or Management are members or entities in which Directors, Executive or Management have substantial interest had any interest in the existing or proposed contracts with Southern Ports other than normal contracts of employment service.

RECONCILIATION ACTION PLAN

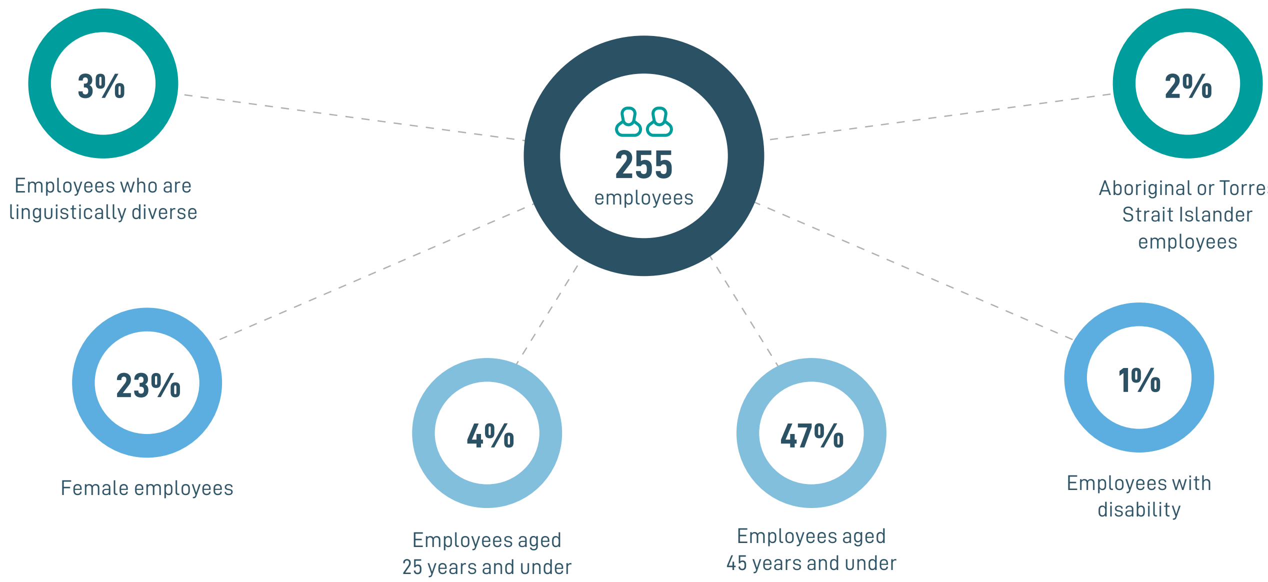
Southern Ports' vision and values support inclusive culture, particularly through teamwork and future focus, which reflects a greater understanding and awareness of the rich heritage and history of Western Australia's First Peoples.

The Reconciliation Action Plan will continue the development of respectful and culturally aware practices, workplaces and communities within the organisation.

GIFTS AND BENEFITS

Included in the Code of Ethics and Conduct is the clear requirement for declaration of any gift or benefit received by a Director or staff member of Southern Ports.

A gifts and benefits procedure, which sets out requirements for responding to offers of gifts, benefits or hospitality, has been implemented and a gifts and benefits register is in use and regularly reviewed by Executive.



OTHER LEGAL AND POLICY REQUIREMENTS

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

It is a priority of the Board to provide a safe and healthy work environment for all people involved with port related activities within the areas controlled by Southern Ports. This extends to ensuring our injury management procedures address employees' work and non-work-related injuries to support their individual needs. Our Safety and Health Policy was reviewed and updated in July 2020. An excerpt follows:

We are committed to:

- prioritising a physical and mentally healthy and safe workplace;
- ensuring sustainable development of its port jurisdictions and areas of influence through the consideration of physical and mental health and safety matters in all aspects of the decision-making process;
- ensuring employees understand their accountability and responsibility for their own personal safety and the safety of others;
- empowering staff and supporting the decision to stop work if there is a risk, real or perceived, to the physical or mental health and safety of individuals undertaking activities;
- promoting and upholding a positive culture that encourages everyone to report all hazards and incidents with honesty and integrity;
- identifying and managing all health and safety hazards and risks to prevent work-related injury and illness;
- being guided by ISO 45001 Occupational Health and Safety Management Systems and complying with all applicable health and safety legislation;
- providing resources, training and support to meet health and safety objectives at Southern Ports;
- jointly setting and reviewing meaningful health and safety targets with our staff as part of the continual improvement of a healthy and safety work environment;
- ensuring this Policy is displayed, communicated, implemented and periodically updated to reflect changes that may impact upon health and safety in our workplace; and
- engaging with employees, and stakeholders on health and safety matters and to research potential innovations and risk mitigations to actively reduce risk.

A total of nine Workers' Compensation claims has been lodged with our insurer during the rolling 12-month period 1 July 2021 to 30 June 2022.

Southern Ports performance in 2021-22 against targets set out in the Public Sector Commissioner Circular 2018-03 Code of Practice Occupational Safety and Health in The West Australian Public Sector, are shown in the table overleaf.

Occupational Safety, Health and Injury Management
Results for year ended 30 June 2022

MEASURES	RESULTS 2019-20	2020-21	2021-22	TARGETS	COMMENTS
Number of fatalities	0	0	0	0	Target achieved. Zero Fatalities
Lost time injury and disease incidence rate	1.46	1.21	0.8	0 or 10% reduction	Target achieved. 45% reduction from the 2019/2020 reference year.
Lost time injury and disease severity rate	0	0	0	0 or 10% reduction	Target achieved. Zero LTISR
Percentage of injured workers returned to work (i) within 13 weeks	100%	100%	100%	Greater than or equal to 80% return to work within timeframe	Target achieved. 100% returned within 13 weeks
Percentage of injured workers returned to work (ii) within 26 weeks	100%	100%	100%		Target achieved. 100% returned within 13 weeks
Percentage of Managers trained in OSH and injury management responsibilities	97%	88%	99%	Greater than or equal to 80%	Target achieved. 99% achieved

Pilot boat
Port of Bunbury

06.

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS
DIRECTORS' DECLARATION
INDEPENDENT AUDITOR'S REPORT

Statement of Comprehensive Income
For the year ended 30 June 2022

	NOTE	2022 ($'000)	2021 ($'000)
INCOME			
Revenue	4	145,535	136,813
Other income	5	16,848	34,129
EXPENDITURE			
Employee benefits expense	7	(36,963)	(34,737)
Contracts and services		(34,857)	(33,294)
Utilities		(9,351)	(10,428)
Depreciation	6	(10,432)	(10,333)
Materials and supplies		(6,728)	(7,165)
Government charges		(5,012)	(4,688)
Finance costs	8	(497)	(639)
Insurance		(2,044)	(1,779)
Other expenses	9	(3,139)	(2,575)
Profit Before Income Tax		**53,360**	**65,304**
Income tax expense	10	(15,655)	(19,915)
PROFIT FOR THE YEAR		**37,705**	**45,389**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit and loss			
Re-measurements of defined benefit liability/(asset)		174	30
Tax on items that will never be reclassified to profit or loss	10	(52)	(9)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**37,827**	**45,410**

The accompanying notes form part of these financial statements.

Statement of Financial Position
For the year ended 30 June 2022

	NOTE	2022 ($'000)	2021 ($'000)
ASSETS			
Current Assets			
Cash and cash equivalents	12	105,487	79,410
Trade and other receivables	13	22,506	24,093
Inventories	14	4,528	4,317
Total Current Assets		**132,521**	**107,820**
Non-Current Assets			
Deferred tax assets	10	2,283	1,463
Property, plant and equipment	15	172,560	164,526
Trade and other receivables	13	6,403	7,769
Inventories	14	2,463	2,327
Right-of-use assets	16	901	341
Total Non-Current Assets		**184,610**	**176,426**
TOTAL ASSETS		**317,131**	**284,246**
LIABILITIES			
Current Liabilities			
Trade and other payables	17	7,657	7,860
Interest bearing borrowings	18	1,389	1,311
Current tax liabilities	10	326	2,445
Provisions	19	7,566	6,729
Lease liabilities	16	393	180
Contract liabilities	20	853	3,280
Total Current Liabilities		**18,184**	**21,805**
Non-Current Liabilities			
Interest bearing borrowings	18	4,805	6,194
Provisions	19	1,052	1,345
Lease liabilities	16	514	153
Total Non-Current Liabilities		**6,371**	**7,692**
TOTAL LIABILITIES		**24,555**	**29,497**
NET ASSETS		**292,576**	**254,749**
EQUITY			
Reserves	21	14,815	14,815
Contributed equity		94,899	94,899
Retained earnings		182,862	145,035
TOTAL EQUITY		**292,576**	**254,749**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the year ended 30 June 2022

	NOTE	CONTRIBUTED EQUITY ($'000)	RESERVES ($'000)	RETAINED EARNINGS ($'000)	TOTAL ($'000)
BALANCE AT 1 JULY 2020		**94,259**	**14,815**	**138,607**	**247,681**
Profit for the period		-	-	45,389	**45,389**
Total other comprehensive income		-	-	21	**21**
TOTAL COMPREHENSIVE INCOME		**-**	**-**	**45,410**	**45,410**
Transaction with owners					
Equity injection	26	640	-	-	**640**
Dividends paid	11	-	-	(38,982)	**(38,982)**
BALANCE AT 30 JUNE 2021		**94,899**	**14,815**	**145,035**	**254,749**
BALANCE AT 30 JUNE 2021		**94,899**	**14,815**	**145,035**	**254,749**
Profit for the period		-	-	37,705	**37,705**
Total other comprehensive income		-	-	122	**122**
TOTAL COMPREHENSIVE INCOME		**-**	**-**	**37,827**	**37,827**
Transaction with owners					
Equity injection	26	-	-	-	**-**
Dividends paid	11	-	-	-	**-**
BALANCE AT 30 JUNE 2022		**94,899**	**14,815**	**182,862**	**292,576**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the year ended 30 June 2022

	NOTE	2022 ($'000)	2021 ($'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		164,318	155,383
Cash paid to suppliers and employees		(113,059)	(113,456)
Cash contributions from Government	5	12,372	21,482
Interest paid		(478)	(660)
Income tax paid		(18,645)	(22,211)
Net Cash Provided by Operating Activities	**22**	**44,508**	**40,538**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		168	496
Proceeds from sale of property, plant and equipment		-	10
Payment received from finance lease		1,283	1,205
Acquisition of property, plant and equipment		(18,242)	(12,569)
Net Cash Used in Investing Activities		**(16,791)**	**(10,858)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,311)	(4,030)
Dividends paid	11	-	(38,982)
Repayment of lease liabilities		(329)	(212)
Cash contributions from Government	26	-	640
Net Cash Used in Financing Activities		**(1,640)**	**(42,584)**
Net increase / (decrease) in cash and cash equivalents		26,077	(12,904)
Cash and cash equivalents at 1 July		79,410	92,314
CASH AND CASH EQUIVALENTS AT 30 JUNE	**12**	**105,487**	**79,410**

The accompanying notes form part of these financial statements.

Note 1
Basis of Preparation

(a) STATEMENT OF COMPLIANCE

Ports Authority ("Southern Ports") is a not-for-profit entity that prepares general purpose financial statements in accordance with Australian Accounting Standards and Interpretations (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the financial reporting provisions of the *Port Authorities Act 1999*.

The financial statements were authorised for issue on 29 August 2022 by the Board of Directors of Southern Ports.

(b) PRESENTATION OF THE STATEMENT OF COMPREHENSIVE INCOME

Expenses have been classified by nature as this is considered to provide more relevant and reliable information than classification by function due to the nature of Southern Port's operations.

According to AASB 101 Presentation of Financial Statements, expenses classified by nature are not reallocated among various functions within the entity.

The Directors have concluded that the financial statements present fairly Southern Port's financial position, financial performance and cash flows and that it has complied with applicable standards.

(c) BASIS OF MEASUREMENT

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

(d) COMPARATIVE FIGURES

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

(e) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

(f) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year are included within the following notes:

Note 15 – Determination of fair value

Southern Ports has made use of an independent valuation expert to assess the fair value in accordance with AASB 13 Fair Value Measurement, of assets which were subject to finance leases and which reverted back to Southern Ports during the period. Southern Ports has adopted a cost approach which incorporates adjustments for physical, technological and economic obsolescence.

Note 19 - Employee benefits

For the purpose of measurement, AASB119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employee leave entitlements.

Note 19 (d) – Defined benefit plan

Various actuarial assumptions are required when determining Southern Port's superannuation obligations. These assumptions and the related carrying amounts are discussed in Note 19(d).

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise stated.

(a) REVENUE RECOGNITION

Revenue is measured based on the consideration specific at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. Southern Ports recognises revenue when it transfers control over a good or service to a customer.

Southern Ports has considered the terms of the contracts and all relevant factors when assessing how much revenue is to be recognised. For revenue from shipping and cargo services, revenue is typically measured over time as Southern Ports satisfies its obligations to its customers.

(ii) Rental income

Rental income is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income where applicable. Non-lease components in contracts for provision of electricity and water involving the transfer of services to the lessee are recognised as revenue.

(iii) Government Contributions

Government contributions are recognised as revenue at fair value in the period in which Southern Ports obtains control over the funds. Depending on the nature of the contribution, Southern Ports obtains control of the funds either at the time the funds are received, or at the start of the year to which the appropriation applies.

(b) FINANCE INCOME AND EXPENSES

Finance income comprises interest income on funds. Interest income is recognised as it accrues.

Finance expenses include interest expenses on borrowings and finance charges payable under finance leases.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Statement of Comprehensive Income.

(c) INCOME TAX

Southern Ports operates within the National Tax Equivalent Regime (NTER) whereby an equivalent amount in respect of income tax is payable to the Department of Treasury (WA). The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

As a consequence of participation in the NTER, Southern Ports is required to comply with AASB 112 Income Taxes.

Income tax expense/(benefit) comprises current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow the manner in which Southern Ports expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) TRADE AND LEASE RECEIVABLES

Trade receivables are recognised and carried at the original invoice amounts less an allowance for any uncollectable amounts (i.e. impairment). Debtors are generally settled within 30 days except for property rentals, which are governed by individual lease agreements.

The value of the provision for impairment loss is assessed based on the expected credit losses of trade receivables and is measured at the lifetime expected credit losses at each reporting date. Southern Ports utilizes a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtor and economic environment. Bad debts are written off when formally recognized as being irrecoverable. Movement in the allowance for impairment of receivables is disclosed in Note 13.

A finance lease receivable is recognised for leases of property, plant and equipment which effectively transfers to the lessee substantially all of the risks and benefits incidental to legal ownership of the leased asset.

The lease receivable is initially recognised as the amount of the present value of the minimum lease payments receivable at the reporting date plus the present value of an unguaranteed residual value expected to accrue at the end of the lease term.

Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return of the net investment outstanding in respect of the lease, with interest revenue calculated using the interest rate implicit in the lease and recognised directly in the Statement of Comprehensive Income.

(e) INVENTORIES

Inventories consist of stores which are measured at the lower of cost and net realisable value. Inventories where there is loss of service potential, damaged or obsolete are written down to their net realisable value.

Spare parts

Southern Ports holds a variety of spare parts to ensure business continuity should plant or equipment require servicing or repairs. The size, nature and value of these items vary. This policy refers to those spares accounted for as inventory as "operating spares" and those accounted for as Property, Plant and Equipment ("PPE") as "capital spares".

Capital spares

Capital spares are spare parts, servicing equipment and stand-by equipment with an expected useful life, once put into use, of greater than one year. Where the expected useful life of the asset, once put into use, is less than one year such items should be accounted for as inventory and are not capital spares regardless of value or whether they can only be used in connection with a specific piece of PPE.

Capital spares are to be classified as either a separate component asset or attributed to an existing asset.

A component is an identifiable part of an item of PPE with a cost that is significant in relation to the total cost of the asset. Southern Ports considers an asset to be significant, and therefore a component, if it is greater than 5% of the value of the larger asset to which it relates. A component asset is to be depreciated over the shorter of its useful life and the life of any larger asset to which it relates.

Non-component assets classified as capital spares are to be allocated to and depreciated over the life of the asset to which they relate. Spares held for any maintenance contracts to service assets that are not under the control of Southern Ports, are not considered as capital spares even though the expected useful life, once put into use, is more than a year. Spares not considered as capital spares are accounted for as operating spares.

Operating spares

Operating spares are generally smaller in value and have an expected useful economic life that is less than capital spares. They are often consumed in the production process, or in support activities such as maintenance. If a spare does not meet the definition of a capital spare it shall be accounted for as an operating spare and therefore as inventory.

(f) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property, plant and equipment costing more than $5,000 are measured at cost less accumulated depreciation and accumulated impairment losses. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment costing $5,000 or less are immediately expensed to the Statement of Comprehensive Income.

Cost includes expenditure that is directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the following:

- Cost of materials and direct labour;
- Any other costs directly attributable to bringing the asset to a working condition for its intended use;
- When Southern Ports has an obligation to remove an asset or restore the site, an estimate of the costs of dismantling and removing the item and restoring the site on which it was located; and
- Capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income" in the Statement of Comprehensive Income.

(ii) Subsequent costs

Subsequent expenditure is capitalised when it is probable that the future economic benefits associated with the expenditure will flow to Southern Ports and its cost can be measured reliably. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less the estimated residual value using the straight-line basis over the estimated useful life. Depreciation is generally recognised in the Statement of Comprehensive Income. Leased assets are depreciated over the shorter of the lease term and the useful life unless it is reasonably certain that Southern Ports will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of each class of depreciable asset are as follows:

ESTIMATED USEFUL LIVES OF DEPRECIABLE ASSETS

Buildings and improvements	4-50 years
Breakwaters	22-50 years
Inner and outer harbour channels and basis	20-100 years
Navigational aids	10 years
Berths and jetties	10-40 years
Port infrastructure, plant and equipment	3-40 years
Minor plant and equipment	2-20 years
Office furniture and equipment	2-15 years
Motor vehicles	4-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(iv) Impairment

Property, plant and equipment and infrastructure are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. The recoverable amount is the greater of an asset's fair value less costs to sell and value-in-use.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of asset is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefit and to evaluate any impairment risk from falling replacement costs.

Impairment losses are recognised in the Statement of Comprehensive Income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) LEASES

At inception of a contract, Southern Ports assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, Southern Ports uses the definition of a lease in AASB 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, Southern Ports allocates the consideration in the contract to each lease component of its relative stand-alone prices.

Southern Ports recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to Southern Ports by the end of the lease term or the cost of the right-of-use asset reflects that Southern Ports will exercise a purchase option. In that case the right-of-use asset will be depreciated over the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, Southern Ports' incremental borrowing rate. Generally, Southern Ports uses the incremental borrowing rate as the discount rate, which is determined with reference to the interest rates obtained from Western Australia Treasury Corporation.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Amounts expected to be payable under a residual value guarantee;
- Exercise price under a purchase option when Southern Ports reasonably certain to exercise; and
- Lease payments in an optional renewal period when Southern Ports reasonably certain to exercise;

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease repayments if there is a change in future lease payments arising from changes in indexes or rates, change in estimated residual guarantees, or changes in assessments for exercising purchase or extension rights, or revisions of in-substance fixed lease payments. Remeasurements to lease liabilities result in adjustment to the relevant right-of-use asset carrying amount.

Southern Ports has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (<AUD$5,000) and short-term leases (<12 month term). The payments associated with these leases is expensed on a straight-line basis over the lease term.

(ii) As a lessor

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(h) FINANCIAL INSTRUMENTS

Southern Ports has the following categories of financial instruments:

- Loans and receivables;
- Financial liabilities measured at amortised cost.

Refer to Note 23 for further information on the classification of financial instruments.

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when Southern Ports becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus or minus, (for an item not at fair value through the profit and loss,) transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value Through Profit and Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless Southern Ports changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, Southern Ports may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, Southern Ports considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, Southern Ports considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit Southern Ports' claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

FINANCIAL ASSETS AT FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
FINANCIAL ASSETS AT AMORTISED COST
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

DEBT INVESTMENTS AT FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

EQUITY INVESTMENTS AT FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

Southern Ports derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either: substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- Southern Ports neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Southern Ports enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

Southern Ports derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Southern Ports also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, Southern Ports currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(i) PAYABLES

Payables, including trade creditors, amounts payable and accrued expenses, are recognised for amounts to be paid in the future for goods and services received prior to the reporting date. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(j) BORROWINGS

All borrowings are initially recognised at cost, being the fair value of the consideration received less directly attributable transactions costs. Subsequent measurement is at amortised cost using the effective interest rate method.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are de-recognised, as well as through the amortisation process.

Borrowing costs are expensed as incurred unless they relate to qualifying assets.

(k) EMPLOYEE BENEFITS

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if Southern Ports has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Other Long-term employee benefits

The liability for annual and long service leave expected to be settled within 12 months after the balance date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled 12 months after the balance date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance date.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the history of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the balance date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as Southern Ports does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Associated payroll on-costs are included in the determination of other provisions.

(l) EMPLOYEE SUPERANNUATION

The Gold State Superannuation Scheme (GSS Scheme), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefits pension scheme, are now closed to new members.

Southern Ports is liable for superannuation benefits for past years' service for members for the Superannuation and Family Benefits Act Scheme who elected to transfer to the GSS Scheme. Southern Ports also accrues for superannuation benefits to the pension scheme for those members who elected not to transfer from that scheme. Monthly contributions are also made to the Stevedoring Employees Retirement Fund (SERF) to satisfy existing workforce requirements for waterside employees who transferred to Southern Ports during 1992 and for casual staff.

The superannuation liability for existing employees with the pre-transfer service incurred under the Superannuation and Family Benefits Act Scheme who transferred to the GSS Scheme is provided for at reporting date. Southern Ports' total superannuation liability has been actuarially assessed as at 30 June 2022.

Employees who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2007.

From 16 April 2007, employees who are not members of the Pension, GSS or WSS Schemes become non-contributory members of the GESB Superannuation Scheme (GESB Super), a taxed accumulation fund. Southern Ports makes concurrent contributions to the Government Employee Superannuation Board (GESB) on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Super Schemes.

Defined benefit plan

Southern Ports' net obligation in respect of the defined benefit pension plan is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. These benefits are unfunded.

The discount rate used is the market yield rate at the balance date on national government bonds that have maturity date approximating to the terms of Southern Ports' obligations. The calculation is performed by a qualified actuary using the actuarial cost method.

The superannuation expense of the defined benefit plan is made of up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plan are recognised immediately in other comprehensive income in the Statement of Other Comprehensive Income.

The superannuation expense of the defined contribution plan is recognised as and when the contributions fall due.

(m) DIVIDENDS

Dividends are recognised as a liability in the period in which they are declared.

(n) PROVISIONS

A provision is recognised if, as a result of a past event, Southern Ports has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, cash at bank and at call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of change in their fair value, and are used by Southern Ports in the management of its short term commitments.

For the purpose of the Statement of Cash Flows, cash and cash equivalents is as defined above.

(p) GOODS AND SERVICES TAX

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of the acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from the investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows included in receipts from customers or payments to suppliers.

Note 3
Expenses by Nature

Operating expenses are presented on the face of the income statement using a classification based on the nature of expenses (see Note 1(b)).

Note 4
Revenue

	2022 ($'000)	2021 ($'000)
REVENUE CONSISTS OF THE FOLLOWING ITEMS:		
Revenue from contracts with customers		
Charges on ships	49,277	47,269
Charges on cargo	80,016	72,463
	129,293	**119,732**
Other revenue		
Rentals, leases and other lease recoveries	16,057	16,591
Interest revenue	185	490
TOTAL REVENUE	**145,535**	**136,813**

Note 5
Other Income

	2022 ($'000)	2021 ($'000)
OTHER INCOME CONSISTS OF THE FOLLOWING ITEMS:		
Government contributions [a]	12,372	21,482
Net gain on sale of property, plant and equipment	-	5
Fair value of transferred asset [b]	-	8,800
Other income	4,476	3,842
TOTAL OTHER INCOME	**16,848**	**34,129**

(a) Subsidies paid to Southern Ports to facilitate the ongoing operation of the Koolyanobbing mine following Mineral Resources Limited's acquisition of this mine from the outgoing Cleveland-Cliffs in 2018.

(b) Income realised on transfer of assets on expiration of leases arrangements.

Note 6
Depreciation

	2022 ($'000)	2021 ($'000)
Channels, dredging, breakwaters and navigation aids	2,178	2,220
Buildings and improvements	1,359	1,568
Plant and equipment	2,681	2,517
Berths, jetties and infrastructure	3,880	3,828
Total depreciation Property, Plant & Equipment	**10,098**	**10,133**
Depreciation on right-of-use assets	334	200
TOTAL DEPRECIATION	**10,432**	**10,333**

Note 7
Employee Benefits Expense

	2022 ($'000)	2021 ($'000)
Wages, salaries and redundancies	32,902	30,841
Superannuation	3,244	2,813
Increase in:		
Accrued wages	70	255
Accumulated days off	171	54
Annual leave	283	465
Long service leave	213	284
Personal leave	80	25
TOTAL EMPLOYEE BENEFITS	**36,963**	**34,737**

Note 8
Finance Costs

	2022 ($'000)	2021 ($'000)
Interest expense	488	636
Lease interest expense	9	3
TOTAL FINANCE COSTS	**497**	**639**

Note 9
Other Expenses

	2022 ($'000)	2021 ($'000)
Expected credit losses incurred during the year	32	15
Other employee related costs	3,107	2,560
TOTAL OTHER EXPENSES	**3,139**	**2,575**

Note 10
Income Tax Expense

	2022 ($'000)	2021 ($'000)
(A) RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME		
Current Tax Expense		
Current income tax expense	16,981	18,232
Adjustment for prior periods	(507)	95
Total Current Tax Expense	**16,474**	**18,327**
Deferred tax (income)/expense		
Origination and reversal of temporary differences	(961)	1,682
Adjustments for prior periods	142	(94)
Total deferred tax (income) / expense	**(819)**	**1,588**
TOTAL INCOME TAX EXPENSE	**15,655**	**19,915**
(B) INCOME TAX BENEFIT RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Deferred tax (benefit) / expense recognised in other comprehensive income	52	9
(C) NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX NET PROFIT		
Profit for the period	37,705	45,389
Total income tax expense	15,655	19,915
Profit excluding income tax	**53,360**	**65,304**
Income tax using the statutory tax rate of 30% (2021: 30%)	16,007	19,591
Non-deductible expenses	12	20
Other	-	303
	16,019	**19,914**
Under / (over) provision in prior years	(364)	1
INCOME TAX EXPENSE	**15,655**	**19,915**

Note 10 cont.
Income Tax Expense

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
	2022 ($'000)	2021 ($'000)	2022 ($'000)	2021 ($'000)
(D) MOVEMENT IN DEFERRED TAX BALANCES				
Deferred tax (income)/expense				
Current finance lease receivable	(2,331)	(2,716)	385	361
Future dredging	(524)	(544)	20	20
Other	(1,610)	(1,425)	(185)	(167)
	(4,465)	**(4,685)**		
DEFERRED TAX ASSETS				
Employee benefits and other provisions	3,085	2,909	176	580
Accelerated depreciation for accounting purposes	2,485	2,469	15	(826)
Other	1,178	770	408	(1,556)
Gross deferred tax assets	**6,748**	**6,148**		
Set-off of deferred tax liabilities				
Pursuant to set-off provisions	(4,465)	(4,685)		
Net deferred tax assets	**2,283**	**1,463**		
Deferred tax (expense) / income			**819**	**(1,588)**

(E) CURRENT TAX LIABILITIES

The current tax liability of $0.326 million (2021: $2.445 million) represents the amount of income taxes payable in respect of current and prior financial periods.

Note 11
Dividends

	2022 ($'000)	2021 ($'000)
Final dividends in respect of the previous financial year (i)	-	38,982
Interim dividends in respect of the current financial year (ii)	-	-
TOTAL DIVIDENDS PAID	**-**	**38,982**

In accordance with the Government Financial Policy, Southern Ports has a requirement to pay dividends. The 2022 financial year dividend payout ratio had been set at 75% (2021: 100%) of net profit after tax. In the course of 2021-22 Cabinet approved retention of the dividend payment for strategic infrastructure priorities

(i) No final dividend in respect of previous financial year was declared or paid for the financial results year ended 30 June 2021. (In respect of year ended 30 June 2020, paid: $38.982 million).

(ii) No interim dividend was declared or paid for the year ended 30 June 2022 (2021: $Nil). The Expenditure Review Committee has instructed an interim dividend is not required to be paid for the year ended 30 June 2022.

Note 12
Cash and Cash Equivalents (a)

	2022 ($'000)	2021 ($'000)
Bank deposits	43,907	28,968
Cash deposits	61,580	50,442
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS	**105,487**	**79,410**

(a) Final 2021 and interim 2022 dividend payments were suspended and held in Cash and cash equivalents to be applied on Cabinet approved strategic infrastructure requirements.

Note 13
Trade and Other Receivables

	2022 ($'000)	2021 ($'000)
CURRENT		
Trade receivables	17,849	21,294
Less: allowance for expected credit loss of trade receivables	(387)	(355)
	17,462	**20,939**
Other debtors		
Accrued revenue	1,118	1,299
Finance lease receivable	1,366	1,283
Prepayments	2,560	572
Trade and other receivables	**22,506**	**24,093**
NON-CURRENT		
Finance lease receivable	6,403	7,769
Trade and other receivables	**6,403**	**7,769**
Reconciliation of changes in expected credit loss of trade receivables:		
Balance at start of year	355	340
Expected credit loss/(gain)	32	15
Amounts written off during the period	-	-
BALANCE AT THE END OF YEAR	**387**	**355**

Southern Ports does not hold any collateral as security or other credit enhancements relating to receivables.

Southern Ports does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

At 30 June, the ageing analysis of trade debtors past due but not impaired is as follows:

	GROSS 2022 ($'000)	GROSS 2021 ($'000)
Not more than 3 months	2,356	3,023
More than 3 months but less than 6 months	480	82
More than 6 months but less than 1 year	-	-
More than 1 year	-	-
	2,836	**3,105**

As at 30 June 2022, an allowance for expected credit losses $0.387 million was recognised (2021: $0.355 million).

Note 14
Inventories

	2022 ($'000)	2021 ($'000)
CURRENT		
Material stores, spares for maintenance - at cost	4,528	4,317
INVENTORIES	**4,528**	**4,317**
NON-CURRENT		
Material stores, spares for maintenance - at net realisable value	2,463	2,327
INVENTORIES	**2,463**	**2,327**
TOTAL INVENTORIES	**6,991**	**6,644**

Reversal of net realisable value adjustment to non-current inventories, increase $0.136 million (2021: decrease $1.268 million).

Note 15
Property, Plant and Equipment

	CHANNELS, BREAKWATERS, DREDGING AND NAVIGATION AIDS		LAND	
	2022 ($'000)	2021 ($'000)	2022 ($'000)	2021 ($'000)
At cost	113,404	113,326	23,327	23,327
Accumulated depreciation	(73,428)	(71,208)	-	–
Accumulated impairment	(11)	(11)	-	–
	39,965	**42,107**	**23,327**	**23,327**
Additions	201	78	-	–
Transfers and other movements at cost [(a)]	29	-	-	–
Transfers and other movements Acc Depn [(a)]	-	–	-	–
Depreciation for the year	(2,178)	(2,220)	-	–
Impairment [(b)]	-	–	-	–
Disposals	-	–	-	–
Accumulated depreciation on disposals	-	–	-	–
Amounts written off [(c)]	-	–	-	–
CARRYING AMOUNT AT 30 JUNE	**38,017**	**39,965**	**23,327**	**23,327**
Closing Balance 30 June				
At cost	113,634	113,404	23,327	23,327
Accumulated depreciation	(75,606)	(73,428)	-	–
Accumulated impairment	(11)	(11)	-	–
CLOSING BALANCE 30 JUNE	**38,017**	**39,965**	**23,327**	**23,327**

(a) Transfers and other movements includes capitalization of Works in Progress amounts and reclassification of items between asset groups following a review to ensure standardization of asset classes.

(b) There was no impairment of assets in the 2022 financial year (2021: nil)

BUILDINGS AND IMPROVEMENTS		PLANT AND EQUIPMENT		BERTHS, JETTIES AND INFRASTRUCTURE		WORKS IN PROGRESS		TOTAL	
2022 ($'000)	2021 ($'000)	2022 ($'000)	2021 ($'000)	2022 ($'000)	2021 ($'000)	2022 ($'000)	2021 ($'000)	2022 ($'000)	2021 ($'000)
48,272	37,180	37,567	32,680	166,173	158,349	8,916	14,370	**397,659**	**379,232**
(27,219)	(25,651)	(23,593)	(21,137)	(107,116)	(103,288)	-	-	**(231,356)**	**(221,284)**
(646)	(646)	(144)	(144)	(976)	(976)	-	-	**(1,777)**	**(1,777)**
20,407	**10,883**	**13,830**	**11,399**	**58,081**	**54,085**	**8,916**	**14,370**	**164,526**	**156,171**
279	7,541	1,165	3,614	5,390	2,346	11,208	6,577	**18,243**	**20,156**
383	3,551	1,068	1,342	4,954	5,478	(6,434)	(10,371)	**-**	**-**
-	-	-	-	-	-	-	-	**-**	**-**
(1,359)	(1,568)	(2,681)	(2,517)	(3,880)	(3,828)	-	-	**(10,098)**	**(10,133)**
-	-	-	-	-	-	-	-	**-**	**-**
-	-	-	(69)	-	-	-	-	**-**	**(69)**
-	-	-	61	-	-	-	-	**-**	**61**
-	-	-	-	-	-	(111)	(1,660)	**(111)**	**(1,660)**
19,710	**20,407**	**13,382**	**13,830**	**64,545**	**58,081**	**13,579**	**8,916**	**172,560**	**164,526**
48,934	48,272	39,800	37,567	176,517	166,173	13,579	8,916	**415,791**	**397,659**
(28,578)	(27,219)	(26,274)	(23,593)	(110,996)	(107,116)	-	-	**(241,454)**	**(231,356)**
(646)	(646)	(144)	(144)	(976)	(976)	-	-	**(1,777)**	**(1,777)**
19,710	**20,407**	**13,382**	**13,830**	**64,545**	**58,081**	**13,579**	**8,916**	**172,560**	**164,526**

(c) Amounts written off include concept costs and discontinued projects in Works in Progress.

Note 16
Leases as Lessee

LEASES AS LESSEE

Southern Ports leases two commercial offices in one of its locations. The two new leases have been signed during 2022: one for a five year lease and the other for a one year lease with option to extend. Lease payments across the 5 year contract are escalated at 2.5% per year as per terms of the agreement.

Southern Ports leases IT equipment with varying terms of up to 5 years for laptops, printers and accessories.

	PLANT AND EQUIPMENT ($'000)	LAND AND BUILDINGS ($'000)	TOTAL ($'000)
(i) RIGHT OF USE ASSETS			
2022			
Opening net carrying amount	265	76	341
Additions during the year	103	791	894
Depreciation charge for the year	(134)	(200)	(334)
Balance at 30 June	**234**	**667**	**901**
2021			
Opening net carrying amount	-	72	72
Additions during the year	339	130	469
Depreciation charge for the year	(74)	(126)	(200)
BALANCE AT 30 JUNE	**265**	**76**	**341**
ii) LEASE LIABILITIES			
2022			
Opening net carrying amount	257	76	333
Additions during the year	104	790	894
Interest on lease liabilities for the year	3	6	9
Lease payments	(127)	(202)	(329)
BALANCE AT 30 JUNE	**237**	**670**	**907**
Current	**152**	**241**	**393**
Non-Current	**85**	**429**	**514**
2021			
Opening net carrying amount	-	73	73
Additions during the year	339	130	469
Interest on lease liabilities for the year	2	1	3
Lease payments	(84)	(128)	(212)
BALANCE AT 30 JUNE - CURRENT	**257**	**76**	**333**
Current	**104**	**76**	**180**
Non-Current	**153**	**-**	**153**

	PLANT AND EQUIPMENT ($'000)	LAND AND BUILDINGS ($'000)	TOTAL ($'000)
iii) AMOUNTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME			
2022			
Depreciation expense for right-of-use assets	134	200	334
Interest on lease liabilities	3	6	9
Expenses relating to variable lease payments not included in lease liabilities	-	132	132
TOTAL AMOUNTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME	**137**	**338**	**475**
2021			
Depreciation expense for right-of-use assets	74	126	200
Interest on lease liabilities	2	1	3
Expenses relating to variable lease payments not included in lease liabilities	-	72	72
TOTAL AMOUNTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME	**76**	**199**	**275**

iv) EXTENSION OPTIONS

No extension options were exercised in 2022.

LEASES AS LESSOR

Southern Ports leases out its land and certain infrastructure. All leases are classified as operating leases from a lessor perspective with the exception of one arrangement, which Southern Ports has classified as a finance lease. The following tables set out the maturity analysis of lease receivables.

	2022 ($'000)	2021 ($'000)
(i) OPERATING LEASES RECEIVABLE		
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	7,999	7,502
Later than 1 year but not later than 5 years	20,638	21,376
Later than 5 years	72,115	71,361
OPERATING LEASES RECEIVABLE	**100,752**	**100,239**
ii) FINANCE LEASES RECEIVABLE		
Future minimum rentals receivable for finance leases at reporting date:		
Within 1 year	1,824	1,824
Later than 1 year but not later than 5 years	7,294	7,294
Later than 5 years	-	1,823
FINANCE LEASES RECEIVABLE	**9,118**	**10,941**
Unearned finance income	1,349	1,889
NET INVESTMENT IN THE LEASE	**7,769**	**9,052**

Note 17
Trade and Other Payables

	2022 ($'000)	2021 ($'000)
Trade payables	1,273	2,680
Other payables	2,917	1,788
GST payable	278	407
Accrued wages	1,176	1,106
Unexpired income	2,013	1,879
TRADE AND OTHER PAYABLES	**7,657**	**7,860**

Note 18
Interest Bearing Borrowings

INTEREST BEARING BORROWINGS

This note provides information about the contractual terms of Southern Ports' interest-bearing borrowings, which are measured at amortised cost. For more information about Southern Ports' exposure to interest rate risk, see Note 23(i).

	2022 ($'000)	2021 ($'000)
CURRENT		
Special borrowings	1,389	1,311
	1,389	**1,311**
NON CURRENT		
Special borrowings	4,805	6,194
	4,805	**6,194**
FINANCING ARRANGEMENTS		
Southern Ports has access to the following lines of credit:		
Total facilities available		
Special borrowings	6,194	7,505
	6,194	**7,505**
Facilities utilised at reporting date:		
Special borrowings	6,194	7,505
	6,194	**7,505**
Facilities not utilised at reporting date:		
Special borrowings	-	-
	-	-

Note 18 cont.
Significant Terms and Conditions

SIGNIFICANT TERMS AND CONDITIONS

Special borrowings of $6.194 million (2021: $7.505 million) relate to the former Esperance Port Authority. These borrowings are from the WA Treasury Corporation's Portfolio Lending Arrangements (PLA), financed at fixed rates of interest; with any changes in interest rates having no impact on the profitability of Southern Ports.

BORROWING MATURING TABLE

Southern Ports has set out the maturity of its borrowings in the following table:

	1 YEAR OR LESS ($'000)	1-2 YEARS ($'000)	2-3 YEARS ($'000)	3-4 YEARS ($'000)	4-5 YEARS ($'000)	OVER 5 YEARS ($'000)	TOTAL ($'000)
2022							
INTEREST BEARING BORROWINGS							
Fixed interest rate borrowings	1,389	1,473	1,385	1,410	537	-	6,194
Balance at year end	**1,389**	**1,473**	**1,385**	**1,410**	**537**	**-**	**6,194**
WEIGHTED AVERAGE INTEREST RATE							
Fixed interest rate borrowings	**6.24%**	**6.24%**	**6.24%**	**6.24%**	**6.24%**	**-**	**6.24%**
2021							
INTEREST BEARING BORROWINGS							
Fixed interest rate borrowings	1,311	1,389	1,473	1,385	1,410	537	7,505
Balance at year end	**1,311**	**1,389**	**1,473**	**1,385**	**1,410**	**537**	**7,505**
WEIGHTED AVERAGE INTEREST RATE							
Fixed interest rate borrowings	**6.21%**	**6.21%**	**6.21%**	**6.21%**	**6.21%**	**6.21%**	**6.21%**

RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES	NOTE	2022 ($'000)	2021 ($'000)
SPECIAL BORROWINGS AT 1 JULY		7,505	11,534
CHANGES FROM FINANCING CASH FLOWS			
Repayment of borrowings		(1,311)	(4,030)
OTHER CHANGES			
Interest expense	8	488	636
Interest paid		(478)	(660)
(Increases)\decreases in accrued interest		(10)	25
Total other changes		**-**	**-**
SPECIAL BORROWINGS AT 30 JUNE		**6,194**	**7,505**

Note 19
Provisions

	2022 ($'000)	2021 ($'000)
CURRENT		
Employee benefits provision:		
Accumulated days off	199	96
Annual leave (a)	3,020	2,775
Long service leave (b)	3,050	2,753
Superannuation (d)	29	67
Sick leave	192	112
Other provisions		
Employment on-costs	1,076	926
	7,566	**6,729**
NON-CURRENT		
Employee benefits provision:		
Long service leave (b)	508	620
Superannuation (d)	459	625
Employment on-costs	85	100
	1,052	**1,345**
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of balance date	1,881	1,913
More than 12 months after balance date	1,139	862
	3,020	**2,775**
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of balance date	3,050	2,753
More than 12 months after balance date	508	620
	3,558	**3,373**
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employee on-costs including workers compensation premiums and payroll tax. The provision is measured at the present value of expected future payments.		
RECONCILIATION OF MOVEMENT IN PROVISIONS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION ARE:		
Employee Benefits Provision:		
Opening carrying amount	7,048	6,427
Additional provisions made during the period	3,779	3,201
Amounts used during the period	(3,370)	(2,580)
Closing carrying amount	**7,457**	**7,048**

Note 19 cont.
Provisions

	2022 ($'000)	2021 ($'000)
Other Provisions:		
Opening carrying amount	1,026	1,021
Additional provisions made during the period	679	1,892
Amounts used during the period	(544)	(1,887)
Closing carrying amount	**1,161**	**1,026**
(d) Defined benefit superannuation plans. The following is a summary of the most recent financial position of the Pension Scheme related to Southern Ports calculated in accordance with AASB 119 Employee Benefits.		
THE AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME ARE:		
Current Service Cost:		
Interest cost	10	7
Actuarial gain	(174)	(30)
	(164)	**(23)**
AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION ARE:		
Present value of unfunded obligations	488	692
	488	**692**
RECONCILIATION OF MOVEMENT IN THE PRESENT VALUE OF THE UNFUNDED OBLIGATIONS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION:		
Opening balance	692	783
CURRENT SERVICE COST		
Interest cost	10	7
Actuarial gains	(174)	(30)
Benefits paid	(40)	(68)
	488	**692**

Note 20
Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2022 ($'000)	2021 ($'000)
Accrued Revenue, included in 'trade and other receivables'	167	492
Contract Liabilities	(853)	(3,280)

Accrued Revenue, included in 'trade and other receivables' relate to the Southern Ports' rights to consideration for services provided but not invoiced at the reporting date.

The contract liabilities primarily relate to revenue received in advance for shipping services yet to be performed at the end of the reporting period.

Note 21
Nature and Purpose of Reserves

The Asset Revaluation Reserve was used to record historic increments and decrements on the revaluation of non-current assets. The balance relates to valuation of land and plant and equipment. All land and plant and equipment previously revalued are now carried at a deemed cost. This reserve is not available for the effects of decrements in the value of Land and Plant and Equipment.

Note 22
Notes to the Statement of Cash Flows

RECONCILIATION OF CASH

Cash at the end of the financial year shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2022 ($'000)	2021 ($'000)
Cash and cash equivalents	105,487	79,410
	105,487	**79,410**
RECONCILIATION OF PROFIT AFTER INCOME TAX EQUIVALENT TO NET CASH FLOW PROVIDED BY/(USED IN) OPERATING ACTIVITIES		
Profit after income tax equivalents	37,705	45,389
Adjustments for:		
Depreciation expense	10,432	10,333
Interest income	(185)	(490)
Finance costs	497	639
Net (gain) on sale of property, plant and equipment	-	(5)
Work in progress written off	111	1,660
Fair value of transferred asset	-	(8,800)
Income tax expense	15,655	19,915
	64,215	**68,641**
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL		
(Increase)/decrease in assets:		
Trade and other receivables	1,687	(5,355)
Inventories	(336)	2,011
(Decrease)/increase in liabilities:		
Trade and other payables	(97)	(1,736)
Provisions	718	626
Contract liabilities	(2,427)	(991)
GST liability	(129)	213
	63,631	**63,409**
Interest paid	(478)	(660)
Income taxes paid	(18,645)	(22,211)
NET CASH FROM OPERATING ACTIVITIES	**44,508**	**40,538**

Note 23
Financial Instruments

(i) FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

Southern Ports' principal financial instruments comprise cash and cash equivalents, receivables, payables, and interest bearing borrowings. Southern Ports' overall risk management program focuses on managing the risks identified below.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect Southern Ports' income or the value of its holdings of financial instruments. Southern Ports does not trade in foreign currency and is not materially exposed to other price risks.

Southern Ports' exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations, cash and cash equivalents and term deposits.

Southern Ports' borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities.

The risk is managed by WATC through portfolio diversification and variation in maturity dates. Southern Ports' cash and cash equivalents are mainly deposited in the banks which earned variable interest rates.

Term deposits are held with fixed interest rates, typically for a period of three to twelve months.

Southern Ports' policy is to manage its finance costs using a mix of fixed and variable debt with the objective of achieving optimum returns whilst managing interest rate risk to avoid uncertainty and volatility in the market place.

Southern Ports constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions and alternative financing structures.

Sensitivity Analysis

At the balance sheet date, if interest rates have moved as illustrated in the table below, with all other variables held constant, the effect would be as follows:

INTEREST RATE RISK - VARIABLE INSTRUMENTS

	CARRYING AMOUNT ($'000)	+0.5% CHANGE PROFIT ($'000)	(0.25%) CHANGE PROFIT ($'000)
2022 FINANCIAL ASSETS			
Cash and cash equivalents	105,487	527	(264)
	105,487	**527**	**(264)**
2021 FINANCIAL ASSETS			
Cash and cash equivalents	79,410	397	(199)
	79,410	**397**	**(199)**

Credit Risk

Credit risk arises when there is the possibility of Southern Ports' receivables defaulting on their contractual obligations resulting in financial loss to Southern Ports. Southern Ports measures credit risk on a fair value basis and monitors risk on a regular basis. With respect to credit risk arising from cash and cash equivalents, Southern Ports' exposure to credit risk arises from the counter party, with a maximum exposure equal to the carrying amount of these instruments. The cash and cash equivalents are held with banks and financial institution counterparties, which are rated AA- to AA+, based on Standard & Poor's ratings.

Southern Ports follows stringent credit control and management procedures in reviewing and monitoring debtor accounts and outstanding balances as evidenced by the historical aged debtors' balances. In addition, management of receivable balances includes frequent monitoring thereby minimising Southern Ports' exposure to bad debts. For financial assets that are either past due or impaired, refer to Note 13 'Trade and other receivables'.

Southern Ports' credit risk management is further supported by rental agreements and sections 116 and 117 of the *Port Authorities Act 1999*. Section 116 refers to the liability to pay port charges in respect of vessels and section 117 refers to the liability to pay port charges in respect of goods. Port charges are defined in section 115.

As at 30 June 2022, one customer represents 16.6% (2021: 29%) of outstanding trade receivables, where the balance of debtors is made up of various individual debtors.

Liquidity Risk

Southern Ports' objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves and its borrowing facilities. Southern Ports manages its exposure to liquidity risk by ensuring appropriate procedures are in place to manage cash flows, including monitoring forecast cash flow to ensure sufficient funds are available to meet its commitments.

The table below reflects the contractual maturity of financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows. An adjustment has been made where material.

	CARRYING AMOUNT ($'000)	TOTAL ($'000)	6 MONTHS OR LESS ($'000)	6-12 MONTHS ($'000)	1-2 YEARS ($'000)	2-5 YEARS ($'000)	> 5 YEARS ($'000)
2022							
Trade and other payables	4,190	4,190	4,170	-	-	-	20
Lease liabilities	906	906	210	183	223	290	-
Interest-bearing borrowings	6,194	6,194	695	695	1,473	3,331	-
	11,290	**11,290**	**5,075**	**878**	**1,696**	**3,621**	**20**
2021							
Trade and other payables	4,469	4,469	4,376	73	-	-	20
Lease liabilities	333	333	123	57	114	39	-
Interest-bearing borrowings	7,505	7,505	868	868	1,737	4,799	555
	12,307	**12,307**	**5,367**	**998**	**1,851**	**4,838**	**575**

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Trade payables, and other financial liabilities mainly originate from the financing of assets used in the ongoing operations such as property, plant and equipment and investments in working capital e.g. inventories and trade receivables. These assets are considered in Southern Ports' overall liquidity risk.

Risk associated with the liability on borrowings is reduced by Southern Ports paying a guarantee charge.

This charge guarantees payment to the WATC by the Government for outstanding borrowings in case of default.

Note 23 cont
Financial Instruments

(ii) CATEGORIES OF FINANCIAL INSTRUMENTS

Set out below are the categories and fair values of Southern Ports' financial instruments:

	2022 ($'000)	2021 ($'000)
FINANCIAL ASSETS		
Cash and cash equivalents	105,487	79,410
Trade receivables and accrued revenue	18,579	22,238
	124,066	**101,648**
FINANCIAL LIABILITIES		
Trade and other payables	(4,190)	(4,469)
Lease liabilities	(907)	(333)
Interest-bearing borrowings [(a)]	(6,565)	(8,635)
	(11,662)	**(13,437)**
	112,404	**88,211**

(a) The fair value of the interest bearing borrowings was provided by the Western Australian Treasury Corporation using a lending curve, based on the various maturing dates for each loan, less a margin.

(iii) CREDIT RISK EXPOSURE

The following table details the credit risk exposure on the Authority's trade receivables using a provision matrix.

	TOTAL ($000)	CURRENT ($000)	31-60 DAYS ($000)	61-90 DAYS ($000)	> 91 DAYS ($000)
30 JUNE 2022					
Total gross carrying amount	17,848	15,012	2,291	65	480
EXPECTED CREDIT LOSSES	**387**	**-**	**17**	**3**	**367**
30 JUNE 2021					
Total gross carrying amount	21,294	17,239	3,225	417	413
EXPECTED CREDIT LOSSES	**355**	**-**	**1**	**21**	**333**

Note 24
Capital Expenditure Commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	2022 ($'000)	2021 ($'000)
Within 1 year	4,805	4,999
	4,805	**4,999**

Note 25
Remuneration of Auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2022 ($'000)	2021 ($'000)
Audit of the financial statements	138	132
	138	**132**

Note 26
Related Parties

Southern Ports is a wholly-owned public sector entity that is controlled by the State of Western Australia.

Related parties of Southern Ports include:

- all cabinet Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including their related bodies, that are included in the whole of government consolidated financial statements;
- associates and joint ventures of an entity that are included in the whole of Government consolidated financial statements; and
- The Government Employees Superannuation Board (GESB).

(i) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Southern Ports has determined that key management personnel include Cabinet Ministers and senior officers of Southern Ports. However, Southern Ports is not obligated to reimburse for the compensation of Ministers and therefore no disclosure is required. The disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances.

Key management personnel compensation comprised the following:

	2022 ($'000)	2021 ($'000)
Short-term employee benefits	2,415	2,419
Post-employment benefits	240	227
Other long-term benefits	258	215
Termination benefits	1	-
	2,914	**2,861**

The Authority had no other related party transactions with key management personnel or their close family members or their controlled or jointly controlled entities.

(ii) SIGNIFICANT TRANSACTIONS WITH GOVERNMENT-RELATED ENTITIES

Significant transactions include:

- Income contributions from state government (2022: $12.372 million) [2021: $21.482 million]
- Equity contributions from state government (2022: $nil million) [2021: $0.640 million]
- Defined contribution Superannuation payments to GESB (2022: $1.959 million) [2021: $1.654 million]
- Defined benefit superannuation payments to GESB (Note 19(d))
- Interest bearing borrowings from WATC (Note 18)
- Dividends paid to the state government (Note 11)
- Auditor's remuneration to the Auditor General (Note 25)

CONTAMINATED SITES

Under the Contaminated Sites Act 2003 (the Act), Southern Ports is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER) Contaminated Sites Branch.

In accordance with the Act, DWER classifies these sites based on the risk to human health, the environment and environment values. Where sites are classified as "contaminated – remediation required" or possibly "contaminated – investigation required", Southern Ports may have a financial liability with respect to investigation or remediation if the polluter cannot be identified or does not have the resources to undertake the required investigation or remediation work.

Southern Ports, being a Government Trading Entity, is not eligible for support from the Contaminated Sites Management Account.

Contaminated Sites: Albany

In June 2022 a Preliminary Site Investigation (PSI) for the entire port was completed. The PSI identified 32 Areas of Potential Environmental Concern (APEC). Some APECs are the subject of previous notifications to DWER and outlined below. Further targeted Detailed Site Investigations (DSI) will be required before any changes to notifications to DWER can be considered.

Lot 898 on Plan 161753 – Current DWER Classification – PC-IR – Possibly Contaminated – Investigation Required. Site notified in 2007. A PSI was undertaken and submitted to DWER in 2013 for review. DWER has not yet determined that remediation is required or if any usage limitations will be placed on the land. Evidence has however indicated that the site is an affected site rather than a source site with the contamination migrating from another location. Responsibility for an affected site remains with the contributing site. The financial liability of Southern Ports will be set by the affected site determination by DWER and is currently undetermined. Southern Ports has undertaken an additional desktop review and the recommendation is to develop an appropriate Sampling and Analysis Quality Plan (SAQP) for the site for the next phase of investigations.

Lot 1575 on Plan 38810 - Current DWER Classification – PC-IR – Possibly Contaminated – Investigation Required. Site notified in 2012. The notice relates to a fuel terminal and grain terminal, both of which are currently tenanted. Investigations have not commenced and therefore any potential financial liability on Southern Ports is unknown. Liability is with the tenants for the extent their operations created or contributed to the contamination.

Lot 101 is a part lot in Princes Royal Harbour and is an impacted site from an historic gas works landside under the responsibility of Landcorp. In July 2020 DWER re-classified the land contaminated with restricted use. The land is suitable for ongoing use as an aquatic reserve. The water area is not within the working part of the port and port activities will not be impacted by this classification. The responsibility for ongoing monitoring will remain with the "source site" on land.

Lot 10 was formally a fuel terminal that is now vacant. The site was reported as an Area of Potential Environmental Concern (APEC) in 2007 to DWER and awaiting classification. Southern Ports has undertaken an additional desktop review and the recommendation is to develop an appropriate SAQP for the site for the next phase of investigations.

Contaminated Sites: Bunbury

Bunbury has 6 Lots that have actual or potential Areas of Potential Environmental Concern (APEC.)

Three of the lots, Lot 1 on Plan 23101, portion of Lot 2 on Plan 23101 and Lot 428 on Plan 30984 comprise the land previously occupied by a coal fired power station that was operated for approximately 40 years by Western Power. Synergy (formerly Verve Energy) and in the past Western Power, has previously conducted monitoring of the site using ground water bores. The soil has been remediated but the three sites remain classified as contaminated due to ground water. The three lots are suitable for "industrial uses".

The fourth lot, Lot 963 on Plan 220558 comprises an area shared by Alcoa and Worsley Alumina for caustic soda storage and transfer to rail tankers. The lease holders have undertaken monitoring and reporting activities as the caustic contamination has been caused by their combined activities over several decades. Lot 963 also contains a ground water monitoring bore that contains hydrocarbon contamination of unknown genesis. The bore is located within an area leased solely by Worsley Alumina who in conjunction with Southern Ports continues monitoring and investigation of remediation options for the bore. DWER Contaminated Sites Branch is regularly updated with monitoring data.

Southern Ports has continued 6 monthly sampling from its shallow ground water monitoring bores as part of a port wide monitoring network. The bores adjacent to the above lots in conjunction with other monitoring programs will provide early warning of any potential spread of the contamination in ground water.

In addition, water and sediment quality monitoring is conducted in all marine waters within the port boundary and in adjacent terrestrial water bodies (Leschenault Inlet, Leschenault Estuary and the Preston River) to identify any potential contamination from port activities. Biota samples are also collected and analysed to detect any accumulations of marker metals that are associated with products handled through the port.

An area of land bordering Tronox's lease on Lot 962 on Plan 219848 has been notified to DWER but has yet to be classified.

Note 27
Contingent Liabilities, Contingent Considerations and Contaminated Sites

Bunbury Outer Harbour Lot 1034 was reported to DWER in 2007 due to the visible spillage of mineral sands concentrate onto unsealed areas adjacent to the mineral sands storage and loading facilities located in the northern portion of the site.

In 2020, contamination assessments were carried out at the site to inform plans for the proposed Transforming Bunbury Waterfront Development Stage 3. This included a radiological survey due to the use of the site for mineral sands storage.

An accredited contaminated sites auditor reviewed the investigations and risk assessment for the site. The auditor's findings are documented in voluntary auditor's reports dated 13 August 2020 and 17 December 2020. On 11 August 2021, DWER accepted the auditor's recommendation in the Stage 3 VAR that substances present on the southern portion of Lot 1034 (outside the mineral sand storage premises and port facility) do not pose an unacceptable risk to human health, the environment or any environmental value, and is suitable for all land uses, including the proposed mixed-use waterfront development.

The area subject to the TBW Stage 3 development and the remaining Lot portion to further north are both classified as Potentially Contaminated – Investigation Required. The area containing the mineral sands lease is subject to negotiations as part of the TBW Stage 3 land transfer expected to be completed in Q2 2022-23. This portion for the Lot will be subdivided into a separate Lot for transfer. Southern Ports will formulate investigation and remediation plans for the remaining portion of Lot 1034 once the new boundaries are determined by the negotiations.

A comprehensive biennial radiological (NORM) survey of the Outer Harbour was commissioned by Southern Ports and conducted in March 2022. The survey results were provided to the Department of Transport to assist in the determination of a demarcation boundary between the Stage 3 development area and the northern part of lot 1034 which is currently an operational port zone.

The future relocation of port operations from the Outer Harbour will require the existing lease holders to remediate any contamination on their lease areas caused by their activities so this should not impose any financial liability for these lease areas onto Southern Ports. Some remedial work was completed in April 2018 on land previously occupied by mineral sands storage silos and below ground conveyor galleries. However, there may be liabilities falling to Southern Ports for remediation of areas at the Outer Harbour that are found to be contaminated but fall outside previously leased or currently leased areas. At this stage, any financial liability that may fall to Southern Ports to monitor or remediate contamination caused by the activities of the third parties referenced above is not able to be determined.

Contaminated Sites: Esperance

Esperance has 2 Lots that have actual or potential Areas of Potential Environmental Concern (APEC).

In 2007, four sites within the Port precinct were reported to DWER's Contaminated Sites Branch but classification was suspended until the completion of clean-up works following emissions of lead between 2006 and 2008. In 2012, following the conclusion of the 2008 to 2012 Esperance Clean-up and Recovery program conducted by the Department of Transport, an independent audit concluded that 'the extent of testing undertaken – soil, port ground surfaces, external and internal building surfaces, air, wastewater and sediment, have combined to allow a thorough and comprehensive clean-up and validation of the Esperance Port.' In November 2013, both the Port of Esperance landside (Lot 1027) and the marine side areas (Parcel 57916 - Inner Harbour as a portion of Lot 2194) were classified by DWER as 'potentially contaminated – investigation required'. No timelines were specified by the DWER indicating the regulator considers the risks are likely to be low.

The following works have been conducted within Lot 1027:

- Summit Fertilizers notified nutrient enriched groundwaters under their lease in 2005 and began remediation works in 2012. Summit conducts six monthly groundwater surveys that are shared with DWER and Southern Ports. Following improvements to stormwater management and abstraction of the groundwater for making liquid fertiliser, concentrations of nutrients in groundwaters have stabilised and are trending towards a reduction in concentrations. Further groundwater remediation is required before the site can be considered uncontaminated by Summit's activities. This is based on concentrations of nutrients being elevated in groundwater downstream of the site in comparison to concentrations upstream of the site, and Summit Fertilizers being the first occupier of the site.
- In 2015, a Detailed Site Investigation (DSI) was completed that focused on five specific sites believed to be of a higher risk, including Underground Storage Tanks (UST's) for fuel, a vehicle workshop sump, a front-end loader servicing yard and a dredge settlement pond. All sites were found to have a low risk to the surrounding environment. The UST within the port was removed in 2018.
- In 2017 a Preliminary Site Investigation (PSI) was completed across the whole port precinct resulting in the identification of twelve Areas of Potential Environmental Concern (APEC) requiring further investigation.
- In 2017, further groundwater and volatiles monitoring was conducted according to the recommendations of the 2015 DSI. This included the vehicle workshop sump at the front-

end loader servicing yard. The results again indicated low risks to the receiving environment.

- In 2018, further works were completed investigating the fill used for the reclamation of the port breakwater, concluding a low risk of contaminants leaching to the surrounding marine environment and becoming airborne as respirable dust to humans.

Contaminated marine sediments in Parcel 57916 were monitored annually for heavy metals from 2008 to 2017 and subject to maintenance dredging in 2014. The 2017 PSI concluded that sediment monitoring showed a reduction in contaminants in the sediments and risk to the marine environment, and therefore did not warrant further investigation.

A whole of port DSI into the remaining 12 APEC was completed in April 2020 using an independent investigator. The report found there were generally low risks of contamination at all sites and recommended an underground fuel tank, adjacent to the Taylor Street Jetty, be investigated further and remediated if required. The April 2020 report also recommended that Southern Ports approach DWER to reclassify Port lands to remove the "investigation required" status and reclassify the land as "Contaminated - Restricted Use" for industrial/commercial purposes. An IODP is being developed for the portion of the Lot used by the public to separate this area of the lot form the large portion suitable for industrial use.

In response to the April 2020 recommendations, a contractor was engaged by Southern Ports to conduct detailed investigations specifically on this site and determine:

- Risks of impacts to the surrounding environment including migration of hydrocarbons via groundwater to the marine environment.
- Recommendations on potential requirement for a Remedial Action Plan, or whether the tank and surrounding soils can remain in situ with the tank being filled with a stabilising medium such as concrete, sand or a lighter medium such as a structural foam.

In March 2021 the tank was remediated (cleaned and filled) in-situ to Australian Standards and is no longer considered a potential concern.

In 2021 the redundant Nickel loading circuit was demolished. After removal from site low levels of nickel were identified in the laydown area topsoil. A focused DSI recommended mixing the topsoil with virgin material and retaining onsite to the original profile. The area remains within the acceptable risk levels defined in the Contaminated Sites Act (2003). The in-situ retention work was complete in June 2022.

monitoring network. The bores adjacent to the above lots in conjunction with other monitoring programs will provide early warning of any potential spread of the contamination in ground water.

Other contingent liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Southern Ports has a contract to load bulk nickel for BHP Billiton Nickel West. BHP Billiton Nickel West currently does not export its bulk nickel from Esperance however this situation may change. The status of Southern Ports' obligations is not determined, and insufficient information is currently available to determine the financial impact, if any, in the event of a claim under the contract arrangements.

Southern Ports was previously advised of the potential for litigation with a customer in relation to the end of their lease and their purported exercise of an option to renew the lease. No litigation has been commenced by the customer and insufficient information is currently available to determine the financial impact, if any, in the event of any claim.

Note 28
Assessment of COVID-19 Pandemic

The World Health Organisation declared the outbreak of the Coronavirus disease (COVID-19) a pandemic on 12 March 2020. Southern Ports is complying with guidance and Government regulations since this time. For the year ended 30 June 2022, there has been immaterial financial impact to business operations.

Southern Ports continues to facilitate trade through all Ports in line with internal forecasts. There has been no impact to the going concern of Southern Ports for the year ended 30 June 2022. Southern Ports will continue to monitor and respond to the COVID-19 pandemic accordingly.

Note 29
Events After the Reporting Period

There has not arisen in the interval between the end of the financial year and the date of this report anytime, a transaction or event of material or unusual nature likely in the opinion of the Directors of Southern Ports, to significantly affect the operations of Southern Ports, the result of those operations or the state of affairs of Southern Ports, in the future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of the Southern Ports Authority:

(a) the financial statements and notes for the period ending 30 June 2022 comply with Australian Accounting Standards, *Port Authorities Act 1999* and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position of the Southern Ports Authority as at 30 June 2022 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date; and

(c) there are reasonable grounds to believe that the Southern Ports Authority will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors on 29 August 2022.

Ian Shepherd
CHAIR
Western Australia

Gaye McMath
DEPUTY CHAIR
Western Australia

Auditor General

INDEPENDENT AUDITOR'S REPORT
2022
Southern Ports Authority

To the Parliament of Western Australia

Opinion

I have audited the financial report of the Southern Ports Authority (the Authority), which comprises:

- the Statement of Financial Position as at 30 June 2022, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- notes to the financial report, including a summary of significant accounting policies
- the directors' declaration.

In my opinion, the financial report of the Authority is prepared in accordance with (Schedule 5 of) the *Port Authorities Act 1999*, and:

- gives a true and fair view of the Authority's financial position at 30 June 2022 and of its performance for the year then ended
- in accordance with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial report section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the directors for the financial report

The directors of the Authority are responsible for:

- keeping proper records
- preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and Schedule 5 of the *Port Authorities Act 1999*
- such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, the directors are responsible for:

- assessing the Authority's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other Information

The directors are responsible for the other information. The other information is the information in the Authority's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Authority for the year ended 30 June 2022 included in the annual report on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on the website, they are advised to contact the Authority to confirm the information contained in the website version.

Grant Robinson

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
30 August 2022

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STRONG REGIONAL PORTS, STRONG REGIONS.

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