SOUTHERN PORTS
ALBANY BUNBURY ESPERANCE

ANNUAL REPORT 2023

Acknowledgement of Country

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

Statement of Compliance

for the year ended 30 June 2023

To the Hon David Michael MLA
Minister for Ports; Local Government; Road Safety

In accordance with the provisions of the *Government Trading Enterprises Act 2023, 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 2023.

Ian Shepherd
Chair
Board of Directors

CONTENTS

STRONG REGIONAL PORTS, STRONG REGIONS.

About us

Southern Ports is a State Government-owned port authority in regional Western Australia.

We provide essential infrastructure and services that underpin the state's economic growth and prosperity through the management of Western Australia's three southern ports at Albany, Bunbury and Esperance.

Our primary role is to facilitate trade and connect Western Australia to world markets. As the southern gateway for trade and tourism, our diverse ports collectively handle more than 37 million tonnes of cargo a year across bulk commodities and containers, and welcome cruise ships and specialty vessels to our regions.

Together, our ports have a rich history of more than 350 years of operation and hold deep connections with our regional communities. Fostering and extending these connections is essential in creating a sustainable future for current and future generations and underpins our vision of 'strong regional ports, strong regions'.

OUR VISION

Strong regional ports, strong regions.

OUR STRATEGIC PRIORITIES

ACTIVE TRADE AND INVESTMENT

To work actively and in partnership with current and potential customers and State entities to create competitive supply chains and secure trade and investment opportunities in the regions we serve.

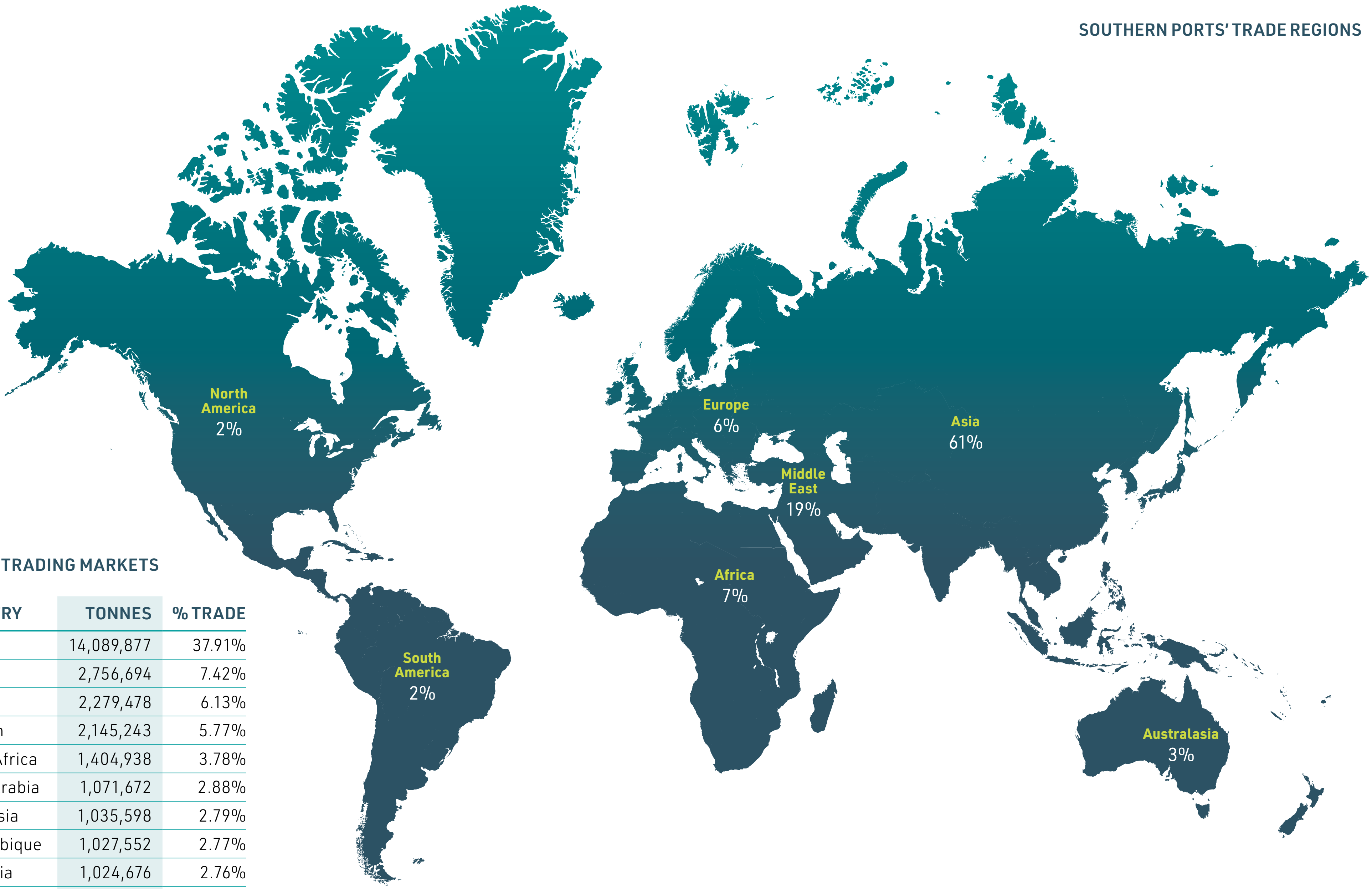
OPERATIONAL EXCELLENCE

To manage our ports professionally, with exceptional customer service, value creation, and with a strong reputation for safe marine and landside operations.

SUSTAINABILITY

To pursue sustainability as the way in which Southern Ports does business, building a solid reputation with our customers and community for creating long term value which protects our environment and heritage assets, while achieving strong economic and regional development for current and future generations.

SOUTHERN PORTS' TRADE REGIONS



TOP 10 TRADING MARKETS

COUNTRY	TONNES	% TRADE
China	14,089,877	37.91%
Japan	2,756,694	7.42%
UAE	2,279,478	6.13%
Bahrain	2,145,243	5.77%
South Africa	1,404,938	3.78%
Saudi Arabia	1,071,672	2.88%
Indonesia	1,035,598	2.79%
Mozambique	1,027,552	2.77%
Australia	1,024,676	2.76%
Philippines	979,432	2.64%

Our ports

PORT OF ALBANY

The Port of Albany is located 400 kilometres south of Perth within the Great Southern region of Western Australia. The gateway port offers four berths, leases for port-related industries, and access to port infrastructure and facilities.

Adjacent to the city of Albany, the Port encompasses 84.4 hectares inclusive of the waters of Princess Royal Harbour and King George Sound. As the first port in Western Australia in 1827, it is historically significant to the region and state.

Key commodities include grain, woodchips, silica sands, fertiliser and fuel.

The Port is also a premier cruise ship destination with significant heritage and tourism opportunities, and has a strong environmental and sustainability focus.

5.5mt trade

164 vessel visits

33 people

MAJOR CUSTOMERS

CBH Group
Plantation Pulpwood Terminals
Australian Plantation Export Company
AustSand Mining

MAXIMUM CAPACITY

Length	227m
Depth	12.2m
Draft	11.7m

PORT OF BUNBURY

Located 175 kilometres south of Perth in the waters of Koombana Bay, our Port of Bunbury is a gateway port with seven active berths. It provides leases for port-related industries and access to port infrastructure and facilities.

The diverse commodities traded through the port extend to alumina (its highest traded commodity), grain, spodumene, caustic soda, woodchips, mineral sands, silica sands, copper concentrate, coal, fertiliser, and fuel. The Port also welcomes cruise vessels.

Optimally located in the South West region and with a large landholding of 482 hectares, the Port is also primed for growth. Key future development opportunities include new berths within the protected harbour to support increased bulk throughput and new trade opportunities including vehicles and break bulk trades.

The Port of Bunbury is ISO 14001 certified.

18.1mt trade

465 vessel visits

80 people

MAJOR CUSTOMERS

Alcoa
Worsley Alumina
Bunge
Talison Lithium
Iluka
WA Plantation Resources
Newmont
Bunbury Fibre Exports

MAXIMUM CAPACITY

Length	381m
Depth	12.7m
Draft	11.6m (+ tide)

PORT OF ESPERANCE

Located approximately 720 kilometres east-southeast of Perth in the Goldfields-Esperance region and within the waters of Esperance Bay, our Port of Esperance is a gateway port offering full port and terminal services with three berths and a landholding of 75 hectares.

The Port is the only deep-sea port in southern Western Australia, capable of handling Capesize vessels.

The second-largest employer in the region, the Port is a hub for iron ore, its highest traded commodity.

Other key commodities include grain, spodumene, fuel, sulphur, woodchips, fertiliser, copper concentrate and nickel, as well as containers and cruise ships.

13.6mt trade

10,366 TEU

224 vessel visits

149 people

MAJOR CUSTOMERS

MRL/PMI
CBH Group
First Quantum Minerals
Viva/BP
Allkem
Southern Pacific Fibre
Lithco
IGO

MAXIMUM CAPACITY

Length	244m
Depth	18.6m
Draft	18.0m (+ tide)

2022-23 at a glance

TOTAL TRADE

37.16mt

16+ commodities

853 vessel visits including **14 cruise ships**

COMMERCIAL

$214.74m total revenue

$87.74m profit before tax

$61.41m profit after tax

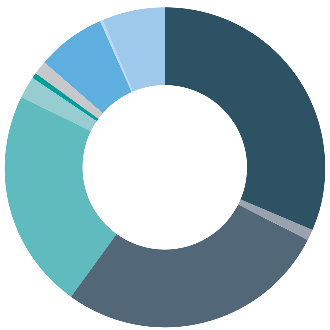
TOTAL EXPORTS

34.01mt

HIGHEST EXPORT COMMODITIES

Alumina	Grain	Iron ore
$13.9m revenue yield	$28.5m revenue yield	$49.7m revenue yield

EXPORTS (TONNES)



Alumina	10,771,827
Grain	9,370,489
Iron ore	7,605,099
Spodumene	2,405,155
Woodchips	2,094,260
Mineral sands	771,893
Silica sand	488,932
Copper concentrate	313,540
Nickel	147,637
Sundry	39,398

TOTAL IMPORTS

3.15mt

HIGHEST IMPORT COMMODITIES

Caustic soda	Fuel	Fertiliser
$2.2m revenue yield	$3.2m revenue yield	$3.0m revenue yield

IMPORTS (TONNES)

Caustic soda	1,433,817
Fuel	424,401
Fertiliser	385,356
Coal	350,227
Sulphur	295,382
Mineral sands	236,083
Sundry	28,490

SUSTAINABILITY

Sustainability Plan launched

$298k
invested in **132 community projects**

$12m
digital systems transformation **advanced**

Reflect
RECONCILIATION ACTION PLAN
commenced

PEOPLE

288
employees

91%
regional workforce

$1m
training investment

2100+
training events

3.1
Lost Time Injury Frequency Rate

73
record high customer satisfaction score

OPERATIONS

$19m
asset investment

17.3%
return on assets

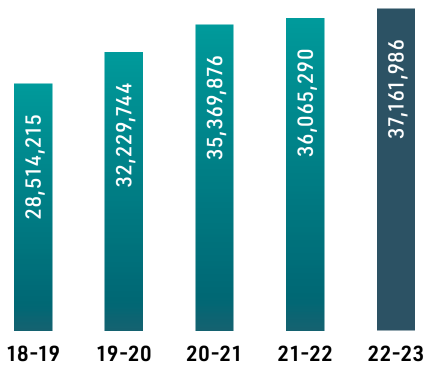
38 completed projects

3 master plans completed

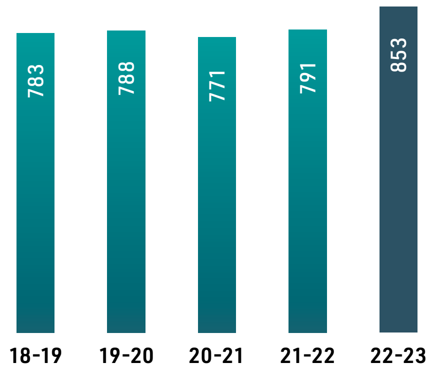

8
6
4
2
9M
8
6
4
2
8M
8
6

Key business results

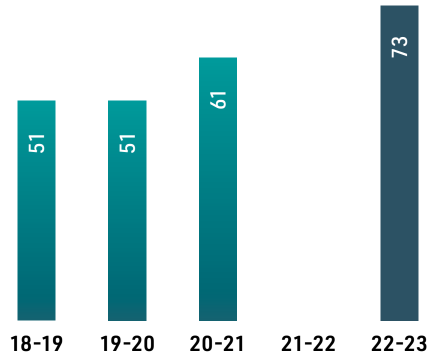
TOTAL TRADE
(TONNES)



TOTAL SHIP VISITS
(NUMBER OF VESSELS)

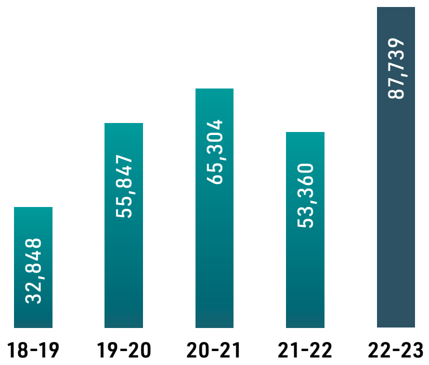


STAKEHOLDER SATISFACTION
(REPUTATION INDEX)

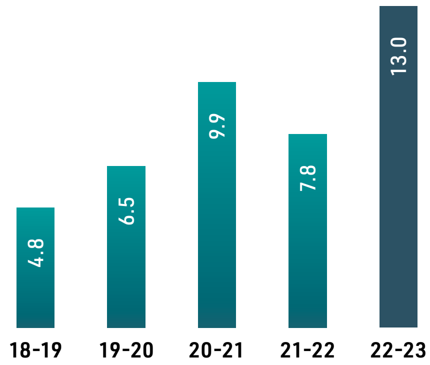


Survey not conducted in 2021-22.

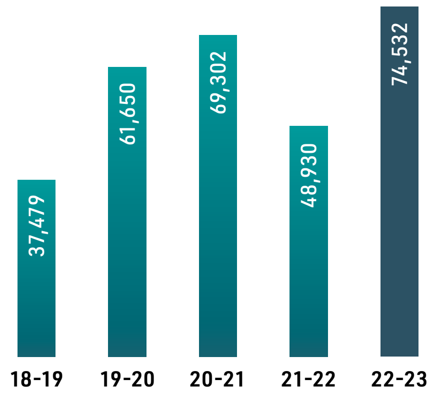
OPERATING PROFIT BEFORE TAX ($'000)



ECONOMIC RATE OF RETURN ON ASSETS (%)



CONTRIBUTIONS TO GOVERNMENT* ($'000)



*including NTER, payroll tax, land tax, emergency services levy, local government rates and dividends (paid and retained).

From our Chair and CEO

It has been a pleasing year for Southern Ports with record achievements, multiple awards for excellence, and the highest level of stakeholder satisfaction recorded to date.

Our focus remains clear – to pursue our vision of 'strong regional ports, strong regions'. This will be achieved through sustainable practices, professional management of our people and assets, and development of new trade and investments in our regions.

Our results

Southern Ports had an outstanding year of trade off the back of extraordinary grain exports and world demand for battery minerals. Our customers continued to develop new markets and maintained an investment in growth, with Southern Ports being responsive to this additional trade.

This year, 37.16 million tonnes of trade moved through our ports, an increase of three per cent over the previous year, including record tonnages at our Port of Bunbury and Port of Albany. These tremendous outcomes are testament to our customers and the Southern Ports team working collaboratively to achieve positive results.

This year we also achieved a 62 per cent increase in net profit after tax against the previous year – a record profit of $61 million.

Southern Ports was the proud recipient of a number of industry awards this year, including runner-up in the 2022 DCN Port of the Year awards, recognition in a number of asset and digital technologies awards, and a Bronze award in the WS Lonnie Awards for annual reporting excellence.

These are pleasing accolades for the work Southern Ports has completed in asset management, the application of new technology, and research and innovation in digital development.

Of equal importance, Southern Ports achieved a 'good to very good' rating in its latest stakeholder and community survey – a record rating for our organisation and reflective of our customer service orientation and our continued investment in our regional communities.

Workplace safety continued to improve, with a 12.5 per cent reduction in workplace incidents this period. We also completed the roll-out of the Zero Incident Program across the organisation and issued our safety culture survey to all staff. This further demonstrates our desire to improve the important teamwork and systems that underpin good safety.

We will continue to move toward our zero target, and to invest in engineering out major potential risks. The health and wellbeing of our workforce, and the advancement of strong safety leadership is paramount.

We launched our Sustainability Plan, with work completed during the year on our baseline emissions assessment and on our early planning for how to achieve an 80 per cent reduction in net emissions by 2030. At the same time, we are investing in the training and development of our workforce, on training apprentices (including marine cadets) and in safety and compliance training. Our people are a key asset in our sustainability objective.

And we continued to invest in our communities through our Community Investment Program and providing direct support to our important seafarer organisations. In addition, we continued to support local initiatives as well as holding our very successful Picnic at the Port event at Bunbury.

Future plans

The value of our asset management system has enabled Southern Ports to secure capital investment for asset recovery of ageing assets in each port. This work, together with our Master Plans, underpin an exciting future program of asset renewal to support trade development over the next decade. We look forward to advancing those investment plans in 2024.

The year ahead will see the development of strategies for iron ore and grain growth over the next five years – both key trades in our regional ports. We will build upon our master planning work to propose the projects that will reconfigure each of our ports to support the next 20+ years of trade growth. This will involve design and approval processes, and the development of strong business cases to support new investment and sustainable capital.

We will also complete our Enterprise Resource Planning system, an important component of our wider IntelliPorts initiative to be a digitally-enabled port authority that connects seamlessly with global and local supply chains. Our terminal operating system and port operations management system will also be completed, delivering new benefits to our customers and to our decision-making on capacity allocation and berth efficiency.

Trade development and customer service will be key areas of focus in the year ahead as we look to build upon our work to create a pipeline of trade at each of our ports. Customer growth plans must be supported by port growth plans, and we are well placed to provide advice on the investment required and to work with our customers for mutually beneficial capacity solutions.

Our ports are growing and this will require further recruitment of specialist staff, development of leaders and managers at all levels, and first-class equipment and systems. We will completely replace our operational technology over the next two years as another step in moving our operations fully to the digital future we are working towards.

People and leadership

During the year our Board of Directors completed the important task of selecting a new Chief Executive Officer in readiness for the retirement of Southern Ports' longest-serving CEO, Steve Lewis, on 30 April 2023.

Following a comprehensive recruitment process, Chief Operating Officer Keith Wilks was appointed as our new Chief Executive Officer on 1 May 2023, a reflection on the succession planning work of the Board over the past three years. The Board also worked to ensure the process of selection and the transition to the new Chief Executive Officer was well managed and professional, and provided valuable continuity to existing strategy and organisational development projects.

We acknowledge the outstanding leadership of Steve Lewis to the port industry over the past 20 years and as Southern Ports' Chief Executive Officer since 2019. During his time with us Steve applied his extensive experience to the strategic development of each port, and the building of reputation with stakeholders and the community. He was able to apply a professional port management focus on customer service and value creation for stakeholders.

To recognise this contribution to Southern Ports' success, the Board and Executive considered it fitting to establish the annual 'Steve Lewis Regional Scholarship' which will support higher education opportunities for regional students from 2023-24.

The Board was pleased to see one of our directors Chris Sutherland being appointed as the Chair of the Fremantle Port Authority Board. We also welcomed new director Ben Morton on 1 January 2023, who immediately added value to Board deliberations.

The Board of Directors has maintained high standards of governance and financial management throughout the year and has applied the collective experience of its members to the many emerging opportunities at our three ports and within the regions we serve.

The Board extends its gratitude to outgoing Minister for Ports Hon Rita Saffioti MLA for her support and contribution to the sector through to June 2023, and welcomes incoming Minister Hon David Michael MLA to the portfolio, with whom we look forward to building a strong and positive relationship.

We thank our Executive Leadership Team for the outstanding dedication and professionalism in another good year of achievement at Southern Ports. The stability and combined expertise of this team, ably led by new Chief Executive Officer, Keith Wilks, bodes very well for the opportunities that lay ahead in 2024.

Finally, the outstanding results from our stakeholder survey and the records and awards achieved this year are testament to the team effort across Southern Ports and the progress that has been made over the past four years. We remain driven by our vision of 'strong regional ports, strong regions', and we thank our people for their resolve and commitment to the regions we serve and the pursuit of excellence in the work we do and service we provide.

Ian Shepherd
Chair

Keith Wilks
Chief Executive Officer


IMO 9865336
SCARLET STORK
PANAMA

Legislative framework

Southern Ports is a Government Trading Enterprise which operates under the *Government Trading Enterprises Act 2023*, in conjunction with the *Port Authorities Act 1999* as the Establishing Act (the Act).

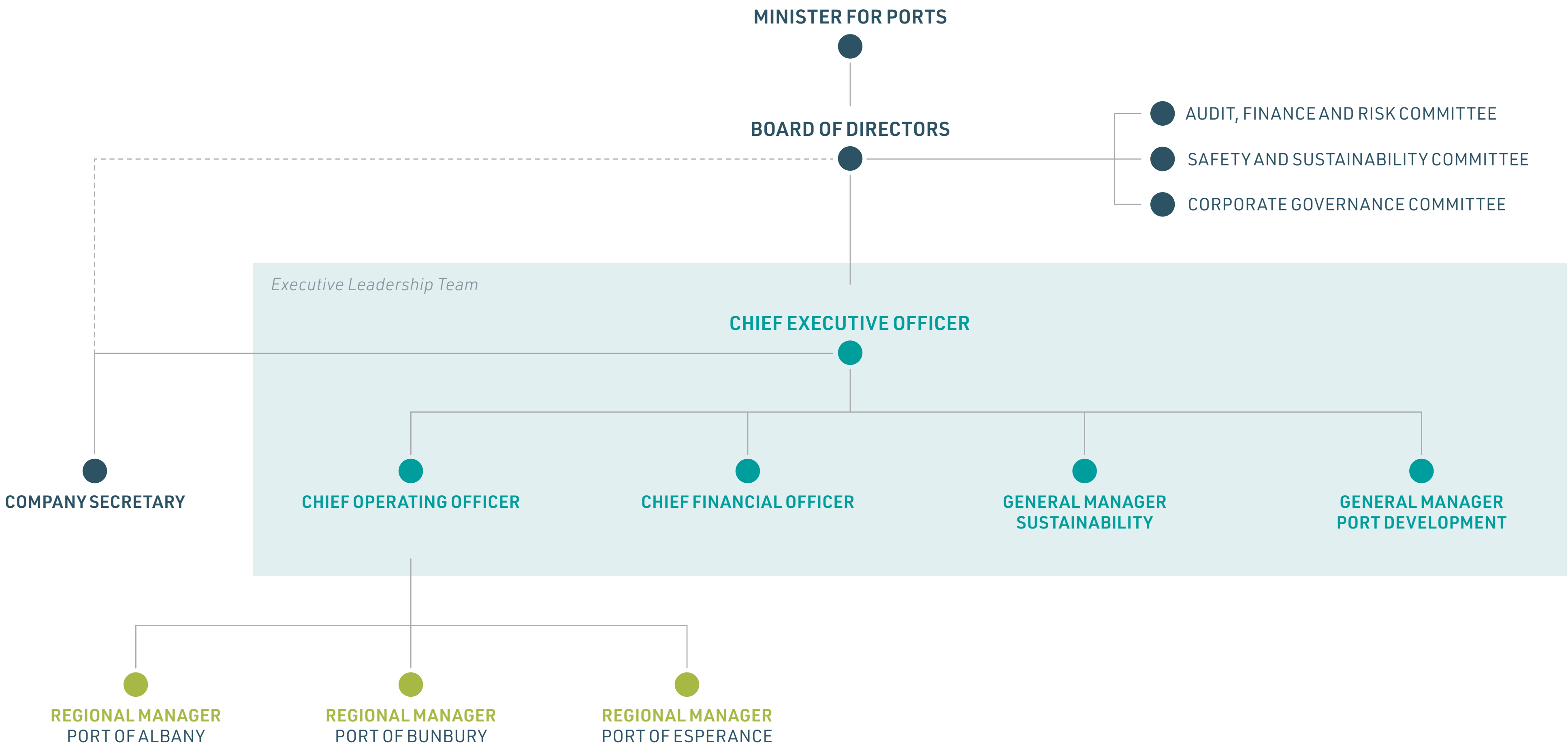
Our Board of Directors is the governing body as detailed in the Act. Members of the Board are appointed by the Minister for Ports and are tasked with determining the policies and controlling the affairs of Southern Ports.

Our regionally-based Executive Leadership Team reports to the Board of Directors and is responsible to the Minister for Ports.

The following State and Federal statuses applied to our operations in 2022-23:

Aboriginal Heritage Act 1972
Australian Maritime Safety Authority Act 1990
Biosecurity Act 2015
Commercial Tenancy (Retail Shops) Agreements Act 1985
Competition and Consumer Act 2010
Contaminated Sites Act 2003
Corporations Act 2001
Corruption, Crime and Misconduct Act 2003
Customs Act 1901
Dangerous Goods Safety Act 2004
Disability Services Act 1993
Equal Opportunity Act 1984
Emergency Management Act 2005
Environmental Protection Act 1998
Environmental Protection and Biodiversity Conservation Act 1986
Fair Work Act 2009
Freedom of Information Act 1992
Financial Management Act 2006
Heritage Act 2018
Industrial Relations Act 1979
Maritime Transport and Offshore Facilities Security Act 2003
Minimum Conditions of Employment Act 1993
Modern Slavery Act 2018
Navigation Act 2012
Planning and Development Act 2005
Port Authorities Act 1999
Procurement Act 2020
Public Interest Disclosure Act 2003
Public Sector Management Act 1994
Salaries and Allowances Act 1975
Security of Critical Infrastructure Act 2018
State Records Act 2000
Statutory Corporations (Liability of Directors) Act 1996
Workers' Compensation and Injury Management Act 1981
Work Health and Safety Act 2020

Organisational chart



Board of Directors

IAN SHEPHERD

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 was 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 the Corporate Governance Committee

Gaye has extensive business experience in a broad range of industries including mining, resources, energy, infrastructure, property, engineering services, financial services, treasury, higher education, aged care, culture and arts. Her executive experience includes 23 years of finance and commercial roles with BHP, 12 years as CFO/COO with The University of Western Australia and three years as CFO at Murdoch University. She served as Deputy Chair of Commissioners for three years at the City of Perth.

Gaye has over 25 years of board experience on a broad range of listed companies, Government Trading Enterprises and not-for-profit community organisations. Her other current boards include BG&E Group Limited, Dementia Australia and Edith Cowan University.

JOHN BARRATT

BBUS (ACCOUNTING), WACAE, 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, and as a volunteer member of the City of Bunbury Audit Committee.

JANE CUTLER

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 (NOPSEMA).

Jane has over 30 years of board experience, including with the Australian Maritime Safety Authority, ChemCentre, the WA Division of the Australian Institute of Company Directors, IChemE Board of Trustees and as a local government councillor.

WIEBKE EBELING

MSC (HONS), PHD NEUROSCIENCE, MAICD

Appointed: 13 July 2020 term ends 31 December 2024

Special responsibilities: Member of the Safety and Sustainability 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

BED SOC SCI, GAICD

Appointed: 1 July 2021, term ends 31 December 2023

Special responsibilities: Member of the 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 was previously the Chair of the Bunbury Development Committee.

HON BEN MORTON

BA, GAICD

Appointed: 1 January 2023, term ends 31 December 2024

Special responsibilities: Member of the Safety and Sustainability Committee

Ben is a former elected member of Federal Parliament, representing the Western Australian electorate of Tangney. He served as a Minister in the Australian Government between 2019 and 2022, including as Minister Assisting the Prime Minister and Cabinet, Minister for the Public Service, and Special Minister of State.

Before entering Federal Parliament, Ben worked for Western Australian builder and building supply company BGC, and was State Director of the Liberal Party of Western Australia between 2008 and 2015.

Ben is a Commissioner of the Insurance Commission of Western Australia and is a graduate of the Australian Institute of Company Directors.

PAST DIRECTOR

CHRIS SUTHERLAND

BENG (HONS), ADVANCED MANAGEMENT PROGRAM HARVARD BUSINESS SCHOOL

Appointed: 1 July 2021, term ended 31 December 2022

Special responsibilities: Member of the Safety and Sustainability Committee and the 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' 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 and Company Secretary

KEITH WILKS

Chief Executive Officer

BCOMM, DIPSCAPP

Keith was appointed Chief Executive Officer in May 2023. With almost three decades' experience in the port and maritime sectors, including many years at sea as a Master Mariner, Keith brings valuable operational experience in leading complex port operations, backed by proven strategic and leadership skills to the business.

He was formerly Southern Ports' Chief Operating Officer for more than three years and has also held a range of senior and advisory roles at the Port of Newcastle, Port Authority of New South Wales and Svitzer.

Keith holds a Bachelor of Commerce and a Diploma of Applied Science (Nautical Science) from the Australian Maritime College.

ROBERT ALEXANDER

Chief Operating Officer (Interim)

BENVSC (HONS), MBA, GAICD

Robert joined Southern Ports as General Manager Port Development in 2020 before becoming Interim Chief Operating Officer in May 2023.

After more than a decade in environmental management, Robert extended his experience in development planning, asset management and infrastructure in South Australia, Victoria and regional Western Australia within the local government and ports sectors, building extensive skills in advanced asset management, engineering service delivery and new capital investment infrastructure projects.

Robert holds a Bachelor of Environmental Science with Honours and a Master of Business Administration. He is also a graduate of the Australian Institute of Company Directors.

BRIAN GRANVILLE

Chief Financial Officer (Interim)

BCOM, CPA

Appointed Interim Chief Financial Officer in March 2023, Brian has carved an extensive career within a Government Trading Enterprise environment, including more than 20 years in finance at the highest level.

Brian has held senior finance roles within Southern Ports, including Chief Financial Officer from 2015-19 and Finance Director from 2020-22, and has managed a number of other business functions including technology, risk and pricing.

He holds a Bachelor of Commerce and has been a Certified Practising Accountant since 1998.

MONICA BIRKNER

General Manager Sustainability

BBSC, MBA, GAICD

Monica is a skilled corporate and business services professional with decades of experience within the public sector.

Joining Southern Ports in 2020 after more than 20 years in senior roles with the Northern Territory Government, Monica offers extensive experience in human resources, organisational design, governance, leadership, change management and strategic planning, backed by a strong understanding of policy and legislation.

She holds a Bachelor of Behavioural Science, a Diploma of Project Management, and a Master of Business Administration. She is also a graduate of the Australian Institute of Company Directors.

IAIN ROBINSON

General Manager Port Development (Interim)

BENG (HONS)

Iain joined Southern Ports in 2020 as Manager Projects and Planning after a decade with the Water Corporation and GHD. He was appointed Interim General Manager Port Development in May 2023.

Iain has significant planning, projects and design experience across Australia and in the UK, including the landmark Tilbury2 project and a number of civil and structural design roles for transport infrastructure projects.

He holds a Bachelor of Engineering (Civil) with Honours, an AMP Project Management Qualification from the Association for Project Management, and is currently completing a Master of Business Administration. Iain is also a Chartered Professional Engineer with Engineers Australia.

PETA TRIGWELL

Company Secretary

CPA, FELLOW GIA, MAICD

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

She is a Certified Practising Accountant, a Fellow of the 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.


EMILY
Bisley
SOUTHERN PORTS
JUN 26

Performance against targets

GOVERNMENT GOAL	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	2022-23 TARGET	2022-23 RESULT
WA jobs plan	Active trade and investment	Total trade ('000 tonnes)	32,652	37,162
	Active trade and investment	Total vessel visits	724	853
	Operational excellence	Customer satisfaction score	>65	73
	Operational excellence	Lost Time Injury Frequency Rate (LTIFR)	Nil or 10% reduction from prior reporting year (4.6)	3.1
	Sustainability	Cultural entropy score	<30%	Survey scheduled for 2023-24
Strong and sustainable finances	Sustainability	Return on assets	11.3%	17.3%
	Sustainability	Economic rate of return	7.3%	13.0%
	Sustainability	Debt to equity ratio	0.09	0.09
	Sustainability	EBITDA ('000s)	66,856	96,101
Growing our communities	Operational excellence	Number of reportable environmental incidents	Zero	1

ACTIVE TRADE AND INVESTMENT

Trade

Southern Ports facilitated 37.16 million tonnes of trade in 2022-23, a three per cent increase on the previous year.

Trade throughput included:

- 5.50 million tonnes at the Port of Albany, an increase of 1.08 million tonnes or 24.4 per cent on the previous period and a new annual record for the Port;
- a record 18.06 million tonnes at the Port of Bunbury; and
- 13.60m tonnes at the Port of Esperance, a minor decrease of 0.10 million tonnes on the previous period.

A total of 16 trade records were achieved, including record vessel visits to our Port of Esperance which totalled 224 this period. Our Port of Albany also registered a 30.0 per cent increase on vessel visits in 2022-23.

At 10.77 million tonnes, alumina continued to be Southern Ports' highest traded commodity and, although contracting slightly to 7.61 million tonnes, iron ore also remained a key trade commodity this period.

Exports increased by 3.5 per cent, whilst imports decreased by 1.6 per cent on the previous year.

Grain trade reached 9.37 million tonnes in 2022-23 – a record at all three ports on the back of a strong growing season and State Government investment in agricultural freight transport supply chain efficiencies and grower innovation. The strong results also demonstrated our ports' capacity to flex to cater for increased demand and was reflective of our cooperative customer relationships with Bunge and CBH Group.

Imports of fertiliser at our Port of Esperance reached a record high (up 23.5 per cent on the previous period), supporting Western Australian growers to maximise yields during a busy season and further contributing to the substantial increase in grain trade through Western Australian ports.

Trade in spodumene continued its upward trend, mirroring the commodity's growing contribution to our state's critical battery and minerals trade that is set to shape our country's clean energy future.

Southern Ports operates two of the world's three largest spodumene (lithium) export ports, underpinned by Talison Lithium's Greenbushes mine – the world's largest operation to extract hard rock deposits of the mineral.

A record 2.41 million tonnes of the commodity was exported through our ports over the past year, up 28.3 per cent on 2021-22, including 28.0 and 28.8 per cent increases at our Port of Bunbury and our Port of Esperance respectively.

At our Port of Albany, silica sand exports set a record of 0.26 million tonnes, an increase of 33.6 per cent on the previous reporting period, reflective of the product's use in the growing renewables market.

TRIAL SUCCESS

Southern Ports was pleased to support CBH Group in its successful trial of a wider-beam Panamax ship, the largest vessel to ever load at the CBH terminal at the Port of Albany. Capable of lifting an extra 4,000 tonnes of Western Australian grain, the successful trial was a boon for exports during the season's record harvest. The trial positioned grain export capacity at the Port of Albany to increase by half a million tonnes without the need for additional infrastructure – a tremendous outcome that creates long-term value and improved efficiencies at our Port.

CONSOLIDATED TRADE RESULTS

Total trade (tonnes)

	2023	2022	2021	2020	2019
Total imports	3,153,756	3,206,395	2,938,133	2,652,209	2,456,694
Total exports	34,008,230	32,858,894	32,431,743	29,577,535	26,057,501
TOTAL TRADE	**37,161,986**	**36,065,290**	**35,369,876**	**32,229,744**	**28,514,215**

Total exports (tonnes)

COMMODITY	2023	2022	2021	2020	2019
Alumina	10,771,827	11,120,952	11,417,470	11,173,137	10,862,697
Copper concentrate	313,540	313,793	237,645	229,066	289,737
Grain	9,370,489	6,860,199	5,480,372	5,238,337	5,523,629
Iron ore	7,605,099	8,585,478	10,186,370	7,378,420	3,156,445
Mineral sands	771,893	860,594	984,603	955,909	823,637
Nickel	147,637	135,846	143,318	119,323	177,908
Fuel	0	3,207	0	0	5,189
Silica sand	488,932	652,054	423,059	636,839	575,726
Spodumene	2,405,155	1,874,669	1,423,477	1,227,089	1,181,238
Sundry	39,398	47,927	83,850	122,953	36,795
Timber products	0	15,183	45,005	76,843	50,993
Woodchips	2,094,260	2,388,992	2,006,574	2,419,619	3,373,507
TOTAL EXPORTS	**34,008,230**	**32,858,894**	**32,431,743**	**29,577,535**	**26,057,501**

Total imports (tonnes)

COMMODITY	2023	2022	2021	2020	2019
Caustic soda	1,433,817	1,501,373	1,458,088	1,312,148	1,373,526
Coal	350,227	100,577	81,968	101,356	95,991
Fertiliser	385,356	381,886	377,091	292,555	257,810
Mineral sands	236,083	422,164	293,104	352,762	336,560
Fuel	424,401	445,042	393,384	370,052	367,329
Sulphur	295,382	316,848	269,908	176,228	0
Sundry	28,490	24,653	52,484	47,108	14,475
Timber products	0	13,853	12,107	0	11,003
TOTAL IMPORTS	**3,153,756**	**3,206,395**	**2,938,133**	**2,652,209**	**2,456,694**

Shipping

	2023	2022	2021	2020	2019
Trade vessels	823	784	762	764	746
Other vessels	30	7	9	24	37
NUMBER OF VESSELS	**853**	**791**	**771**	**788**	**783**
Gross registered tonnage	30,301,143	28,517,648	27,070,480	26,357,535	25,334,052

PORT OF ALBANY TRADE RESULTS

Total trade (tonnes)

	2023	2022	2021	2020	2019
Total imports	180,985	206,992	203,015	176,663	173,487
Total exports	5,323,580	4,218,044	3,693,398	3,818,777	4,498,036
TOTAL TRADE	**5,504,565**	**4,425,035**	**3,896,413**	**3,995,440**	**4,671,543**

Total exports (tonnes)

COMMODITY	2023	2022	2021	2020	2019
Grain	4,070,756	3,059,537	2,676,202	2,619,382	2,684,847
Silica sand	256,131	191,690	146,360	199,458	225,145
Timber products	0	15,183	45,005	38,305	50,993
Woodchips	996,693	951,633	825,831	961,632	1,537,051
TOTAL EXPORTS	**5,323,580**	**4,218,044**	**3,693,398**	**3,818,777**	**4,498,036**

Total imports (tonnes)

COMMODITY	2023	2022	2021	2020	2019
Fertiliser	160,799	174,209	166,965	134,346	125,764
Fuel	20,186	32,782	36,050	42,317	47,723
TOTAL IMPORTS	**180,985**	**206,992**	**203,015**	**176,663**	**173,487**

Shipping

	2023	2022	2021	2020	2019
Trade vessels	144	125	127	131	146
Other vessels	20	1	4	20	22
NUMBER OF VESSELS	**164**	**126**	**131**	**151**	**168**
Gross registered tonnage	5,675,244	4,352,879	3,744,532	4,599,502	5,212,999

Berth capacity utilisation

	2023	2022	COMMENT
Berth 1	9%	9%	Reduced fertiliser but increased cruise ships
Berth 2	19%	10%	Increased fertiliser throughput
Berth 3	81%	60%	Increased grain throughput
Berth 6	17%	16%	Steady trade

PORT OF BUNBURY TRADE RESULTS

Total trade (tonnes)

	2023	2022	2021	2020	2019
Total imports	2,048,008	2,085,136	1,887,560	1,800,798	1,850,526
Total exports	16,013,069	15,860,693	15,230,011	15,013,147	14,874,473
TOTAL TRADE	**18,061,077**	**17,945,829**	**17,117,571**	**16,813,945**	**16,724,999**

Total exports (tonnes)

COMMODITY	2023	2022	2021	2020	2019
Alumina	10,771,827	11,120,952	11,417,470	11,173,137	10,862,697
Copper concentrate	285,600	271,416	194,568	184,916	239,845
Grain	1,541,464	829,497	552,521	370,561	322,655
Mineral sands	771,893	860,520	984,573	955,909	823,637
Fuel	0	3,207	0	0	5,189
Silica sand	232,801	460,364	276,699	437,381	350,581
Spodumene	1,498,264	1,170,770	720,748	643,169	766,960
Sundry	39,398	34,552	28,066	31,054	29,835
Timber products	0	0	0	38,539	0
Woodchips	871,822	1,109,416	1,055,366	1,178,481	1,473,074
TOTAL EXPORTS	**16,013,069**	**15,860,693**	**15,230,011**	**15,013,147**	**14,874,473**

Total imports (tonnes)

COMMODITY	2023	2022	2021	2020	2019
Caustic soda	1,433,817	1,501,373	1,458,088	1,312,148	1,373,526
Coal	350,227	100,577	81,968	101,356	95,991
Fertiliser	0	25,885	22,754	20,177	21,950
Mineral sands	236,083	422,164	293,104	352,762	336,560
Fuel	10,941	7,903	10,921	6,870	11,148
Sundry	16,940	13,381	8,618	7,485	348
Timber products	0	13,853	12,107	0	11,003
TOTAL IMPORTS	**2,048,008**	**2,085,136**	**1,887,560**	**1,800,798**	**1,850,526**

Shipping

	2023	2022	2021	2020	2019
Trade vessels	457	459	439	440	425
Other vessels	8	6	5	3	4
NUMBER OF VESSELS	**465**	**465**	**444**	**443**	**429**
Gross registered tonnage	14,642,659	14,837,074	13,481,101	13,137,838	13,361,658

Berth capacity utilisation

	2023	2022	COMMENT
Berth 1	27%	13%	Increase in non-cargo vessels
Berth 2	6%	10%	Decrease in non-cargo vessels
Berth 3	77%	52%	Increased grain throughput
Berth 4	78%	77%	Steady trade
Berth 5	73%	64%	Increased coal throughput
Berth 6	72%	72%	Reduced trade and load rates
Berth 8	69%	70%	Steady trade

PORT OF ESPERANCE TRADE RESULTS

Total trade (tonnes)

	2023	2022	2021	2020	2019
Total imports	924,763	914,268	847,558	674,748	432,681
Total exports	12,671,581	12,780,158	13,508,334	10,745,612	6,684,992
TOTAL TRADE	**13,596,344**	**13,694,426**	**14,355,892**	**11,420,360**	**7,117,673**

Total exports (tonnes)

COMMODITY	2023	2022	2021	2020	2019
Copper concentrate	27,940	42,377	43,077	44,150	49,892
Grain	3,758,269	2,971,164	2,251,649	2,248,394	2,516,127
Iron ore	7,605,099	8,585,478	10,186,370	7,378,420	3,156,445
Nickel	147,637	135,846	143,318	119,323	177,908
Spodumene	906,891	703,899	702,729	583,920	414,278
Sundry	0	13,451	55,814	91,899	6,960
Woodchips	225,745	327,943	125,377	279,506	363,382
TOTAL EXPORTS	**12,671,581**	**12,780,158**	**13,508,334**	**10,745,612**	**6,684,992**

Total imports (tonnes)

COMMODITY	2023	2022	2021	2020	2019
Fertiliser	224,557	181,791	187,372	138,033	110,096
Fuel	393,274	404,357	346,413	320,864	308,458
Sulphur	295,382	316,848	269,908	176,228	0
Sundry	11,550	11,272	43,865	39,623	14,127
TOTAL IMPORTS	**924,763**	**914,268**	**847,558**	**674,748**	**432,681**

Total Twenty-foot Equivalent Units (TEUs)

	2023	2022	2021	2020	2019
TEUs in	5,041	5,048	5,558	4,169	3,679
TEUs out	5,325	5,530	4,470	4,285	3,273
TOTAL TEUs	**10,366**	**10,578**	**10,028**	**8,454**	**6,952**

Shipping

	2023	2022	2021	2020	2019
Trade vessels	222	200	196	192	175
Other vessels	2	0	0	1	11
NUMBER OF VESSELS	**224**	**200**	**196**	**193**	**186**
Gross registered tonnage	9,983,240	9,327,695	9,844,847	8,595,410	6,759,395

Berth capacity utilisation

	2023	2022	COMMENT
Berth 1	60%	52%	Increased grain throughput
Berth 2	46%	47%	Steady trade
Berth 3	48%	55%	Reduced iron ore throughput

Trade facilitation

Enabling trade continued to be a primary focus in 2022-23.

In June, we successfully negotiated two major agreements for iron ore and spodumene exports from our Port of Esperance, comprising a three-year contract to export iron ore with Mineral Resources Limited (MRL), and a five-year contract (with an optional five-year extension) with MRL's subsidiary, Process Minerals International, to export the growing commodity of spodumene from its hard rock lithium mine at Mt Marion.

The new MRL agreements also enabled capacity in the Port of Esperance's iron ore infrastructure to be opened to junior exporters for the first time. This resulted in Southern Ports executing a non-binding Memorandum of Understanding with independent miner Juno Minerals, which is seeking a future allocation of 1.5mtpa capacity through the iron ore circuit and shed space.

During the period we also:

- entered into three new licences to facilitate coal imports through the Port of Bunbury, resulting in record trade in the commodity at the Port this period;
- signed three new customer leases, including those for Port of Bunbury laydown areas to house windfarm components for Enel Group's Flat Rock Wind Farm Project and with Albemarle for its Kemerton Lithium Plant expansion;
- renewed five leases with existing customers at our Port of Bunbury;
- continued to work with Government on the potential future location of non-containerised trade as part of the Westport considerations;
- issued a request for proposals to establish a multi-product bulk export terminal at our Port of Albany. Whilst multiple proposals were received, none met Southern Ports' criteria, however we will continue to investigate opportunities as they arise; and
- worked with proponents on a number of proposals for potential new trade at each of our ports.

CELEBRATING TRADE TIES

In June Southern Ports welcomed representatives from the Consulate-General of Japan to our Port of Albany, including Consul-General Yasushi Naito and Vice-Consul Noeru Hara, to discuss trade efficiencies and commodities between regions. Trade between our Port of Albany and Japan is significant – over the past year we've facilitated more than 1.3 million tonnes of woodchips, grain and mineral sands to multiple ports across Japan, equating to 25 per cent of the Port of Albany's total trade.

Cruise operations

The return of cruise vessels to our ports was a positive result this period. We welcomed 14 cruise vessels in 2022-23, attracting visitors to the state's spectacular southern region and providing a welcome boost for the regional economy.

Visiting vessels included the 2,250-passenger Queen Elizabeth, which arrived at our Port of Albany in March. The Port is a premier destination on the Western Australian cruising calendar and our busiest port for cruising, welcoming 11 vessels this year.

Trade outlook

Fluctuations in consumer prices and interest rates, both globally and in Australia, along with ongoing geopolitical tensions and supply chain disruptions, is expected to continue to impact world trade in 2024 as the economy continues its path to recovery from the pandemic.

However, amidst these challenges, there will be opportunities to capitalise on trade prospects that support the growing energy and critical minerals industries and renewables sector. Demand for alumina, mineral sands, lithium-based concentrates, silica sands, and green energy break bulk is projected to remain strong in 2023-24.

While not expected to reach the peak levels of this year, grain throughput is also expected to show good results in the year ahead.

The production and export of iron ore will remain a cornerstone of the Western Australian economy and trade, however a slowing in the Chinese economy and subsequent drop in steel production may result in a lower demand for iron ore from China as WA's major iron ore export partner.

An emphasis on sustainability and environmental responsibility will also play an increasing role as global carbon reduction initiatives gain momentum. To harness growth within this global environment, investment in infrastructure, enhancing our ports' capacities, streamlining operations through digitisation, and implementing smart logistics solutions will be crucial in our continued success.

OPERATIONAL EXCELLENCE

Workplace health and safety

In 2022-23 we continued to invest extensively in safety improvements and programs to ensure the health and safety of our workforce and to drive a positive workplace culture.

Our annual safety culture survey was released in May to staff and contractors. The online survey measures the collective perceptions about the safety climate across our business and is an important improvement tool. The survey had a 69 per cent response rate, with analysis and results to be received early next financial year.

We also maintained a strong emphasis on embedding a safety mindset with staff through the continuation of the ZIP safety culture program during the year.

671 inspections and audits

486 hazard observations

1,223 safe act observations

201 HSES alerts to all staff

Streamlined systems

Implementation of our Health, Safety, Environment and Security (HSES) Project Plan progressed this year and a number of projects were commenced to improve performance, including:

- a review of our HSES policies, procedures and systems to streamline our health and safety systems across our four sites;
- development of an integrated contractor management process;
- improvements in our security systems in preparation for the transition to a single issuing body for Maritime Security Identification Cards (MSIC) by 1 July 2025; and
- development of our Safety Culture Improvement Plan supported by staff training.

Response capacity

Our emergency response capabilities were extended this year through new infrastructure and emergency exercises.

We established a dedicated storage solution for our oil spill boom at our Port of Esperance. The boom is now strategically located to improve efficiency and enable rapid deployment across the harbour entry whenever the need arises.

Incident Management Team (IMT) and Emergency Response Team (ERT) awareness sessions also enhanced emergency preparedness and equipped our teams with the necessary knowledge and skills to effectively respond to critical situations.

To further foster a culture of preparedness, we successfully conducted our Annual Emergency Exercise. The IMT demonstrated its expertise and readiness in managing a range of scenarios, including a marine oil spill, security breach, and emergency response across all ports.

Environment

Compliance and reporting

The Bunbury Annual Audit Compliance Report for 2022-23 as required under Licence L6744/1996/12 was provided to the Department of Water and Environmental Regulation on 15 September 2022. No breaches of licence conditions were declared.

Also in Bunbury, the scheduled surveillance audit of the Port's ISO 14001:2015 Environmental Management System took place in June. The audit was conducted by the Bureau Veritas Certification Division. No non-conformances with the standard were identified.

Substantial progress on the ISO 14001 Environmental Management Systems alignment across all three ports was also achieved this year and is expected to result in business efficiencies, community and environmental performance improvements.

EnviroSys data management software implementation commenced in May 2022, with a significant portion of our Port of Esperance's environmental data consolidated in the system including air quality, stormwater and wastewater laboratory results, as well as fuel and water use data. The system automates alerts if monitoring results cause an exceedance of an environmental quality criterion and supports our reporting and compliance with ISO 14001.

National Strategic Plan for Asbestos Awareness and Management (NSPAAM) 2019-23

Southern Ports continues to achieve the relevant targets of the National Strategic Plan for Asbestos Awareness and Management 2019-2023 including:

- management of asbestos-containing materials through ongoing review of port asbestos registers, inspection of port lands and assets, routine monitoring and assessment of asbestos-containing materials, and actions to remove or manage in-situ through maintenance based on assessed risk;
- where new sources of potential asbestos-containing material have been identified, all materials are tested to determine the appropriate treatment and removal activities across the ports at Albany, Bunbury and Esperance;
- general asbestos risk awareness training implemented across the organisation, with targeted training for the HSES and maintenance teams focused on management and removal;
- the issue of safety alerts where new asbestos-containing materials were identified on site; and
- engagement commenced with leaseholders at each port in order to ascertain levels of compliance with regulations – including sharing information, request for registers and plans from leaseholders, and engagement with leaseholders identified as requiring assistance to manage asbestos in their areas.

AIR

Asbestos management

Airborne fibre monitoring and analysis for the management of asbestos was undertaken this year as part of our comprehensive asbestos monitoring program at our Ports of Esperance and Bunbury, with removal and remediation undertaken as required. Our efforts in asbestos management across all sites align with our dedication to upholding the highest standards of occupational health and safety for our staff and community.

Dust management and monitoring

Due to an increased incidence of unacceptable grain dust emissions at our Port of Bunbury, a portable dust monitoring unit was installed near Berth 3 to gain a better understanding of the magnitude of dust concentrations from grain and woodchip operations. While the monitor has confirmed Berth 3 as a dust source, it also identified significant particulate emissions under southwest wind conditions due to vehicle emissions on Koombana Drive. The monitoring has provided additional information for our team with respect to the influence of other non-port related particulate sources on the community, particularly those associated with traffic.

Our Port of Bunbury also responded to the Pollution Watch section of the Department of Water and Environmental Regulation on 14 March 2023 regarding excessive dust emissions from the Port. Following our response citing dust monitoring network particulate concentrations over a number of months, Pollution Watch indicated no further action would be taken and the report was closed.

Automated spray systems for Esperance iron ore circuit

A dust monitor installed under the rail car wagon dumper unloading iron ore was programmed into the operating system in 2023. The operating system assesses output from the dust meter and the weight of iron ore to either activate or stop the sprays. The system potentially addresses issues with patches of dry, dusty product that are easy to miss in a system requiring manual spray control.

LAND

Coal stockpiling

The Department of Water and Environmental Regulation was notified that the temporary stockpiling of coal at the Port of Bunbury ceased on 31 March 2023 as per the trial period conditions under the letter of Trial Notification Under Licence L6744/1996/12.

All stockpiled coal was removed from site and the stockpile locations cleaned by ground scraping to remove any residual coal. The area was then treated with a soil binder to prevent dust lift-off.

Analysis of soil samples taken from the stockpile locations confirmed there has been no contamination of the site due to this activity, and a review of the coal analysis results for the stockpiled material did not identify any exceedances of the asbestos, respirable silica, radiation transport limit for uranium, thorium and rubidium as set out in condition 24 of Licence L6744/1996/12. In addition, no community contacts regarding emissions from the additional coal import unloading at Berth 5 or the stockpiling and transport activities were received. The close-out report on the coal stockpiling trial was sent to the Department on 18 May 2023 as per condition 25 of Licence L6744/1996/12.

Weed management

A Weed Management Plan for bushland in Port of Albany buffer areas was developed this period to enhance the diversity of native plant species, mitigate the spread of invasive weed species, improve public amenity, and achieve long-term slope stabilisation. The Plan outlines methods for weed management, native vegetation re-establishment and a plan for ongoing monitoring and land management. Implementation will commence in the new year.

Land contamination legacy

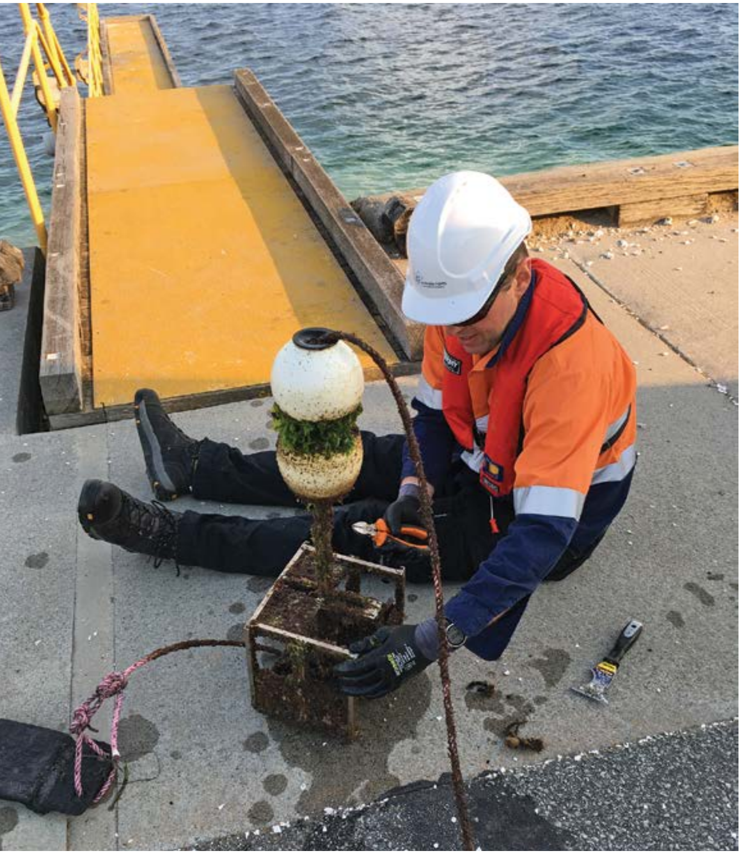
Investigations by an independent expert on historical contamination on land and seabed around the Port of Esperance were concluded in June 2023. Existing land uses include industrial activities in Port operational areas, recreation in parklands, foreshore and Port waters. The investigations found that existing land uses on Port-owned land and seabed present acceptable risks to the environment and community.

Fairy Tern success

Protective measures undertaken by our Port of Bunbury team supported a bumper Fairy Tern breeding season at the Port's outer harbour this year. Our team assisted the Department of Biodiversity, Conservation and Attractions' Parks and Wildlife Service with rodent and feral animal control, barricades and signage to inform our port users of the breeding site locations. After a committed effort by all involved, a record 35 chicks were captured and banded to provide greater insight into the movement of Fairy Terns in the region.

BRUNSWICK ROAD BUSH REGENERATION PROJECT

Our Port of Albany environment team worked with local providers to improve bushland along Brunswick Road in the Port environs. In addition to weed management works involving hand removal, slashing and selective spraying, an estimated 2,000 native seedlings were planted in September 2022. The seedlings comprised a mix of habitat-specific natives including marri, peppermint and banksia fodder for Black Cockatoos. A three-year contract was also awarded to GreenSkills in June 2023 to continue weed management and bush regeneration works in the area.



WATERS

Metals monitoring

Results of marine sampling conducted in November 2022 by Murdoch University's Marine and Fresh Water Research Laboratories concluded that copper levels observed in sediments at our Port of Bunbury are unlikely to pose an ecological risk. Seawater chemistry results also concluded that dissolved copper levels were below the ANZG (2018) 90 per cent species protection trigger level. The report recommended the continuation of an annual monitoring program focusing on the Inner Harbour in a reduced capacity.

Albany State-Wide Array Surveillance Program

Our Port of Albany team worked with the Department of Primary Industries and Regional Development to manage potential marine biosecurity risks. No new introduced marine pest species were identified during 2022-23.

Channel management

Two dredging campaigns were conducted during the year under the conditions set out in the Port of Bunbury's 10 Year Sea Dumping Permit issued by the Department of Climate Change, Energy, the Environment and Water. A total of 209,059 wet cubic metres of dredge material was disposed of at the offshore spoil ground.

Prior to the dredging campaigns, trawling was undertaken in the Port's shipping channel, removing a total of 941 tonnes of wrack (seaweed). The trawling is permitted under a five-year Instrument of Exemption from the Department of Fisheries.

South Coast Marine Park

The Port of Esperance participated in stakeholder consultation for the proposed South Coast Marine Park during the period. The consultation established relationships with state government agencies, industry, indigenous representatives, and members of the local community and allowed for feedback from Southern Ports to be raised and considered.

The Marine Park, which spans an area from Bremer Bay to Eucla, is due to come into effect in 2024.

Port development

As a business that uses its extensive infrastructure base to provide services to port customers, Southern Ports continued its commitment to improved practices in asset management in 2022-23.

Dedicated 'project delivery' and 'planning and development' functions were also formed within the Port Development team to maximise focus and value to the business.

Asset management

Strategic asset management remains a key focus within the business in pursuit of an industry-leading ISO 55000 aligned best practice asset management system.

This year, we progressed the foundations for integration of a structured asset hierarchy and optimised maintenance management process to support the upcoming Enterprise Resource Planning (ERP) implementation, including the delivery of digital asset class management plans, production of bespoke asset management training modules, and the draft version of our Asset Management System Manual to ensure staff are trained to be industry leaders in this space.

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 build out of 3D Building Information Modelling, the release of Virtual Port (Geographic Information System or GIS) and the deployment of a variety of Internet of Things (IoT) devices to support the system and create value for the business.

Engineering services

'State of the asset' inspections continued across the Southern Ports asset portfolio in 2022-23 to build a thorough understanding of the condition and lifecycle status of key assets, including sheds and materials handling infrastructure. The inspections leverage advanced survey techniques, non-destructive testing and drone technology to gain valuable insights into the health of our assets, allowing us to identify maintenance requirements promptly and accurately, ensuring optimal performance and safety of our infrastructure.

Detailed asset management plans have been delivered for several key assets, such as breakwaters and the Port of Esperance rotary car dumper during the year. These plans outline the specific strategies and activities required to ensure the longevity and optimal performance of these critical infrastructure components and will ultimately feed into the overarching digital asset class management plans. In addition, collaborative Failure Mode Effects Analysis workshops were also conducted to optimise preventative maintenance activities and enhance the reliability of our plant and equipment.

Our Engineering Services Unit (ESU) continued to drive the scoping of a significant program of sustaining works for 2024 and beyond to revitalise and enhance our infrastructure, enabling us to accommodate future demand and ensure the safety and efficiency of our operations. As part of this process, option assessments for life extensions and innovative approaches are considered to maximise asset lifespans and to allow Southern Ports to deliver value-for-money for its community, customers and shareholder.

Throughout the year, works to develop and implement standardised technical guidelines and specifications across Southern Ports continued to enhance the reliability of our assets and transition our asset management practices to the forefront of industry standards.

The ESU also advanced the understanding of asset capabilities across the business through the provision of technical advice and the production of process flow diagrams and piping and instrumentation diagrams that enable effective change management.

Planning for the future

Our Port Master Plans were completed in 2023 with the strategic plans approved by the Board and noted by the Minister for Ports. The Plans outline a clear forward vision for each port 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.

Studies are underway to identify and develop strategic responses to business demands as outlined in the Master Plans and 10-year asset investment program. Additionally, Southern Ports continues to work with various proponents on their development applications and port requirements in its role as a trade facilitator.

Project delivery

The separation of our project planning and delivery functions enabled greater focus in each area in 2022-23 and assisted in combating the challenging contractor environment, which has contributed to protracted procurement and contract negotiations across Southern Ports' project portfolio.

During the period, a significant number of multi-year projects and programs were substantially commenced, reflecting Southern Ports commitment to professional management of its assets and the regions it serves. These included:

- design, enabling works and environmental approvals for the Turkey Point Access Road and Bridge Project in Bunbury;
- design and construct contract award for the Port of Esperance container crane remediation works; and
- construction of the Port of Esperance Berth 2 hardstand renewal and stormwater treatment.

SMARTER PORTS

In May, Southern Ports presented at the Smart Digital Ports of the Future Conference alongside the industry's leading innovators and representatives from the world's smartest ports. Hosted by Port Technology International, our Interim Chief Operating Officer Robert Alexander attended the event to present Southern Ports' asset management system, and later visited world class port operations and suppliers in Singapore, London, Rotterdam, Barcelona, Valencia and Antwerp to gather learnings for our business.

COMPLETED PROJECTS

Staff amenities

New staff amenities at our Port of Albany to provide adequate facilities for staff working on or near berths.

Internal roads sealing

Application of the final sealing coat on Berth 3 roads at our Port of Esperance to reduce dust and provide a better operational surface for truck and mobile plant movements.

Shed 3 column repairs

Refurbishments to columns in Shed 3 at our Port of Esperance to restore the structural condition.

Berth 2 container crane

Repairs to critical access ways, stairs and platforms at our Port of Esperance to retain a safe operating environment (ahead of major refurbishments planned in 2023-24).

Inner harbour breakwater renewal

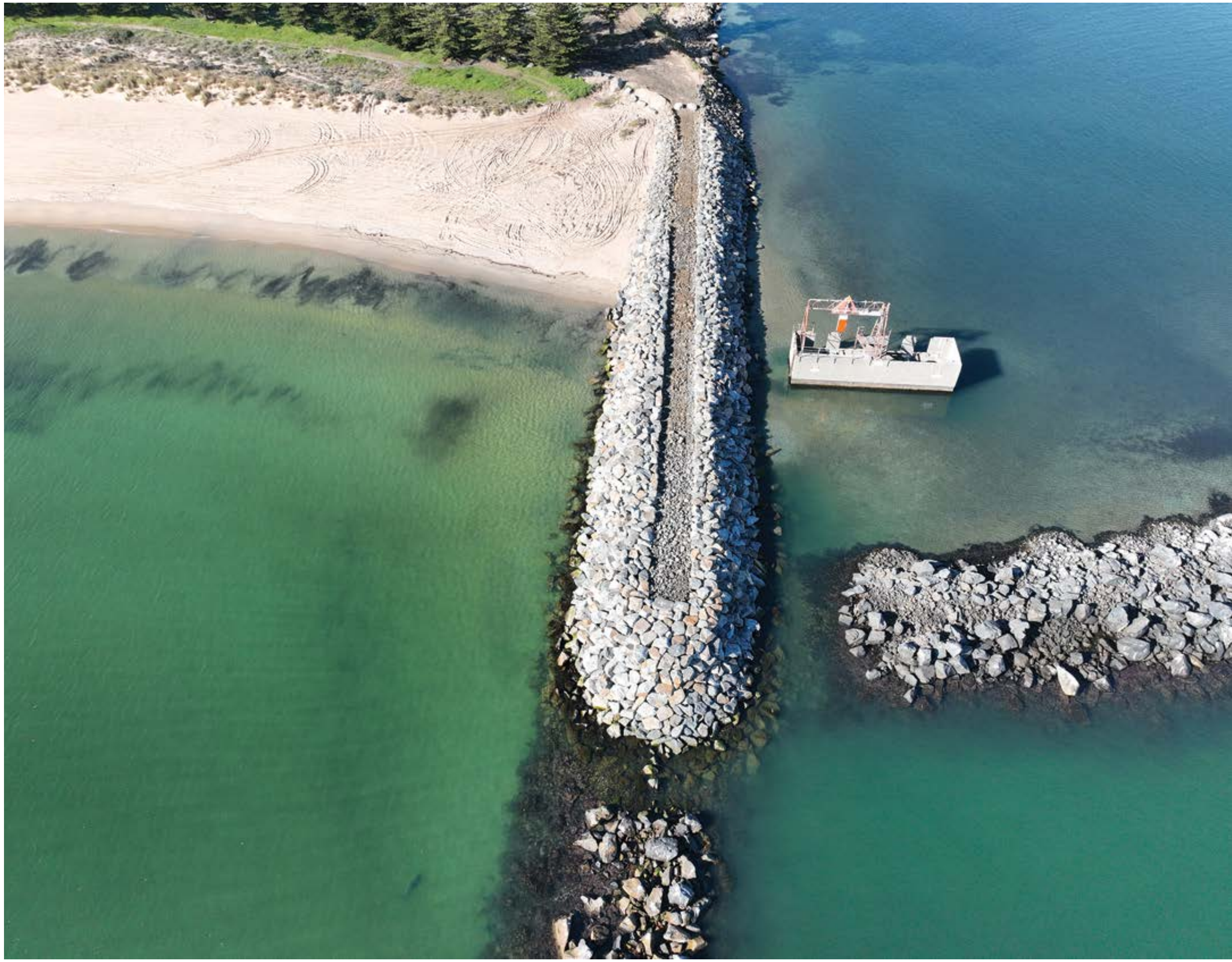
Rebuilding of degraded breakwater to protect the Port of Bunbury inner harbour entrance channel from storm events and sediment accretion.

Workshop hardstand

Providing an additional storage area at our Port of Bunbury to improve stores laydown operations and safety for critical spares and parts.

Berth 5 substation switchboard replacement

Renewal of the existing Berth 5 switchboards at our Port of Bunbury to improve reliability and compliance with modern safety standards.



SUSTAINABILITY

The Southern Ports Sustainability Plan was finalised and released in 2022-23. With its clear focus on the key themes of People, Environment, Community and Partners, and Regional Prosperity, the Plan is the cornerstone of how we go about our business and essential to achieving our vision of strong regional ports, strong regions.

People

As at 30 June 2023, Southern Ports directly employed 288 people, with 91 per cent of these roles regionally based at Albany, Bunbury and Esperance.

We continued to prioritise an inclusive workforce culture, recognising that increased diversity of thought, experiences and backgrounds in our workforce enhances our ability to innovate, problem solve and deliver sustainable outcomes for our customers and communities.

In recognition of the role and contribution of women in the workplace, Southern Ports launched a new Women in Leadership course in partnership with Australian Institute of Management. The first 10 recipients of the course, which were announced on International Women's Day in March, will be provided with a unique learning opportunity for women who aspire to positions of leadership and influence in the workplace.

Health and wellbeing

To foster and promote the health and wellbeing of our team, in 2022-23 we:

- joined the Ports Australia Mental Health Initiative Working Group – a collaboration aimed at sharing best practices, developing innovative strategies, and fostering a supportive network where we can collectively address the mental health challenges faced by employees in our industry;
- hosted a range of team-building events, including the Southern Ports' Step Challenge, Men's Health Month events and activities, and the Mother's Day Classic for breast cancer research;
- provided interactive financial health workshops to staff, which included information about how to cope with the cost of living rises, budgeting and debts, negotiating interest rates and loans, achieving personal financial goals and adjusting financial needs as circumstances change;
- held mid-year health checks across all port sites, including a visit from the Regional Men's Initiative in Esperance which is focused on men's wellbeing in regional, rural and remote WA; and
- marked major staff milestones including 40 years of service from Port of Esperance Security Manager John Stuart.

A number of our people were acknowledged for their skills and contributions to the sector and community during the period.

Southern Ports Interim General Manager Port Development Iain Robinson was a finalist at Business News' 40 Under 40 Awards, which celebrates the state's leading entrepreneurs, innovators, and future business leaders under the age of 40 and recognises their personal determination, commercial drive and business success, and philanthropic and community contributions.

Port of Albany Deputy Harbour Master, Captain Jean Naudé, who graduated from the Royal Australian Navy's (RAN) Maritime Trade Operations Advanced Program in August, was awarded the RAN Training Authority Maritime Warfare – Warfare Medallion for his achievements of the highest order and upholding the finest traditions of the RAN and Australian Defence Force.


NO SMOKING
SAFETY FIRST
236877 2
22G1

Continuous learning

Workplace training is structured to ensure our workforce is capable, confident, competent, 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, wellbeing, technical knowledge, leadership skills, and accredited and tertiary courses.

We extend our responsibility to assist our staff in their development and growth by encouraging and supporting learning goals and pathways through a fit-for-purpose learning platform.

In 2022-23, more than 2,600 hours across 245 individual training courses were delivered to support, upskill and develop our workforce, including:

- the continued roll-out of ZIP leadership training to unlock agile and adaptive thinking in a changing work climate with a future focus;
- a range of leadership and professional advancement courses including Certificate IV in Training and Assessment and Certificate IV in Leadership;
- incident investigation and risk management training across all sites;
- Certificate III in Public Safety Fire Fighting for nine members of our Emergency Response Team to equip them with essential knowledge and skills to effectively respond to fire emergencies, including understanding fire behaviour to using firefighting equipment and techniques.
- shipboard safety training for our Albany and Esperance marine teams;
- Advanced First Aid and Advanced Resuscitation training to expand capabilities in life-saving medical interventions;
- catastrophic safety training to assist our teams to understand the reality of a workplace fatality and the immediate and lasting consequences it can have.

TRAINING TITLE	TRAINING EVENTS
Verification of Competency (VOC)*	286
ZIP Safety Culture training	63
VET-accredited course completion	21
Tertiary course completion	3
Compliance-based training	675
Online training courses*	1,080
Coxswain Grade I and II	9
Total	**2,137**

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

Employee relations

OPERATIONAL AGREEMENTS

The following Enterprise Agreements were operational during the period.

AGREEMENT	COMMENCEMENT	EXPIRY
SPA Albany Marine Pilots Enterprise Agreement 2021-2023	24 January 2022	30 June 2023
SPA Esperance Shift Superintendents Enterprise Agreement 2021	14 November 2022	31 December 2024

NEGOTIATED AGREEMENTS

Three Enterprise Agreements were approved by the Fair Work Commission and took effect during the year.

AGREEMENT	FWC APPROVAL DATE	EXPIRY
SPA Bunbury Maintenance and Operations Enterprise Agreement	17 April 2023	30 June 2024
SPA Marine Pilots Port of Bunbury and Port of Esperance Enterprise Agreement 2022–2025	15 December 2022	30 June 2025
SPA Esperance Operations and Maintenance Enterprise Agreement 2022 to 2023	19 August 2022	31 December 2023

CURRENTLY UNDER NEGOTIATION

Two Enterprise Agreements that reached their nominal expiry date and three new Enterprise Agreements are currently under negotiation.

AGREEMENT	EXPIRY
SPA Port of Albany Maintenance and Operations Enterprise Agreement 2020	August 2022
SPA Port of Esperance, Administration Enterprise Agreement 2021	13 November 2023
SPA Bunbury Pilot Boat Enterprise Agreement	New Enterprise Agreement
SPA Professional Services Enterprise Agreement	New Enterprise Agreement
SPA Albany Administration Enterprise Agreement	New Enterprise Agreement

Career pathways

Southern Ports supported nine apprentices, two graduates, four trainees, and three work placement students this period, providing opportunities for young members of the community to gain rewarding experience in their fields of interest. Two apprentices completed their trade during the year.

In Bunbury and Esperance, we also continued our program for young people interested in a career in the marine industry. The trainees are on track to complete their Coxswain Grade I 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.

To further foster career pathways, our staff attended a number of career expos in 2023. Bunbury Baptist College welcomed Southern Ports team members to learn about their career journeys as part of National Career Week celebrations, and staff from our Port of Esperance attended the 2022 Stars Future Forum during August to discuss career opportunities with Year 9-12 Aboriginal female students from Esperance Senior High School and Eastern Goldfields College in Kalgoorlie. Other career events included the Ravensthorpe Expo in Esperance and the Follow the Dream Careers and Cultural Day and South West Future Jobs and Skills Expo in Bunbury.

REGIONAL SCHOLARSHIP LAUNCHED

A new educational and training scholarship was announced to mark the retirement of Steve Lewis after a record 25 years at CEO level within the Australian ports industry. The annual Steve Lewis Regional Scholarship will provide the opportunity for an individual located in the Great Southern, South West or Goldfields-Esperance region to undertake a fully-funded undergraduate degree in a STEM, management, leadership, maritime or related field.

Emissions reduction and net zero

Our Emissions Baseline Study was updated in February and comprised an audit of emissions from 2017-18 to 2021-22. We established our baseline year 2020 from which we will compare future emissions data.

A Greenhouse Gas Emissions Reduction Management Report was completed in September, targeting an 80 per cent reduction in emissions by 2030 and net zero emissions by 2050 in line with State Government future legislative requirements.

Further due diligence, studies and other options are being developed as part of a broader Emissions Reduction Plan.

In September, specialist coastal engineers completed the modelling of the impacts of climate change on our physical assets, using historical meteorological, tide, wave and current data plus weather interruptions to mooring and shiploading. This climate change risk assessment has already informed infrastructure decisions.

Recognising our sector's role in energy transition and emissions reduction, we also participated in the WA Net Zero Ports Collaboration and Ports Australia Decarbonisation Working Group.

HARNESSING THE BLUE ECONOMY

Southern Ports took part in the Blue Economy Cooperative Research Centre's 2023 workshop in Fremantle. Port of Albany Environment Manager Paul Mackey joined an expert group of panelists to provide insight into the local Western Australian and South Australian blue economy – sharing Southern Ports' commitment to transitioning to renewable sources of energy and the role we have as an enabler for offshore renewables and as a pivotal player in the construction, maintenance and operations supply chains.

FLEET FOCUS

To support our emissions reduction, we commenced roll-out of a hybrid fleet this period, with the first two of 10 planned hybrid vehicles now in use on site. Our Port of Esperance team also had the opportunity to 'trial a Tesla' as part of a three-week regional trial in June to determine gaps and feasibility of electric vehicles in the regions, including benefits and challenges of the current network. Thirteen team members took up the opportunity to drive the Tesla, helping to assess the effectiveness of electric vehicles in a port setting.

Heritage

Historical cultural heritage

A Conservation Works Plan for the Leschenault Homestead at our Port of Bunbury was submitted to the Department of Planning Lands and Heritage's Heritage and Property Services unit for review in April. Prepared by specialist heritage architect Kent Lyon on behalf of Southern Ports, the proposal received favourable feedback, with the Department noting it "will be a positive outcome for the condition of the cottages and cultural heritage significance of Leschenault Homestead".

At our Port of Albany, short and longer-term opportunities for the historic pilot cottages were assessed and considered during the period.

Aboriginal cultural heritage

Southern Ports' Reconciliation Action Plan (RAP) working group was formed this year with 16 members across the organisation. The group commenced the development of Southern Ports' Reflect RAP which formalises its commitment to reconciliation and identifies key deliverables.

To inform the RAP, staff were asked to contribute their thoughts about reconciliation and how they believe Southern Ports can demonstrate respect for Aboriginal and Torres Strait Islander history, culture, knowledge and rights in our workplace. Results of the online survey showed that almost 80 per cent of staff believe reconciliation is important, including interaction between Southern Ports and Aboriginal and Torres Strait Islander people. Nine out of ten staff said there should be more participation in cultural events.

Southern Ports also issued an Expression of Interest for indigenous artists in each of our regions to prepare original artworks for use in our RAP and across the business. The artworks will be completed in the next period.

NATIONAL RECONCILIATION WEEK

As part of National Reconciliation Week celebrations members from Southern Ports took part in the 2023 Reconciliation Week Walk hosted by Wardandi Aboriginal Corporation and the City of Bunbury on Friday 26 May. The walk began at the Wardandi Boodja statue at Koombana Bay and the group made its way across the Koombana Bridge before gathering at the Graham Bricknell Music Shell where there was a short presentation, barbecue and community stalls. Southern Ports was also represented at the Cultural Conversations event held by the Shire of Harvey, hosted by Traditional Elder, Dennis Jetta OAM.

Stakeholders and community

Corporate sponsorship

A new corporate partnership with hunger relief charity Foodbank WA was commenced this year. Southern Ports provided funding for 50,000 meals for families in need across the Albany, Bunbury and Esperance regions. The meal hampers, which will be distributed by Foodbank WA and its regional partners over the next 12 months, will support families requiring emergency assistance.

Photo – WA Newspapers

Regional investment

Southern Ports contributed $298,128 to 132 regional groups in 2022-23.

Highlights included:

Indigenous nature garden

Southern Ports supported Lower King Community Kindergarten's development of a purpose-built facility that will create an opportunity for the connection between people, place, history and the environment for students and families.

Seabird rescue equipment

WA Seabird Rescue is a network of seabird and waterbird rescuers based in coastal south-western Australia. We provided funding to purchase new equipment including a net launcher, heat pads and carriers.

STEM challenge

Southern Ports sponsored Rotary Club of Bunbury's South West Science and Engineering Challenge & Discovery Days, which saw students from 40 regional primary and secondary schools try their hand at a range of activities to improve their understanding of STEM and associated career opportunities.

Crab monitoring program

Twenty students from Manea Senior College took part in the Blue Swimmer Crab Monitoring Program thanks to support from Southern Ports for vessel hire. The program involves students monitoring the population and health of Blue Swimmer crabs in Koombana Bay and the Leschenault Estuary.

Women's mental health support

A new playground funded by Southern Ports will be installed at Harmonee House in Esperance to facilitate a women's group for mothers requiring mental health support or those who have children with disabilities.

Tractor restoration

An historic 40-year-old Chamberlain tractor received a face lift by Esperance Mechanical Restoration Group with support from Southern Ports. The tractor, which is permanently displayed at the Group's complex, works to preserve the past and raises awareness of farming history.

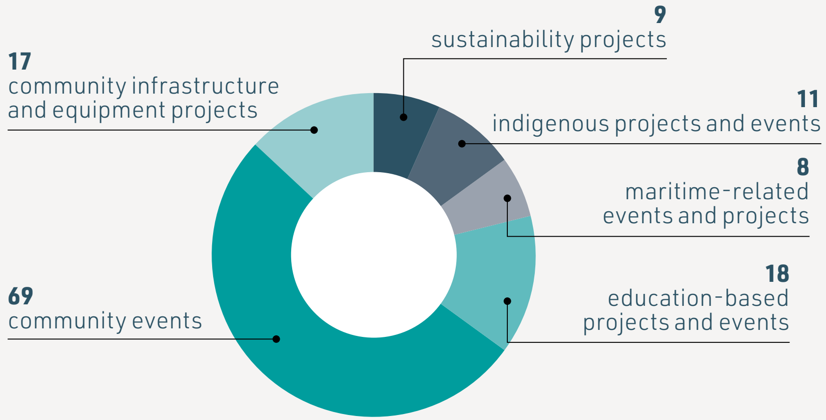
$298,000+
invested in our communities

132
groups supported across:

45 Albany

45 Bunbury

42 Esperance



IMPACT

Directly supported **89,000 people**
Indirectly supported **339,000 people**


MACKENZIE'S
TUG SERVICE
DAMEN

Stakeholder and community engagement

Our Port Community Consultative Committees (PCCC) continued to be an integral connector to our regional communities. PCCC members met quarterly across our ports at Albany, Bunbury and Esperance to discuss local port operations and community engagement and hear from port users.

Over the past year, members contributed a range of ideas and feedback, and also enjoyed informative presentations from Mackenzie Marine and Towage in Esperance, Svitzer in Bunbury, Talison Lithium regarding its Greenbushes lithium operations, and the City of Albany about the proposed Albany Artificial Surf Reef.

Our Port User Groups also met on a quarterly basis in each region, bringing together port users, customers and other key stakeholders for information sharing and proactive issues resolution to enable improved port operations and efficiencies.

Customer satisfaction score

Southern Ports commissioned independent research agency, Kantar Public, to undertake our major community and stakeholder survey in November 2022. The research provides an evidence-based benchmark of stakeholder satisfaction over time and provides insights to support strategic planning and decision-making.

A total of 175 stakeholders (including port users, service providers, and government and industry representatives) and more than 300 community members from across our three regions were surveyed.

73 **Reputation index**
(rated 'good to very good')

- Record result
- On par with industry average 76
- Up 12 points on previous survey in 2020
- Up 40 points in six years
- Performance perceptions across almost all areas have improved since 2016, in particular service quality, engagement and strategic expertise.

PICNIC AT THE PORT

In April, around 2,000 community members received a rare insight into a busy operational port as Southern Ports opened its Port of Bunbury gates to the public for the first time in almost five years. Bringing together the community, port users and staff, the free family friendly event had something for everyone with harbour boat tours, an interpretive walking trail showcasing the inner harbour, family activities, beach games, sand sculptures – concluding with an open-air movie screening.

During the period, we also:

- attended the Esperance Agricultural Show, the Albany Agricultural Show and the Bunbury Spring Show;
- supported our seafarers – including fully-funding two new minibuses for the Mission to Seafarers in Esperance and Bunbury, free wi-fi, and treat boxes to mark the International Maritime Organisation's Day of the Seafarer;
- joined more than 50 guests at Svitzer's naming ceremony for the two new tugboats at the Port of Bunbury in December;
- attended grant funding information expos in Esperance and Bunbury; and
- hosted a number of port tours and delegations, including students from the Home Schooling Network, a delegation from the Port of Portland in Victoria, and teams from Pilbara Ports Authority and Mid West Ports.

EMBRACING EQUITY

In March, Southern Ports partnered with Bunbury and Geographe Chamber of Commerce and Industry to host a regional International Women's Day event. More than 150 attendees heard from a panel of esteemed women in their relative fields, including our General Manager Sustainability, Monica Birkner and Port of Bunbury Senior Marine Pilot, Sarah Robinson.

University collaborations

We continued to invest in industry and tertiary partnerships to develop new and innovative solutions to challenges facing the ports sector, particularly in regional locations. This year's collaborative projects included:

- facilitating a 'hackathon' focused on efficiency improvements in our Port of Esperance iron ore handling operations, in partnership with Curtin University, Innovation Cluster and Innovation Central Perth; and
- progressing Artificial Intelligence (AI) concrete corrosion monitoring initiatives, and breakwater drone and AI condition inspection and analysis, with the SmartCrete Cooperative Research Centre. Both are multi-year initiatives which have the potential to deliver significant cost, resourcing, and management benefits to Southern Ports.

The Port of Albany embarked on its annual partnership with The University of Western Australia Design (Architecture) School. Students completed the first stage of their deep-site immersion, which included a contextual introduction and provision of written reference set by a local award-winning historian; along with several sessions with representatives from the Department of Lands, Planning and Heritage.

Albany Harbours Sustainability Group

The Albany Harbours Sustainability Framework 2022-32 was completed this period. Prepared by Southern Ports on behalf of the Albany Harbours Sustainability Group, the Framework provides guidance to Group members (which include the City of Albany, Museum of the Great Southern, The University of Western Australia, Water Corporation and a number of State Government agencies) to deliver improved sustainable outcomes for the region.

Digitisation

We continued to embed digital technologies to improve business operations and create value for our staff, customers and stakeholders.

IntelliPorts

Significant progress was made on the digital transformation of Southern Ports to be fully digitised by 2025.

The IntelliPorts program of works includes a full ERP system and, in 2022-23, we continued extensive works with our delivery partner DXC towards the implementation of the selected ERP system, Dynamics 365 (D365).

D365 will provide a modern, integrated business platform for finance, human resources, maintenance and procurement. Detailed design and configuration of D365 were continued during the period in readiness for the revised deployment date in early 2024. Southern Ports' new payroll system was also progressed this period as part of the ERP delivery, with roll-out currently underway.

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.

Information system improvements

Significant work to plan and structure a well-governed asset information system was undertaken during this period, including processes, procedures, and documentation improvements to develop best practice data management system and improved information sharing. This included:

- implementing Aconex asset and project document management;
- commencing the development of Content Manager (enterprise document management)
- commencing a fit-for-purpose SharePoint system architecture to better meet our data governance requirements;
- establishing a new custom Digital Asset Management platform for internal and external users to better access Southern Ports visual assets;
- engaging Power BI intelligence to relevant staff to assist with data analysis and reporting; and
- commencing discovery workshops for a new staff intranet site to better share information and engage staff across sites and the business.

By improving our data management systems and processes, Southern Ports will increase data quality, transparency, shareability and traceability to allow our people to make data driven decisions based on accurate information.

Asset digitisation

In the prior year, Southern Ports commenced a program of scanning and reality modelling port assets and the necessary data to generate 3D Building Information Models (BIM) for our asset digital twin. In 2022-23, the build-out of this digital ecosystem continued with significant new additions of key infrastructure across the sites. This included 3D models at the Port of Esperance for Berth 3, tug jetty, pilot jetty and conveyor 34. At our Port of Bunbury, 3D models for Berth 8, the Berth 8 shiploader, and conveyors 4 to 6 were all incorporated into our GIS platform.

The continued development of a complete set of Digital Asset Management Plans for all 14 asset classes across Southern Ports was progressed. The digital platform for these plans has now been delivered with the corresponding data sets build-out ongoing. Coupled with other data sources, this will provide full transparency for our decision-making teams 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

This year's launch of Southern Ports' Virtual Port platform was an important step in our digital future. Led by the GIS team and supported by the Esri GIS software, Virtual Port has become a valuable tool for asset management, data collection, verification and decision making, offering a modern digital mapping system with an impressive 2D/3D interface. It enables the visualisation of both historic and real time data via IoT devices and Operational Technology (OT) sensor feeds which bring life to our asset digital twin.

Over the period, work also continued towards increased adoption of IoT devices at our sites to monitor the location, health and reliability of our equipment. Sensors installed included smart water meters, volumetric stockpile scanning, additional mobile plant trackers and switch room environment monitors.

INDUSTRY RECOGNITION

Southern Ports was proud to be acknowledged by government and industry through a number of awards in 2022-23 including:

- runner-up in the Port or Terminal of the Year category of the prestigious DCN Australian Shipping & Maritime Industry Awards in November. Southern Ports was the only port in WA to receive this level of accolade on the national stage;

- finalist in both the Seafarers Welfare and Safety categories of the DCN Australian Shipping & Maritime Industry Awards;
- winner of the Asset Management Council's Asset Management Resilience Award in April, to recognise the development of Southern Ports' digital asset management system;
- finalist in the Smart Places & Infrastructure category of the 2023 IoT Awards for the deployment of IoT technology;
- winner of the Public Sector category of the 2022 Australian Defence Force WA Employer Support Awards for support offered to Port of Albany Deputy Harbour Master and Marine Pilot, LCDR Jean Naudé, in his role as a reservist;
- finalist in the Institute of Public Administration Australia (IPAA) WA Achievement Awards for our partnership with The University of Western Australia's School of Design student program; and
- Bronze award in the Government Trading Enterprise category of the 2022 IPAA WA Awards for excellence in annual reporting.

DISCLOSURES AND LEGAL COMPLIANCE

Directors' report

Review of operations

The primary role of Southern Ports, as a Government Trading Entity reporting to the Minister for Ports, is to operate as a commercial enterprise in order to facilitate trade through the ports of Albany, Bunbury and Esperance.

We conduct our business in alignment with the vision of 'Strong Regional Ports, Strong Regions'. Our financial year end results reflect the commitment and drive of the organisation to attain this vision.

The 2022-23 period provided profit before income tax of $87.739 million (2021-22: $53.360 million).

The income tax attributable for the financial year was $26.332 million (2021-22: $15.655 million).

The following table is a summary of Southern Ports' results for the financial year 2022-23:

	2023 ($'000)	2022 ($'000)
Profit before income tax	**87,739**	**53,360**
Income tax expense	(26,332)	(15,655)
Profit for the period	**61,407**	**37,705**
Other comprehensive income/(loss)	(9)	122
Total comprehensive income for the year	**61,398**	**37,827**
Retained earnings at 1 July	182,862	145,035
Changes in accounting policy	-	-
Dividends paid in the financial year	-	-
Retained earnings at 30 June	**244,260**	**182,862**

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 and there were no significant changes to those activities during the reporting period.

Events subsequent to reporting date

During the period ended 30 June 2023 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

Our operations are subject to regulation under both Commonwealth and State environmental legislation applicable to any Australian commercial entity. Southern Ports is required to "protect the environment of the port and minimise the impact of port activities on that environment". We function in communities where we make conscious decisions to maintain our "social licence" to operate.

For more details on Southern Ports environmental management, please refer to page 42 within this 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 2022-23 Southern Ports was not required to submit a dividend payment.

No dividends were recommended and provided for 2022-23, 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
Ben Morton

Directors' meetings

The Board schedules meetings to be held throughout the year for both the full Board and Board Committees. Meetings were held between 1 July 2022 to 30 June 2023. Special meetings are also called on occasion to consider urgent matters, however during the reporting period, no special meetings were called.

The following table represents the number of Board meetings held during the financial year as well as the Board's Committees, and the number of attendances by Directors at the respective meetings based on their membership.

	Board	Audit Finance and Risk Committee	Safety & Sustainability Committee	Corporate Governance Committee
Total meetings held	**8**	**5**	**4**	**4**
John BARRATT	8	5		
Jane CUTLER	7		4	
Wiebke EBELING	8		4	
Robyn FENECH*	8	4		2
Gaye McMATH	8	4		3
Ben MORTON**	4		1	
Ian SHEPHERD	8			4
Christopher SUTHERLAND***	4		3	2

* R Fenech became member of the Corporate Governance Committee effective January 2023.
** B Morton was appointed as Director effective 1 January 2023.
*** C Sutherland's term as Director ended 31 December 2022.

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

Emoluments

In accordance with clause 13(c)(ii) of Schedule 5 of the *Port Authorities Act 1999* (as continued under the *Government Trading Enterprises Act 2023*, effective date 1 July 2023), 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* (as continued under the *Government Trading Enterprises Act 2023*, effective date 1 July 2023).

Details of emoluments provided to Directors:

Director	Short-term benefits Board and Committee fees ($'000)	Post employment superannuation ($'000)	Total ($'000)
John BARRATT	37	4	41
Jane CUTLER	37	4	41
Wiebke EBELING	35	4	39
Robyn FENECH	37	4	41
Gaye McMATH	43	5	48
Ben MORTON	18	2	20
Ian SHEPHERD			
Southern Ports	69	7	76
Westport Steering Committee	1	0	1
Christopher SUTHERLAND	19	2	21

Ben Morton commenced January 2023.
Chris Sutherland ceased December 2022.

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 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 2022-23 are as listed below:

Employee	Salary ($'000)	Other ($'000)	Post employment benefits superannuation ($'000)	Other long term benefits long service ($'000)	Total ($'000)
Liley, Robin*	372	18	41	11	442
Lewis, Steve~	361	-	33	-	394
Naude, Jean^	323	24	36	10	393

* Includes $69,000 lieu payout.
~ Includes $49,000 annual leave payout on resignation.
^ Includes $29,000 annual leave payout.

Rounding of amounts to nearest thousand dollars

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

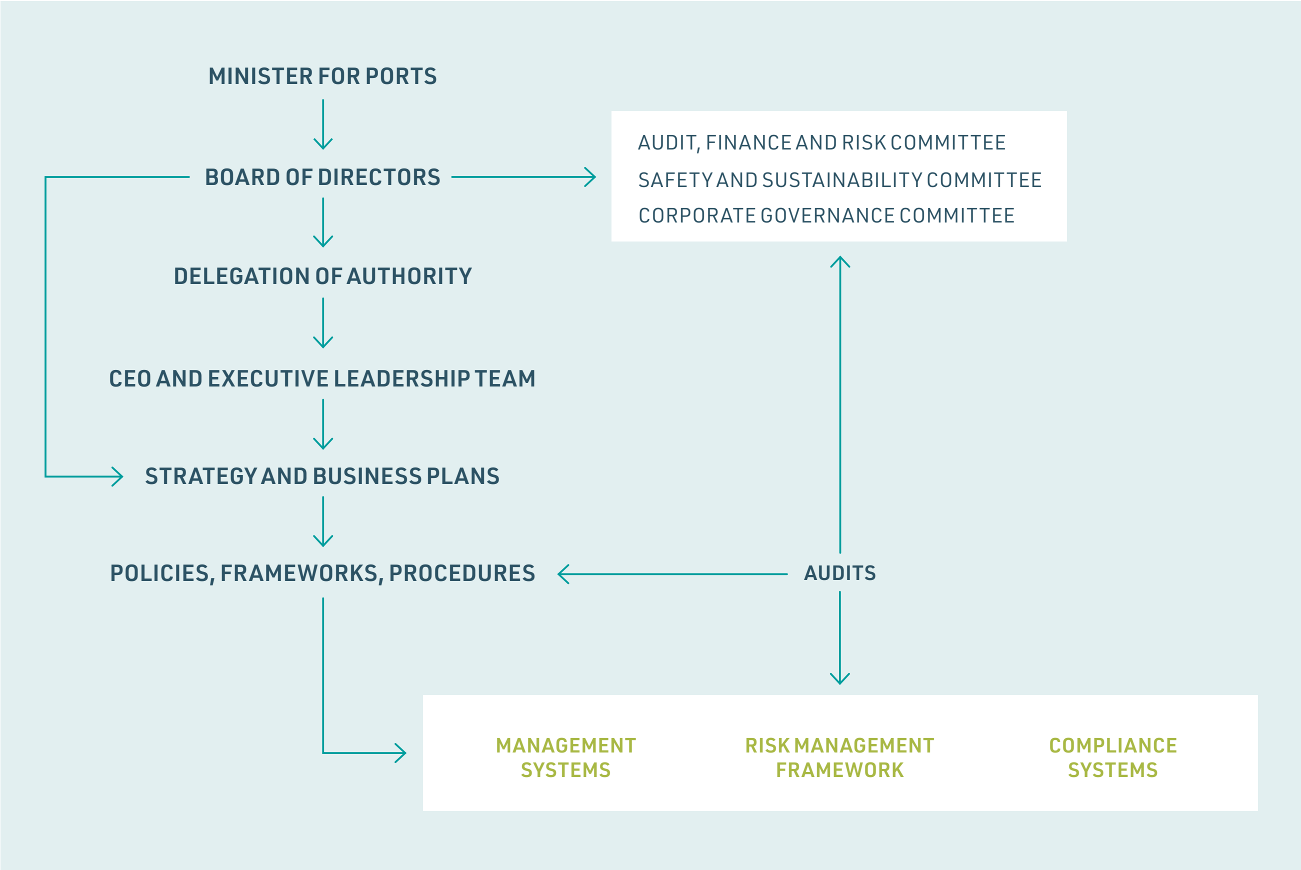
This report is made with a resolution of Directors on 28 August 2023.

Ian Shepherd
Chair
Western Australia

Gaye McMath
Deputy Chair
Western Australia

Governance

Governance framework



Our governing body is the Board of Directors appointed by and reporting to, the Minister for Ports.

Southern Ports' strategic direction is set by the Board and the Board confirms the goals to be achieved by Management and oversees the achievement of those goals under the control of the Chief Executive Officer.

The management of Southern Ports is led by the Executive Leadership Team (ELT), headed by the Chief Executive Officer. The ELT meets weekly and with the inclusion of our ports' Regional Managers monthly, provides expertise across locations and functions to deliver our strategic goals.

Southern Ports' Corporate Governance Manual outlines how the Board governs Southern Ports and the interface with Management. The Manual provides guidance on effective, efficient, and ethical governance performance, as well as governance improvement.

The Board has established three committees, being the Audit, Finance and Risk Committee; Corporate Governance Committee; and Safety and Sustainability Committee. These Committees aid to facilitate the oversight role of the Board and to bring additional expertise to the decision making made by the Board. The Committees meet periodically throughout the financial year.

The Audit, Finance and Risk Committee has a mandate to review, report on and, if required, make recommendations to the Board, Executive or Management on policies and matters relating to the organisations operating and capital budget, internal audit activity, internal controls, Southern Ports risk appetite and risk management framework and all legal compliance requirements.

The directive of the Corporate Governance Committee, subject to the powers and duties of the Board, is to review, report on and, if required, make recommendations to the Board, Executive or Management on matters relating to corporate governance, Board structure, composition and assessment, Chief Executive Officer appointment and assessment, and other matters as directed by the Board from time to time. Policies within the mandate of the Corporate Governance Committee are endorsed to the Board for approval and relevant procedures and practices are monitored.

The Safety and Sustainability Committee will make recommendations to the Board, Executive or Management on matters relating to the health and safety, environment, people, community, and sustainability of Southern Ports' operations and oversee practices relevant to the role of the Committee.

As a Government Trading Enterprise, Southern Ports performs the duties to facilitate trade in a commercially responsible manner and for the benefit of stakeholders, in accordance with the *Government Trading Enterprises Act 2023*, in conjunction with the *Port Authorities Act 1999*, together the Act (the Act). The Act provides Southern Ports' accountability to the State Government, as well as granting it the necessary powers to perform its designated 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.

Our Directors are appointed by the Minister to the Board of Southern Ports, 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 roles of Chair and Deputy Chair. The Board reports to the Minister regularly against Southern Ports' Strategic Plans and key operational items.

Southern Ports has a Code of Conduct and Ethics (Code) aligned with our mission and values, applicable to both employees and members of the Board. Importantly the Code sets out the rules around the expected behaviours within Southern Ports and states ... *all are accountable to behave respectfully, professionally and with integrity*. Directors have signed the Code as confirmation of their commitment to the Code. Annual reports are provided to the Public Sector Commissioner and the Minister on our conformance with the Code.

Information on Directors' experience and skills are outlined on pages 19-21.

Internal audit

The purpose of internal audits is to provide independent, objective assurance to the Board and Management, that adds value to Southern Ports operations, and improves risk management, controls and governance processes.

The internal audit function within Southern Ports is overseen by the Board's Audit, Finance and Risk Committee. The Board endorse the appointment of the internal auditors and the internal audit plan each financial year. Moore Australia continued to undertake internal audits during the reporting period and ended the three-year service agreement in August 2023. At its August 2023 meeting, the Southern Ports' Board awarded to Ernst & Young a service provider contract for the provision of internal audit services for the ensuing three year period.

Areas audited during this reporting period included:

- delegations
- fraud and corruption control
- financial controls
- project management
- contractor safety management
- recruitment management.

The resulting recommendations, which were provided to the Audit, Finance and Risk Committee and to the Executive Leadership Team, have added improvements to Southern Ports governance and internal controls.

External audit

Southern Ports is required under the Act to have the financial report for the relevant financial year audited by the Auditor General. The Auditor General has outsourced the audit to KPMG Australia.

Risk management

The Board approved Risk Management Policy aligned with our Risk Appetite Statement, provides Management with the objectives for the delivery of the Enterprise Risk Management system. Our risk management processes identifies, assesses, and mitigates risk to a practicable and acceptable level. In understanding our risks, the Board and Management are enabled to make considered risk decisions to protect our assets and our people.

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

Compliance

Financial management

The Act 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 directive or direction during the 2022-23 reporting period.

Compliance with public sector standards and ethical codes

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 2022-23, we received six reports that may have conflicted with the Southern Ports' Code of Conduct and Ethics.

Other reporting requirements

Expenditure on advertising, market research, polling and direct mail

EXPENDITURE CATEGORY AND COMPANY NAME	2023 ($)	2022 ($)
Advertising agencies	-	-
Market research organisations	-	-
Polling organisations Kantar Public Australia Pty Ltd (formerly Taylor Nelson Sofres Australia Pty Ltd)	83,000	-
Direct mail organisations	-	-
Media advertising organisations Australian Community Media – Rural Press Pty Ltd Esperance Weekender Paragon DCN Pty Ltd West Australian Newspapers	20,515	9,165

Recordkeeping Plan

In accordance with section 19 of the *State Records Act 2000* and the State Records Commission Standards, Southern Ports has a Recordkeeping Plan that summarises how recorded information is created and managed within the organisation. The Plan must be complied with by our staff.

The Southern Ports Recordkeeping Plan was revised during 2021 and approved by the State Records Commission in November 2021. Of note is continued progress towards incorporating our documentary records into a fully digitalised records management system. This body of work is being undertaken as part of Southern Ports' ERP.

Staff are trained on the importance and responsibilities of maintaining Southern Ports records, including 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. Publications released during the reporting period were the 2022 Annual Report, Modern Slavery Statement, and Southern Ports Sustainability Plan.

Our Freedom of Information Officer can be contacted by post to:

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

or email to FOI@southernports.com.au

During the reporting period there were no applications for personal or non-personal information.

There were also no third party requests for consultation for applications made to other government agencies during the period.

Government policy requirements

Substantive equality and diversity

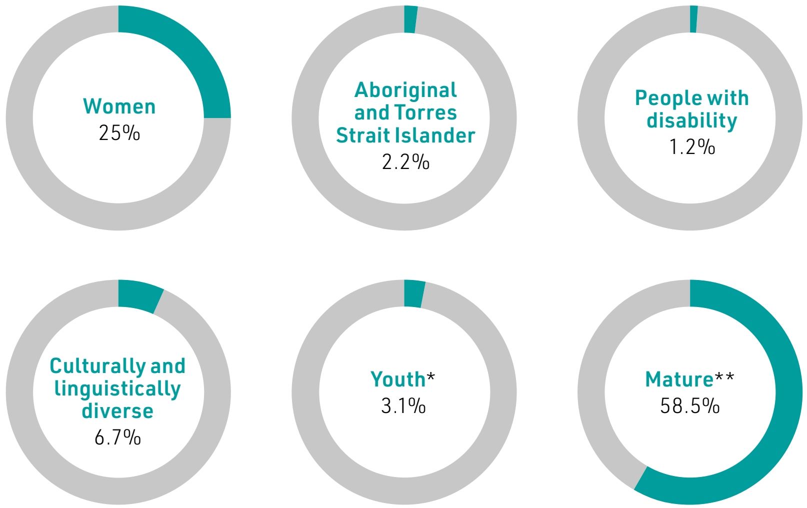
We proudly support flexible arrangements in the workplace whereby employees can balance work and family commitments, offering a purchase of leave procedure to meet individual needs, paternity and maternity leave and part-time work opportunities.

Southern Ports are 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 sexuality.

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 through voluntary disclosure during the reporting period and provides a representation of staff diversity.

WORKFORCE DIVERSITY



* aged 25 years and under.
** >45 years of age.

Women in leadership

Tier 1	0%
Tier 2	25.0%
Tier 3	23.5%

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 an inclusive culture which reflects a greater understanding and awareness of Aboriginal and Torres Strait Islander people and cultures. Our Reflect Reconciliation Action Plan (currently in preparation) will continue the development of respectful and culturally aware practices, workplaces and communities within our organisation.

Gifts and benefits

Included in the Code of Conduct and Ethics 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.

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 Health and Safety Policy was reviewed and updated in February 2023. An excerpt follows:

We are committed to:

- prioritising health and safety in our workplace, to build and maintain an environment that protects from workplace related physical and psychological injury.
- ensuring sustainable development of its port jurisdictions and areas of influence through the consideration of safety and health matters in all aspects of the decision-making process.
- ensuring workers understand their accountability and responsibility for their own personal safety and the safety of others.
- empowering workers and supporting the decision to stop work if there is a risk, real or perceived, to the health and safety of workers undertaking activities or others impacted by that work.
- promoting and upholding a positive culture that encourages everyone to report hazards and incidents with honesty and integrity, to treat their fellow workers with respect and courtesy and to act with appropriate workplace behaviour.
- complying with all applicable health and safety legislation whilst being guided by ISO 45001 Occupational Health and Safety Management Systems.
- ensuring provision of appropriate resources, training, supervision and support to workers to meet safety and health objectives at Southern Ports.
- jointly setting and reviewing meaningful health and safety targets with its workers a part of the continual improvement of a health and safe working environment.
- engaging with workers and stakeholders on safety and health matters, to research innovations and risk mitigations to actively reduce risk.

A total of six Workers' Compensation claims were lodged with our insurer during the rolling 12-month period 1 July 2022 to 30 June 2023.

Southern Ports work health, safety, and injury management performance in 2022-23 against targets are shown in the adjacent table.

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

RESULTS FOR THE YEAR ENDED 30 JUNE 2023

MEASURES	2020-21 Actual	2021-22 Actual	2022-23 Target	2022-23 Actual	Comments
Number of fatalities	0	0	0	0	Target achieved.
Lost time injury and disease incidence rate	1.21	0.81	0 or 10% reduction	0.70	Target achieved. 14% reduction from 2021-22 and 41% reduction from the 2021 reference year.
Lost time injury and disease severity rate	0	0	0 or 10% reduction	0	Target achieved.
% of injured workers returned to work within 13 weeks	100%	100%	Greater than or equal to 80 per cent return to work within 13 weeks	100%	Target achieved. 100% returned within 13 weeks.
% of injured workers returned to work within 26 weeks	100%	100%	Greater than or equal to 80 per cent return to work within 13 weeks	100%	Target achieved. 100% returned within 13 weeks.
% of Managers trained in OSH and Injury Management responsibilities	88%	99%	≥ 80%	98%	Target achieved. 98% achieved.

FINANCIAL REPORT

for the year ended 30 June 2023

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 2023 comply with Australian Accounting Standards, the *Government Trading Enterprises Act 2023*, including section 176, the *Government Trading Enterprises Regulations 2023* 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 2023 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.

(d) The Directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer for the reporting year ended 30 June 2023.

This declaration is signed in accordance with a resolution of the Directors on 28 August 2023.

Ian Shepherd
Chair
Western Australia

Gaye McMath
Deputy Chair
Western Australia

Independent auditor's report

Auditor General

INDEPENDENT AUDITOR'S REPORT
2023
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 2023, and 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 the *Government Trading Enterprises Act 2023*, including section 176 and the Government Trading Enterprises Regulations 2023, and:

- gives a true and fair view of the financial position at 30 June 2023 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.

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 2023, 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.

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

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.

Responsibilities of the directors for the financial report

The directors of the Authority are responsible for:

- keeping proper records
- preparation of the financial report in accordance with the *Government Trading Enterprises Act 2023*, including section 176 and the Government Trading Enterprises Regulations 2023 that gives a true and fair view in accordance with Australian Accounting Standards and Corporations Regulations 2001
- such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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 management 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 ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 2023 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.

J Langford-Smith

Jordan Langford-Smith
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
4 September 2023

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	2023 ($'000)	2022 ($'000)
INCOME			
Revenue	3	171,980	145,535
Other income	4	42,758	16,848
EXPENDITURE			
Employee benefits expense	6	(46,176)	(36,963)
Contracts and services		(41,859)	(34,857)
Utilities		(7,643)	(9,351)
Depreciation	5	(11,829)	(10,432)
Impairment	14	(52)	-
Materials and supplies		(8,262)	(6,728)
Government charges		(5,700)	(5,012)
Finance costs	7	(488)	(497)
Insurance		(1,721)	(2,044)
Other expenses	8	(3,269)	(3,139)
Profit before income tax		**87,739**	**53,360**
Income tax expense	9	(26,332)	(15,655)
PROFIT FOR THE YEAR		**61,407**	**37,705**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit (asset)/liability		(13)	174
Tax benefit/(expense) on items that will never be reclassified to profit or loss	9	4	(52)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**61,398**	**37,827**

The accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2023

	Note	2023 ($'000)	2022 ($'000)
ASSETS			
Current assets			
Cash and cash equivalents	11	138,822	105,487
Trade and other receivables	12	24,758	22,506
Inventories	13	5,234	4,528
Total current assets		**168,814**	**132,521**
Non-current assets			
Deferred tax assets	9	3,461	2,283
Property, plant and equipment	14	207,148	172,560
Trade and other receivables	12	4,972	6,403
Inventories	13	2,469	2,463
Right-of-use assets	15	4,112	901
Total non-current assets		**222,162**	**184,610**
TOTAL ASSETS		**390,976**	**317,131**
LIABILITIES			
Current liabilities			
Trade and other payables	17	6,965	7,657
Interest bearing borrowings	18	1,473	1,389
Current tax liabilities	9	6,661	326
Provisions	19	8,527	7,566
Lease liabilities	15	969	393
Contract liabilities	20	212	853
Total current liabilities		**24,807**	**18,184**
Non-current liabilities			
Interest bearing borrowings	18	3,332	4,805
Provisions	19	1,969	1,052
Lease liabilities	15	3,127	514
Total non-current liabilities		**8,428**	**6,371**
TOTAL LIABILITIES		**33,235**	**24,555**
NET ASSETS		**357,741**	**292,576**
EQUITY			
Reserves	21	14,815	14,815
Contributed equity		98,666	94,899
Retained earnings		244,260	182,862
TOTAL EQUITY		**357,741**	**292,576**

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2023

	Note	Contributed Equity ($'000)	Reserves ($'000)	Retained Earnings ($'000)	Total ($'000)
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	10	-	-	-	**-**
BALANCE AT 30 JUNE 2022		**94,899**	**14,815**	**182,862**	**292,576**
Balance at 30 June 2022		**94,899**	**14,815**	**182,862**	**292,576**
Profit for the period		-	-	61,407	**61,407**
Total other comprehensive income		-	-	(9)	(9)
TOTAL COMPREHENSIVE INCOME		-	-	61,398	**61,398**
Transaction with owners					
Equity injection	26	3,767	-	-	**3,767**
Dividends paid	10	-	-	-	**-**
BALANCE AT 30 JUNE 2023		**98,666**	**14,815**	**244,260**	**357,741**

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2023

	Note	2023 ($'000)	2022 ($'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		189,009	164,318
Cash paid to suppliers and employees		(132,213)	(113,059)
Cash contributions from Government	4	10,010	12,372
Interest paid		(416)	(478)
Income tax paid		(21,171)	(18,645)
Net cash provided by operating activities	22	**45,219**	**44,508**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,009	168
Proceeds from sale of property, plant and equipment		1,201	-
Payment received from finance lease		1,366	1,283
Acquisition of property, plant and equipment	14	(19,039)	(18,242)
Net cash used in investing activities		**(13,463)**	**(16,791)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,389)	(1,311)
Dividends paid	10	-	-
Repayment of lease liabilities		(799)	(329)
Cash contributions from Government	26	3,767	-
Net cash used in financing activities		**1,579**	**(1,640)**
Net increase in cash and cash equivalents		33,335	26,077
Cash and cash equivalents at 1 July		105,487	79,410
CASH AND CASH EQUIVALENTS AT 30 JUNE	11	**138,822**	**105,487**

The accompanying notes form part of these financial statements.

Note 1

Basis of preparation

(A) STATEMENT OF COMPLIANCE

Southern 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 *Government Trading Enterprises Act 2023*.

The financial statements were authorised for issue on 28 August 2023 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 Ports' 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 Ports' 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:

(a) Note 14 - Determination of fair value

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

(b) 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 2

Summary of significant accounting policies

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:

(a) 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.

(b) Rental income

Rental income is recognised in the Statement of profit or loss 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.

(c) 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 profit or loss.

(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.

(a) 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.

(b) 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 utilises 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 recognised as being irrecoverable. Movement in the allowance for impairment of receivables is disclosed in Note 12.

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 profit or loss.

(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.

(a) 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".

(b) 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.

(c) 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

(a) 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 profit or loss.

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 profit or loss.

(b) Subsequent costs

Subsequent expenditure is capitalised where 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.

(c) 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 profit or loss. 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:

Buildings and improvements	4-50 years
Breakwaters	22-50 years
Inner and outer harbour channels and basins	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.

(d) 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 profit or loss. 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.

(a) 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.

(b) As a lessor

Payments made under operating leases are recognised in the profit or loss 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; and
- financial liabilities measured at amortised cost.

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

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.

(a) Financial assets

Classification and subsequent measurement

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.

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.

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.

Derecognition

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.

(b) 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.

Derecognition

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.

(c) 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 profit or loss when the liabilities are derecognised, as well as through the amortisation process.

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

(K) EMPLOYEE BENEFITS

(a) 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.

(b) 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 2023.

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.

(a) 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

Revenue

	2023 ($'000)	2022 ($'000)
REVENUE CONSISTS OF THE FOLLOWING ITEMS:		
Revenue from contracts with customers		
Charges on ships	56,626	49,277
Charges on cargo	91,172	80,016
	147,798	**129,293**
Other revenue		
Rentals, leases and other lease recoveries	20,658	16,057
Interest revenue	3,524	185
TOTAL REVENUE	**171,980**	**145,535**

Note 4

Other income

	2023 ($'000)	2022 ($'000)
OTHER INCOME CONSISTS OF THE FOLLOWING ITEMS:		
Government contributions [a]	10,010	12,372
Net gain on sale of property, plant and equipment [b]	145	-
Fair value of transferred asset [c]	28,576	-
Other income	4,027	4,476
TOTAL OTHER INCOME	**42,758**	**16,848**

(a) Subsidies paid to the 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) Includes gain of $0.216 million related to the sale and leaseback of motor vehicles as detailed in Note 15.

(c) Income realised on transfer of assets resulting from the termination of the concessional MRL arrangement.

Note 5

Depreciation

	2023 ($'000)	2022 ($'000)
Channels, dredging, breakwaters and navigation aids	2,127	2,178
Buildings and improvements	1,935	1,359
Plant and equipment	2,846	2,681
Berths, jetties and infrastructure	4,227	3,880
Total depreciation property, plant and equipment	**11,135**	**10,098**
Depreciation on right-of-use assets	694	334
TOTAL DEPRECIATION	**11,829**	**10,432**

Note 6

Employee benefits expense

	2023 ($'000)	2022 ($'000)
Wages, salaries and redundancies	40,818	32,972
Superannuation	4,156	3,244
Increase in:		
Accumulated days off	122	171
Annual leave	740	283
Long service leave	303	213
Personal leave	37	80
TOTAL EMPLOYEE BENEFITS	**46,176**	**36,963**

Note 7

Finance costs

	2023 ($'000)	2022 ($'000)
Interest expense	416	488
Lease interest expense	72	9
TOTAL FINANCE COSTS	**488**	**497**

Note 8

Other expenses

	2023 ($'000)	2022 ($'000)
Movement in expected credit losses (Note 12)	(155)	32
Other employee related costs	3,424	3,107
TOTAL OTHER EXPENSES	**3,269**	**3,139**

Note 9

Income tax expense

(A) AMOUNTS RECOGNISED IN PROFIT OR LOSS

	2023 ($'000)	2022 ($'000)
Current tax expense		
Current income tax expense	27,499	16,981
Adjustment for prior periods	-	(507)
Total current tax expense	**27,499**	**16,474**
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(1,167)	(961)
Adjustments for prior periods	-	142
Total deferred tax (benefit)/expense	(1,167)	(819)
TOTAL INCOME TAX EXPENSE	**26,332**	**15,655**

(B) AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2023 ($'000)	2022 ($'000)
Deferred tax (benefit)/expense recognised in other comprehensive income	(4)	52

(C) RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX NET PROFIT

	2023 ($'000)	2022 ($'000)
Profit for the period	61,407	37,705
Total income tax expense	26,332	15,655
Profit excluding income tax	**87,739**	**53,360**
Income tax using the statutory tax rate of 30% (2022:30%)	26,322	16,007
Non-deductible expenses	13	12
Other	(3)	-
	26,332	**16,019**
Under/(over) provision in prior years	-	(364)
TOTAL INCOME TAX EXPENSE	**26,332**	**15,655**

Note 9 cont'd

(D) DEFERRED TAX BALANCES

	BALANCES INCLUDED IN STATEMENT OF FINANCIAL POSITION		MOVEMENTS INCLUDED IN STATEMENT OF COMPREHENSIVE INCOME	
	2023 ($'000)	2022 ($'000)	2023 ($'000)	2022 ($'000)
DEFERRED TAX LIABILITIES				
Current finance lease receivable	(1,921)	(2,331)	410	385
Future dredging	(504)	(524)	20	20
Others	(3,001)	(1,610)	(1,391)	(185)
Gross deferred tax liabilities	(5,426)	(4,465)		
DEFERRED TAX ASSETS				
Employee benefits & other provisions	3,700	3,085	615	176
Accelerated depreciation for accounting purposes	2,899	2,485	414	15
Other	2,288	1,178	1,110	408
Gross deferred tax assets	8,887	6,748		
Set-off of deferred tax liabilities				
Pursuant to set-off provisions	(5,426)	(4,465)		
TOTAL NET DEFERRED TAX ASSETS	**3,461**	**2,283**		
TOTAL DEFERRED TAX (EXPENSE)/BENEFIT			**1,178**	**819**

(E) CURRENT TAX LIABILITIES

The current tax liability of $6.661 million (2022: $0.326 million) represents the amount of income taxes payable in respect of current and prior financial periods.

Note 10

Dividends

	2023 ($'000)	2022 ($'000)
Final dividends in respect of the previous financial year [(a)]	-	-
Interim dividends in respect of the current financial year [(b)]	-	-
TOTAL DIVIDENDS PAID	**-**	**-**

In accordance with the Government Financial Policy, the Government may direct Southern Ports to pay dividends. The 2023 financial year dividend payout ratio had been set at 75% (2022: 75%) of net profit after tax. In the course of 2021-22 and 2022-23 Cabinet approved retention of the dividend payment for strategic infrastructure priorities.

(a) No final dividend in respect of previous financial year was declared or paid for the financial results year ended 30 June 2022. (In respect of year ended 30 June 2021, paid: Nil).

(b) No interim dividend was declared or paid for the year ended 30 June 2023 (2022: $Nil). The Expenditure Review Committee has recommended, and Cabinet endorsed no interim dividend is required to be paid for the year ended 30 June 2023.

Note 11

Cash and cash equivalents

	2023 ($'000)	2022 ($'000)
Bank deposits	49,246	43,907
Cash deposits	89,576	61,580
TOTAL CASH AND CASH EQUIVALENTS IN STATEMENT OF CASH FLOWS	**138,822**	**105,487**

Full year 2021 and 2022 dividend, and interim 2023 dividend were retained by Southern Ports and held in Cash and cash equivalents to be applied on Expenditure Review Committee approved new or existing capital related expenditure.

The retained dividend from 2021 to 2023 financial years totaling $108.3 million are quarantined separate from unrestricted cash to be held for expenditure on Government approved infrastructure requirements. $0.6 million of the retained dividend was expended in 2023 with a further $14.0 million approved over 2024 to 2026.

Note 12

Trade and other receivables

	2023 ($'000)	2022 ($'000)
CURRENT		
Trade receivables		
Trade receivables	18,815	17,849
Less: allowance for expected credit loss of trade receivables	(232)	(387)
	18,583	**17,462**
Other debtors		
Accrued revenue	1,435	1,118
Finance lease receivable	1,431	1,366
Prepayments	3,309	2,560
TOTAL TRADE AND OTHER RECEIVABLES	**24,758**	**22,506**
NON-CURRENT		
Finance lease receivable	4,972	6,403
TOTAL TRADE AND OTHER RECEIVABLES	**4,972**	**6,403**

Reconciliation of changes in expected credit loss of trade receivables

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 2023 ($'000)	Gross 2022 ($'000)
Not more than 3 months	1,301	2,356
More than 3 months but less than 6 months	17	480
More than 6 months but less than 1 year	10	-
More than 1 year	11	-
BALANCE AT END OF YEAR	**1,339**	**2,836**

As at 30 June 2023, an allowance for expected credit losses $0.232 million was recognised (2022: $0.387 million).

Note 13

Inventories

	2023 ($'000)	2022 ($'000)
CURRENT		
Material stores, spares for maintenance - at cost	5,234	4,528
TOTAL INVENTORIES	**5,234**	**4,528**
NON-CURRENT		
Material stores, spares for maintenance - at net realisable value	2,469	2,463
TOTAL INVENTORIES	**2,469**	**2,463**

Net realisable value adjustment to non-current inventories, increase $0.198 million (2022: increase $0.136 million).

Note 14

Property plant and equipment

	Channels, breakwaters, dredging and navigation aids 2023 ($'000)	Land 2023 ($'000)	Building and improvements 2023 ($'000)	Plant and equipment 2023 ($'000)	Berths, jetties and infrastructure 2023 ($'000)	Works in progress 2023 ($'000)	Total 2023 ($'000)
At cost	113,634	23,327	48,934	39,800	176,517	13,579	**415,791**
Accumulated depreciation	(75,606)	-	(28,578)	(26,274)	(110,996)	-	**(241,454)**
Accumulated impairment	(11)	-	(646)	(144)	(976)	-	**(1,777)**
Opening balance at 1 July	**38,017**	**23,327**	**19,710**	**13,382**	**64,545**	**13,579**	**172,560**
Additions	124	-	155	686	794	17,280	**19,039**
Additions from transfer of assets [(a)]	-	-	25,286	3,966	-	-	**29,252**
Transfers and other movements at cost [(b)]	287	-	750	607	7,214	(8,858)	**-**
Transfers and other movements Acc Depn [(b)]	-	-	-	-	-	-	**-**
Depreciation for the year	(2,127)	-	(1,935)	(2,846)	(4,227)	-	**(11,135)**
Impairment [(c)]	-	-	-	-	(52)	-	**(52)**
Disposals	-	(40)	(240)	(5,924)	(211)	-	**(6,415)**
Accumulated depreciation on disposals	-	-	175	5,323	211	-	**5,709**
Amounts written off [(d)]	-	-	-	-	-	(1,810)	**(1,810)**
Carrying amount at 30 June	**36,301**	**23,287**	**43,901**	**15,194**	**68,274**	**20,191**	**207,148**
At cost	114,045	23,287	74,885	39,135	184,314	20,191	**455,857**
Accumulated depreciation	(77,733)	-	(30,338)	(23,797)	(115,012)	-	**(246,880)**
Accumulated impairment	(11)	-	(646)	(144)	(1,028)	-	**(1,829)**
Closing balance 30 June	**36,301**	**23,287**	**43,901**	**15,194**	**68,274**	**20,191**	**207,148**

(a) Assets transferred on completion of MRL concessional arrangement. Independent valuer has valued the assets at fair value based on depreciated replacement cost using industry indices market sources and quantity surveyor estimates. Estimated replacement cost is then depreciated based on useful life adjusted for remaining useful life.
(b) Transfers and other movements includes capitalisation of Works in Progress amounts and reclassification of items between asset groups following a review to ensure standardisation of asset classes.
(c) There was $0.052 million impairment of assets in the 2023 financial year (2022: nil)
(d) Amounts written off include concept costs and discontinued projects in Works in Progress.

Note 15

Right of use assets and leases as lessee

Southern Ports leased commercial office space, IT equipment and motor vehicles during the year ended 30 June 2023.

IT equipment is leased on varying terms of up to 5 years for laptops, printers and accessories.

Commercial office space is leased in three locations with a new lease signed during 2023 on a 3 year term with a 2 year extension option, which has been included in the calculation of the lease term. An extension option of 6 months, not previously included in the calculation of the lease term, was increased to 18 months and exercised during 2023.

A sale and leaseback transaction was undertaken during the 2023 year for 80 motor vehicles with the following key terms and conditions:

- The lease terms varied from 12 months (68 vehicles) up to 4 years. Short term leases are not required to be recognised as right of use assets and accordingly are not included in section A or B (right);
- There are no extension or purchase options;
- The gain on the sale and leaseback transaction is shown in Note 4.

Subsequent to the sale and leaseback transaction, additional vehicles have been leased on varying terms of up to 5 years.

(A) RIGHT OF USE ASSETS

	Motor vehicles ($'000)	Plant and equipment ($'000)	Land and buildings ($'000)	Total ($'000)
2023				
Opening net carrying amount	-	234	667	901
Additions during the year	3,183	384	338	3,905
Depreciation charge for the year	(272)	(161)	(261)	(694)
Balance at 30 June	**2,911**	**457**	**744**	**4,112**
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**

(B) LEASE LIABILITIES

	Motor vehicles ($'000)	Plant and equipment ($'000)	Land and buildings ($'000)	Total ($'000)
2023				
Opening net carrying amount	-	237	670	907
Additions during the year	3,190	387	340	3,917
Interest on lease liabilities for the year	52	4	15	71
Lease payments	(358)	(171)	(270)	(799)
Balance at 30 June	**2,884**	**457**	**755**	**4,096**
Current	550	192	227	969
Non-Current	2,334	265	528	3,127
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

Note 15 cont'd

(C) AMOUNTS RECOGNISED IN PROFIT OR LOSS

	Motor vehicles ($'000)	Plant and equipment ($'000)	Land and buildings ($'000)	Total ($'000)
2023				
Depreciation expense for right-of-use assets	272	161	261	694
Interest on lease liabilities	52	4	15	71
Expenses related to short term leases	83	-	-	83
Expenses relating to variable lease payments not included in lease liabilities	-	-	125	125
TOTAL AMOUNTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME	**407**	**165**	**401**	**973**
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**

Note 16

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.

(A) OPERATING LEASE RECEIVABLE

	2023 ($'000)	2022 ($'000)
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	14,162	7,999
Later than 1 year but not later than 5 years	35,942	20,638
Later than 5 years	50,692	72,115
TOTAL OPERATING LEASES RECEIVABLE	**100,796**	**100,752**

(B) FINANCE LEASE RECEIVABLE

	2023 ($'000)	2022 ($'000)
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	5,471	7,294
Later than 5 years	-	-
TOTAL FINANCE LEASES RECEIVABLE	**7,295**	**9,118**
Unearned finance income	892	1,349
NET INVESTMENT IN THE LEASE	**6,403**	**7,769**

Note 17

Trade and other payables

	2023 ($'000)	2022 ($'000)
Trade payables	1,697	1,273
Other payables	2,735	2,917
GST payable	170	278
Accrued wages	-	1,176
Unexpired income	2,363	2,013
TOTAL TRADE AND OTHER PAYABLES	**6,965**	**7,657**

Note 18

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(B)(a).

	2023 ($'000)	2022 ($'000)
CURRENT		
Special current borrowings	1,473	1,389
TOTAL INTEREST BEARING BORROWINGS	**1,473**	**1,389**
NON-CURRENT		
Special non-current borrowings	3,332	4,805
TOTAL INTEREST BEARING BORROWINGS	**3,332**	**4,805**
FINANCING ARRANGEMENTS		
Southern Ports has access to the following lines of credit:		
Total facilities available – Special borrowings	4,805	6,194
Facilities utilised at reporting date – Special borrowings	4,805	6,194
Facilities not utilised at reporting date – Special borrowings	-	-

(A) SIGNIFICANT TERMS AND CONDITIONS

Special borrowings of $4.805 million (2022: $6.194 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.

Note 18 cont'd

(B) BORROWING MATURITY TABLE

The table below sets out the maturity of Southern Ports' borrowings:

	1 year or less ($'000)	1 to 2 years ($'000)	2 to 3 years ($'000)	3 to 4 years ($'000)	4 to 5 years ($'000)	Over 5 years ($'000)	Total ($'000)
2023							
Interest bearing borrowings:							
Fixed interest rate borrowings	1,473	1,385	1,410	537	-	-	4,805
BALANCE AT YEAR END	**1,473**	**1,385**	**1,410**	**537**	**-**	**-**	**4,805**
Weighted average interest rate:							
Fixed interest rate borrowings	**6.30%**	**6.30%**	**6.30%**	**6.30%**	**-**	**-**	**6.30%**
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%**

(C) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Note	2023 ($'000)	2022 ($'000)
SPECIAL BORROWINGS AS AT 1 JULY		6,194	7,505
CHANGES FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,389)	(1,311)
OTHER CHANGES			
Interest expense	7	416	488
Interest paid		(416)	(478)
Decreases in accrued interest		-	(10)
SPECIAL BORROWINGS AT 30 JUNE		**4,805**	**6,194**

Note 19

Provisions

	2023 ($'000)	2022 ($'000)
CURRENT		
Employee benefits provision		
Accumulated days off	265	199
Annual leave [(a)]	3,660	3,020
Long service leave [(b)]	3,079	3,050
Superannuation [(c)]	29	29
Sick leave	229	192
Other provisions		
Employment on-costs	1,265	1,076
TOTAL PROVISIONS	**8,527**	**7,566**
NON-CURRENT		
Employee benefits provision		
Long service leave [(b)]	710	508
Superannuation [(c)]	459	459
Other provisions		
Employment on-costs	124	85
Decommissioning provision [(d)]	676	-
TOTAL PROVISIONS	**1,969**	**1,052**

(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:

	2023	2022
Within 12 months of balance date	2,272	1,881
More than 12 months after balance date	1,388	1,139
	3,660	**3,020**

(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:

	2023	2022
Within 12 months of balance date	3,079	3,050
More than 12 months after balance date	710	508
	3,789	**3,558**

(c) 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*.

Reconciliation of movement in the present value of the unfunded obligations recognised in the Statement of Financial Position

	2023 ($'000)	2022 ($'000)
Opening balance	488	692
Benefits paid	(29)	(40)
AMOUNTS RECOGNISED IN PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Current service cost		
Interest cost	16	10
Actuarial loss / (gain)	13	(174)
PRESENT VALUE OF UNFUNDED OBLIGATIONS AT END OF YEAR	**488**	**488**

(d) Provision has been recognised for the removal and restitution costs of infrastructure.

Movement in provisions

	2023 ($'000)	2022 ($'000)
Employee benefits provision:		
Opening carrying amount	7,457	7,048
Additional provisions made during the period	4,756	3,779
Amounts used during the period	(3,782)	(3,370)
CLOSING CARRYING AMOUNT	**8,431**	**7,457**
Other provisions [(a)]		
Opening carrying amount	1,161	1,026
Additional provisions made during the period	1,515	679
Amounts used during the period	(611)	(544)
CLOSING CARRYING AMOUNT	**2,065**	**1,161**

(a) 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.

Note 20

Contract balances

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

	2023 ($'000)	2022 ($'000)
Accrued Revenue, included in 'trade and other receivables'	411	167
Contract Liabilities	(212)	(853)

Accrued Revenue, included in 'trade and other receivables' relate to 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

(A) 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:

	2023 ($'000)	2022 ($'000)
Cash and cash equivalents (Note 11)	138,822	105,487
TOTAL CASH AND CASH EQUIVALENTS	**138,822**	**105,487**
Reconciliation of profit after income tax equivalent to net cash flow provided by/(used in) operating activities		
Profit after income tax equivalents	61,407	37,705
Adjustments for:		
Depreciation expense	11,829	10,432
Impairment	52	-
Interest income	(3,524)	(185)
Finance costs	488	497
Net (gain) on sale of property, plant and equipment	(145)	-
Net (gain) on sale and leaseback transaction	(350)	-
Work in progress written off	1,810	111
Fair value of transferred asset	(28,576)	-
Income tax expense	26,332	15,655
Operating profit before changes in working capital	**69,323**	**64,215**
(Increase)/decrease in assets:		
Trade and other receivables	(1,665)	1,687
Inventories	(712)	(336)
(Decrease)/increase in liabilities:		
Trade and other payables	(580)	(97)
Provisions	1,865	718
Decommissioning provision on transferred asset	(676)	-
Contract liabilities	(641)	(2,427)
GST liability	(108)	(129)
Cash from operating activities	**66,806**	**63,631**
Interest paid	(416)	(478)
Income taxes paid	(21,171)	(18,645)
NET CASH FROM OPERATING ACTIVITIES	**45,219**	**44,508**

Note 23

Financial instruments

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2023 ($'000)	2022 ($'000)
FINANCIAL ASSETS		
Cash and cash equivalents	138,822	105,487
Trade receivables and accrued revenue	20,018	18,579
TOTAL FINANCIAL ASSETS	**158,840**	**124,066**
FINANCIAL LIABILITIES		
Trade and other payables	(4,432)	(4,190)
Lease liabilities	(4,096)	(907)
Interest-bearing borrowings [a]	(4,960)	(6,565)
TOTAL FINANCIAL LIABILITIES	**(13,488)**	**(11,662)**
NET FINANCIAL INSTRUMENTS	**145,352**	**112,404**

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

(B) 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.

(a) 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.

Cash flow sensitivity analysis for variable rate instruments

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

Profit or loss

	Carrying Amount ($'000)	+0.5% increase ($'000)	0.25% decrease ($'000)
2023 FINANCIAL ASSETS			
Cash and cash equivalents	138,822	694	(347)
	138,822	**694**	**(347)**
2022 FINANCIAL ASSETS			
Cash and cash equivalents	105,487	527	(264)
	105,487	**527**	**(264)**

(b) 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 12 Trade and Other Receivables.

Note 23 cont'd

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 2023, one customer represents 26.3% (2022: 16.6%) of outstanding trade receivables, where the balance of debtors is made up of various individual debtors.

Credit risk exposure

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

	Total ($'000)	Current ($'000)	31-60 days ($'000)	61-90 days ($'000)	>91 days ($'000)
30 June 2023					
Total gross carrying amount	18,815	17,244	1,304	2	265
EXPECTED CREDIT LOSSES	**232**	**-**	**5**	**-**	**227**
30 June 2022					
Total gross carrying amount	17,848	15,012	2,291	65	480
EXPECTED CREDIT LOSSES	**387**	**-**	**17**	**3**	**367**

Note 23 cont'd

(c) 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 to 2 years ($'000)	2-5 years ($'000)	More than 5 years ($'000)
2023							
Trade and other payables	4,432	4,432	3,831	111	467	23	-
Lease liabilities	4,096	4,548	608	568	1,001	2,371	-
Interest-bearing borrowings	4,805	5,352	869	869	1,561	2,053	-
TOTAL FINANCIAL LIABILITIES	**13,333**	**14,332**	**5,308**	**1,548**	**3,029**	**4,447**	**-**
2022							
Trade and other payables	4,190	4,190	4,170	-	-	-	20
Lease liabilities	906	943	203	176	217	347	-
Interest-bearing borrowings	6,194	7,090	869	869	1,738	3,614	-
TOTAL FINANCIAL LIABILITIES	**11,290**	**12,223**	**5,242**	**1,045**	**1,955**	**3,961**	**20**

The risk implied from the values shown in the table above 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 24

Capital expenditure and commitments

	2023 ($'000)	2022 ($'000)
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	6,881	4,805
TOTAL CAPITAL EXPENDITURE COMMITMENTS	**6,881**	**4,805**

Note 25

Auditors' remuneration

	2023 ($'000)	2022 ($'000)
Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:		
Audit of the financial statements	146	138
TOTAL REMUNERATION OF AUDITOR	**146**	**138**

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).

(A) 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:

	2023 ($'000)	2022 ($'000)
Short-term employee benefits	2,952	2,415
Post-employment benefits	305	240
Other long-term benefits	517	258
Termination benefits	140	1
TOTAL KEY MANAGEMENT PERSONNEL COMPENSATION	**3,914**	**2,914**

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

(B) SIGNIFICANT TRANSACTIONS WITH GOVERNMENT RELATED ENTITIES

Significant transactions include:

- Income contributions from state government (2023: $10.010 million) [2022: $12.372 million]
- Equity contributions from state government (2023: $3.767 million) [2022: $nil million]
- Superannuation contribution payments to GESB (2023: $2.363 million) [2022: $1.959 million]
- Defined benefit superannuation payments to GESB (Note 19(c))
- Interest bearing borrowings from WATC (Note 18)
- Dividends paid to the state government (Note 10)
- Auditor's remuneration to the Auditor General (Note 25)

Note 27

Contingent liabilities, contingent considerations and contaminated sites

(A) CONTAMINATED SITES

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

In accordance with the *Contaminated Sites Act 2003*, Department of Water and Environmental Regulation 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, as a Government Trading Entity, is not eligible for support from the Contaminated Sites Management Account.

(a) Contaminated sites: Port of Albany

In June 2022, a Preliminary Site Investigation for the entire Port of Albany was completed, identifying 32 Areas of Potential Environmental Concern. Further targeted Detailed Site Investigations are needed before any changes to notifications to Department of Water and Environmental Regulation can be considered. Areas of Potential Environmental Concern previously notified to the Department of Water and Environmental Regulation are outlined below.

Lot 898 on Plan 161753 is currently classified by the Department of Water and Environmental Regulation as *"possibly contaminated – investigation required"*. The Site was notified in 2007. A Preliminary Site Investigation was undertaken and submitted to Department of Water and Environmental Regulation in 2013 for review. The Department of Water and Environmental Regulation has not yet determined that remediation is required or if any usage limitations will be placed on the land. Evidence indicates 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 Department of Water and Environmental Regulation 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 for the site for the next phase of investigations.

Lot 1575 on Plan 38810 is currently classified by the Department of Water and Environmental Regulation as *"possibly contaminated – investigation required"*. The site was 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 of Southern Ports is unknown. Liability remains with the tenants for the extent their operations created or contributed to the contamination.

Lot 101 is a part lot in Princess Royal Harbour and is an impacted site from an historic gas works landside under the responsibility of Landcorp. In July 2020, the Department of Water and Environmental Regulation 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 a suspected contaminated site in 2007 to Department of Water and Environmental Regulation and is awaiting classification. A Sampling and Analysis Quality Plan was developed for the site in December 2022 to guide the collection of additional data to inform remediation and management of potential contamination for Areas 11e and 30 of Potential Environmental Concern. The Sampling and Analysis Quality Plan field work was undertaken in May 2023 with Southern Ports currently awaiting the implementation report.

(b) Contaminated sites: Port of Bunbury

The Port of Bunbury has six Lots that have actual or potential Areas of Potential Environmental Concern.

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. Monitoring of the site using ground water bores has previously been conducted by Synergy (formerly Verve Energy) and Western Power. 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"*.

Lot 963 on Plan 220558 comprises an area shared by Alcoa and Worsley Alumina for caustic soda storage and transfer to rail tankers. The leaseholders 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 South32 Worsley Alumina who in conjunction with Southern Ports continues monitoring and investigation of remediation options for the bore. Department of Water and Environmental Regulation Contaminated Sites Branch is updated periodically with monitoring data.

Southern Ports has continued sampling from its shallow ground water monitoring bores as part of a port wide monitoring network. The sampling is now done annually due to the consistent analysis results being obtained that are indicating a stable environment.

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 managed through the port.

Note 27 cont'd

An area of land bordering Tronox's lease on Lot 962 on Plan 219848 has been notified to Department of Water and Environmental Regulation but has yet to be classified. A Mine Closure Plan was prepared by Tronox (Formerly Cable Sands and Cristal) and includes future remediation of the area bordering the lease as the contamination is a result of decades of mineral sands mining, transport, processing and storage.

The area containing the existing mineral sands lease is subject to negotiations as part of the land transfer to the Department of Transport under the Transforming Bunbury's Waterfront project Stage 3, expected to be completed in Quarter 2 of fiscal year 2024.

Lot 1034 will be divided into land-based lots 501, 507 and marine area Lot 504. Lots 501 and 504 will transfer ownership and all contamination liability to the Department of Transport by the end of 2023. Lot 501 is now classified as *"Possible Contamination – Investigation Required"*.

Lot 505, the existing road reserve, is now classified as *"Contaminated – Restricted Use"* and will transfer to Department of Transport in 2027, subject to the completion of the Stage 3 works.

Lot 500, the existing Outer Harbour port operational area containing Berths 1 and 2 and the Methanol tank farm, is classified as *"Contaminated – Remediation Required"*.

Lot 500 and Lot 508, a section of the breakwater wall between Lot 507 and Lot 500, will remain with Southern Ports, along with any potential contamination liability.

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. 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 third party contamination within Lots 500 and 508 is unknown.

(c) Contaminated sites: Port of Esperance

The Port of Esperance has two Lots that have actual or potential Areas of Potential Environmental Concern.

In 2007, four sites within the Port precinct were reported to Department of Water and Environmental Regulation's Contaminated Sites Branch. 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 Lot 1027 (Port of Esperance landside) and Parcel 57916 - Inner Harbour as a portion of Lot 2194 (Port of Esperance marine side) were classified by Department of Water and Environmental Regulation as "potentially contaminated – investigation required". No timelines were specified by the Department of Water and Environmental Regulation indicating the regulator considers the risks are likely to be low.

Southern Ports has conducted the following works within Lot 1027:

- Summit Fertilizers notified Department of Water and Environmental Regulation that nutrient enriched groundwaters existed under its lease in 2005 and began remediation works in 2012. Summit Fertilizers conducts six monthly groundwater surveys that are shared with Department of Water and Environmental Regulation and Southern Ports. Following improvements to stormwater management and abstraction of the groundwater for making liquid fertiliser, concentrations of nutrients in groundwaters have stabilised. Further groundwater remediation is required before the site can be considered uncontaminated by Summit Fertilizers' 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 was completed that focused on five specific sites believed to be of a higher risk, including Underground Storage Tanks for fuel, a vehicle workshop sump, a front-end loader servicing yard and a dredge settlement pond. All sites were found to have a minimal risk to the surrounding environment. The Underground Storage Tanks within the port were removed in 2018.
- In 2017 a Preliminary Site Investigation was completed across the whole port precinct resulting in the identification of twelve Areas of Potential Environmental Concern requiring further investigation.
- In 2017, further groundwater and volatiles monitoring was conducted according to the recommendations of the 2015 Detailed Site Investigation. This included the vehicle workshop sump at the front-end loader servicing yard. The results again indicated low risks to the receiving environment.

Note 27 cont'd

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

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 Detailed Site Investigation 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.

The April 2020 report also recommended that Southern Ports approach Department of Water and Environmental Regulation to reclassify Port lands to remove the *"investigation required"* status and reclassify the land as *"contaminated - restricted use"* for industrial and commercial purposes. An Interest Only Deposited Plan is required to be submitted to Landgate to separate the portion of the Lot used by the public from the substantial portion suitable for Port industrial use.

A targeted Environmental Site Assessment for the proposed Interest Only Deposited Plan area was completed in 2023 (JBS&G, 2023). This assessment included a desktop assessment, intrusive investigations and review of historical environmental investigations. The study concluded: *"No potential sources of soil, sediment, groundwater or surface water contamination present at the site that would pose an unacceptable risk to human health or the environment within the context of ongoing public open space / recreational land use."* The data gaps identified during JBS&G 2022 are all considered to be closed.

The auditor's report will be submitted to Department of Water and Environmental Regulation as an application to reclassify Port land to remove the need to investigate any further and allowing continued industrial use to industrial criteria on contamination.

(B) 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 does not currently export its bulk nickel from the Port of Esperance. However, this situation may change.

Southern Ports is aware of the potential for litigation with the customer in relation to the end of their lease and option to renew the lease. There has been no litigation by the customer to date, but in the event of a claim under the contract arrangements, insufficient information is currently available to determine budgetary impact.

Note 28

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 affect significantly the operations of Southern Ports, the result of those operations or the state of affairs of Southern Ports, in the future financial years.


FWTS
FWTS

SOUTHERN PORTS
ALBANY BUNBURY ESPERANCE

southernports.com.au
@SouthernPorts

STRONG REGIONAL PORTS,
STRONG REGIONS.