

ANNUAL REPORT

2019-20



CONTACT

Tasmanian Ports Corporation Pty Ltd (TasPorts) ABN 82 114 161 938
Telephone: 1300 366 742
www.tasports.com.au

REGISTERED OFFICE

90-110 Willis Street, Launceston
PO Box 1060, Launceston 7250

PORT OF HOBART

Ground Floor,
Port Tower Building, Hobart
GPO Box 202, Hobart 7000

HOBART OFFICE

Level 13, Trafalgar Building
110 Collins Street, Hobart
GPO Box 202, Hobart 7001

PORT OF BURNIE

Port Road, Burnie
PO Box 216, Burnie 7320

PORT OF BELL BAY

Mobil Road, Bell Bay
Locked Bag 4, George Town 7253

FLINDERS ISLAND

Lady Barron, Flinders Island 7255

KING ISLAND

285 Grassy Harbour Road,
Grassy, King Island
PO Box 341, Currie, King Island 7256

STANLEY

Wharf Road, Stanley 7331

STRAHAN

The Esplanade, Strahan 7468

DEVONPORT AIRPORT

Airport Road, Devonport 7307

PORT OF DEVONPORT

48 Formby Road, Devonport
PO Box 478, Devonport 7310

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FROM THE CHAIRMAN

STEPHEN BRADFORD

TasPorts was significantly impacted by the COVID-19 pandemic that swept Australia in the final quarter of the financial year. Clearly this unprecedented event has caused distress to our customers, staff and the broader community.

TasPorts has responded with strength and resilience. Most notable in my mind, is the calm and considered manner in which this crisis has been managed by management, the entire TasPorts workforce and the Board. The focus of the organisation has been unwavering in its commitment to keeping Tasmania's multi-port system in a safe environment, ensuring the continual movement of critical freight into and out of the State.

The improved financial performance of recent years has underpinned the company well to manage the initial impact of COVID-19. I am able to report a consolidated net profit of \$5.1 million (2018-19 \$12.0 million). This is a solid result in the current climate.

The consolidated net profit comprises a trading profit of \$8.5 million for TasPorts (2018-19 \$14.2 million), a net loss of \$3.3 million for Bass Island Line (2018-19 \$2.1 million loss) and a net profit of \$38,000 for Southern Export Terminals (2018-19 \$103,000 loss). Bass Island Line is an important service to King Island but financially remains challenging.

Freight movements remained relatively robust throughout the year, with 14.1 million tonnes transiting through our ports, 9.5% down from 2018-19. This decline is due largely to reduced exports and imports from South32 at Bell Bay whilst its future operating model was under consideration, and a reduction in the international demand for forestry products.

Key business areas primarily impacted by COVID-19 are the cruise ship sector and Devonport Airport.

As COVID-19 impacted Tasmanian businesses, our commitment to our suppliers and commercial tenants was confirmed as we moved quickly to implement rent relief packages where appropriate, and to transition to improved payment terms of 14 days compared to the previous 30-day terms. Unfortunately the reduction in payment terms proved challenging to achieve and the Board is highly focused on ensuring improved performance in this area.

With 99% of all freight transiting through our network, Tasmania's port system is absolutely vital to the community and economy. The long-term sustainability of our ports is thus equally dependent upon ongoing significant investment in infrastructure to ensure the requirements of modern and future shipping are met. Planning of major infrastructure continues.

It is therefore essential for TasPorts to continue to act in a sound and prudent commercial manner that is fair and equitable to all parties. Doing so enables the investment in Tasmania's port infrastructure.

We were informed in December 2019 by the ACCC of their commencement of proceedings alleging breaches of competition laws in relation to pilotage, towage and marine charging. These allegations are denied and will be vigorously defended in the Federal Court. Senior Counsel has been appointed.

Looking ahead, and as we move through the COVID-19 recovery phase, I anticipate further challenges financially, with subdued profit forecasts and continuing pressure on revenue as global markets adjust. I am, however, optimistic that TasPorts is well placed to continue to respond.

On behalf of the Board, I wish to thank TasPorts management and every one of our employees for their dedication and perseverance this past year. I also wish to commend our CEO Anthony Donald on his exemplary leadership in his first full year in the role. Thanks also to my fellow Directors; it has been a busy and challenging year, and I thank them for their wise counsel and commitment.

And in closing, it is also important to reference the work and support we have received from our two shareholder Ministers, the Hon. Minister Michael Ferguson, and our Premier and Treasurer, the Hon. Minister Peter Gutwein.



Stephen Bradford
Chairman

FROM THE CEO

ANTHONY DONALD

The 2019-20 financial year will go down in history as one of great adversity. The effects of COVID-19 on communities and economies across the globe is almost unprecedented in its ferocity, and its real impact is yet to be realised.

Despite the adversity, it is with a real sense of pride that I write this year's CEO Message for the Annual Report. I am truly proud of our organisation's response to this crisis, as it has thrown a spotlight on the strength and resilience of our people, operations and processes.

Two years ago, we undertook the task of reshaping TasPorts' culture and values. This work has now shown to have paid off many times over through the sense of trust, care and commitment our workforce has shown as we navigated almost daily challenges. The dedication to excellence displayed during these immensely challenging times engenders a great sense of pride within me. These challenges have highlighted for me the strength our organisation now possesses.

Throughout the crisis, TasPorts has remained focused on the absolutely critical task of keeping our multi-port system open and operational. During the financial year 14.1 million tonnes of freight transited through our ports, down 9.5% on 2018-19. Key commodities included general cargo and consumer commodities, forestry products, bulk minerals, and essential fuel and gas supplies.

We facilitate this trade not for the bottom line, rather we do this because with the vast majority of Tasmania's freight transiting through our ports each year, our port operations and services are vital for Tasmania's communities and economy.

From a global viewpoint, Tasmanian waters are inherently treacherous. Events of the past serve as a solemn reminder to us all, with an estimated 1000 ships noted as wrecking around our coastline since records began – 80 of which involved fatalities.

The year 2020 held anniversaries for three significant maritime incidents: 25 years since the bulk carrier *Iron Baron* grounded against the Hebe Reef; 45 years since the *Lake Illawarra* collided with Hobart's Tasman Bridge; and 175 years since the *Cataraqui* wrecked off the King Island coast with 400 souls lost.

Thus for TasPorts, ensuring continual high standards for marine safety around the State is absolutely critical. Much of TasPorts' work is not readily visible to the broader community, but it is what drives us, and we continue to leave no stone unturned in our relentless pursuit of ensuring the very highest standards.

It is within this context that the move by the ACCC to take action against the company, claiming breach of competition laws in relation to pilotage and towage at Tasmanian ports, is highly disappointing. TasPorts takes its legal and regulatory responsibilities and obligations very seriously, and we will vigorously defend the action.

During 2019-20 TasPorts has progressed works on three prioritised projects, in line with TasPorts 2018 Port Master Plan. At the major ports of Burnie, Devonport and Hobart, the Plan provides for greater capacity and capability, thus improving trade links with national and international destinations. Together these projects will ensure fit-for-purpose infrastructure across our multi-port system that actively facilitates growth in throughput over a 50-year horizon.

While many challenges lie ahead of us, 2019-20 will be remembered by me as a year to be proud of. I look towards the future with a strong sense of confidence, trusting in our organisation's people, plans and processes. Together with our customers and stakeholders, we will play our part in rebuilding Tasmania's economy, to be stronger than ever.



Anthony Donald
Chief Executive Officer

Tasmanian Ports Corporation Pty Ltd (TasPorts) is a state-owned company responsible for eleven Tasmanian ports and the Devonport Airport.

OUR OPERATIONS

TasPorts is a vertically integrated organisation, providing a diverse range of operations and services around Tasmania. These include:

- provision and maintenance of essential port infrastructure, including berths, channels, wharves, landside assets and key navigational aids;
- delivery of vital marine services around the State, including pilotage, towage and vessel traffic services (VTS);
- supply of floating plant and equipment for marine engineering projects, construction and coastal haulage;
- provision of slipway and refuelling facilities;
- maintenance of community-use waterfront assets at Sullivans Cove, Stanley, Inspection Head and Strahan, and on King and Flinders Islands;
- ownership and operation of the Devonport Airport; and
- ownership and operation of the Burnie Chip Export Terminal (BCET).

Through TasPorts' subsidiary company, Bass Island Line Pty Ltd (BIL), we operate the King Island shipping service, and through a joint venture with Qube Ports at the Port of Hobart, we operate Southern Export Terminals Pty Ltd (SET), for log exports.

OUR CORPORATE INTENTIONS

- To facilitate freight and logistics solutions, to benefit the community and create value for our customers.
- To enable industry partners and communities through reliable infrastructure, responsive to user demand.
- To uphold maritime, aviation and environmental standards, through established safety and sustainability methods.
- To be geared towards growth, with forward thinking and a commercial approach.
- To bring our organisation together, by investing in our people and the future we share.

OUR VISION

To proudly connect people, products and solutions for the benefit of all Tasmanians.

With 99% of the State's freight moving through our multi-port system, TasPorts' primary objective has been to ensure that Tasmania's ports remain open and operational. By doing so, we continue to facilitate vital trade activity for the benefit of all Tasmanians.

Throughout COVID-19, TasPorts has worked closely with government agencies, ensuring the most up-to-date information is available and the most appropriate measures are in place across our ports and offices. These measures continue to be subject to review.

Areas of operations and activities significantly impacted are as follows:

CRUISE

In mid-March 2020, the Tasmanian State Government suspended all cruise visits to the State until 30 June, which was followed on 27 March with a prohibition by the Federal Government on the operation of any cruise ship capable of carrying more than 100 passengers in Australia, up until 17 September 2020. During the 2019-20 season, 122 cruise vessels had visited Tasmanian ports.

Cruise ship visits to Tasmania will not resume until government directions permit. TasPorts continues to work with the cruise sector as it begins to rebuild, and in planning for future visitation.

AVIATION

COVID-19 had a major impact on our airport operations when commercial passenger flights to Devonport Airport were suspended by the carrier in March 2020, until further notice.

The reduction in passenger movements enabled the completion of significant terminal and airside works to occur during the reporting period.

Cargo, emergency and military aircraft have been able to utilise the airport and facilities as required during this time.

OUR CUSTOMERS, STAKEHOLDERS AND PORT USERS

Recognising the challenges faced by individuals and organisations across Tasmania, TasPorts implemented a range of initiatives to support the local business community, including:

- a transition to a reduction of creditor payment terms from 30 days to 14 days;
- individualised assistance for commercial property tenants including rental relief, provision of trade services, and modified parking arrangements to support takeaway food/delivery parking; and
- facilitating stakeholder communications through a Port User Working Group and Bass Strait Shipping Working Group.

OUR WORKFORCE

TasPorts' commitment to the safety and wellbeing of our people and the wider community is at the core of our operations. Key measures to support our workforce included:

- ensuring ongoing access to personal protective equipment (PPE) across all sites;
- ensuring PPE supply remained stable;
- implementation of voluntary temperature testing for front-line employees; and
- expedited annual flu vaccinations for all employees in early April 2020.

In line with government recommendations, from late March 2020 onwards, all front-line workers not essential for on-site operations transitioned to working from home. From this time forward, a number of organisation-wide initiatives were introduced under a *Socially Distanced, Internally Connected* program to encourage positive mental and physical wellbeing.

RECOVERY PLANNING

TasPorts completed significant work to forecast the impact of COVID-19 for the future financial year and beyond. A Response Plan was developed to guide a planned response to the expected loss of revenue during this period.

To enable the safe and appropriate implementation of return to work arrangements for employees, TasPorts established a COVIDSafe Workplace Recovery Team. The project focus is on the development and implementation of COVID-19 Safety Plans, in line with standards and requirements outlined by WorkSafe Tasmania.

FREIGHT & LOGISTICS

FREIGHT

Total freight throughput during 2019-20 was 14.1 million tonnes. This was 9.5% down as compared to the previous reporting period.

This decline reflects a downturn in international demand for forestry and other commodities, along with the impact of COVID-19.

Key commodities included general cargo and consumer commodities, forestry products, bulk minerals, and essential fuel and gas supplies.

CONTAINERISED FREIGHT

Key transit points for containerised goods within Tasmania are the ports of Devonport, Burnie and Bell Bay.

During 2019-20 over 550,000 TEUs transited through TasPorts' multi-port system – an almost 3% increase on TEU movement compared to the previous reporting period.

At the Port of Devonport, 277,000 TEUs transited, representing 50% of total volumes of TEUs.

At the Port of Burnie, 238,000 TEUs transited, being 43% of total volumes. Upgrades to facilities completed in 2019 will now accommodate larger container and cargo vessels.

At the Port of Bell Bay, over 26,000 TEUs or 5% of the State's total containerised goods moved through the port.

FORESTRY

Key ports for forestry products include the Port of Burnie, incorporating the Burnie Chip Export Terminal, the Port of Bell Bay and Southern Export Terminals.

During 2019-20 just over three million tonnes of forestry products transited through these ports.

FUELS

Tasmania's essential fuel and gas supplies transit through all major ports, prior to distribution across the State.

During 2019-20 more than one million cubic litres of fuel and gas products were brought into the State.

MINERALS

Bulk minerals transit through our major ports of Bell Bay, Burnie, Devonport and Hobart. Key commodities include cement, zinc concentrate and alumina, which together accounted for almost 2.5 million tonnes.

CRUISE

During the reporting period, up until mid-March, there were 122 port calls by cruise vessels, bringing over 190,000 passengers and almost 95,000 crew to our shores.

TOTAL TONNES TRANSITED	14.1 million tonnes
TOTAL TEUs TRANSITED	552,112 TEUs
TOP THREE COMMODITIES	Woodchips, general cargo, cement
DEFINITION TEU	Twenty-Foot Equivalent Unit

INFRASTRUCTURE WORKS

TasPorts continued to implement its rolling 10 Year Infrastructure Plan. This Plan provides a framework for planning, prioritising and delivering infrastructure investment and maintenance at each port and is reviewed regularly.

Throughout the reporting period, TasPorts continued to invest significantly in marine and landside infrastructure and technology solutions to ensure the ongoing provision of fit-for-purpose services.

Infrastructure works completed during the reporting period include:

- the controlled collapse of the iconic Post Panamax crane (P6), located on Berth 6 at the Port of Burnie, decommissioned in 2010;
- Strahan Cruise Terminal streetscape upgrades to improve accessibility and visual amenity;
- completion of Macquarie Wharves 2/3 Cruise Infrastructure Stage 1 with breast bollards installed and commissioned, ensuring improved mooring lines arrangements and safety on intermediate to large ships; and
- replacement of Port of Grassy community asset with a fit-for-purpose wharf to improve safety and amenity for the King Island community.

DIGITAL INFRASTRUCTURE

Key digital infrastructure projects completed or progressed during the reporting period include:

- Relocation of TasPorts' most critical 24/7 operations centres: the Vessel Traffic Service Operations Centre (VTS) and the TasPorts Security Operations Centre (TSOC), to the Launceston Head Office. This move was supported by significant investment in information technology improvements and field equipment upgrades.
- Ongoing implementation of PortMate, TasPorts' contemporary port management information system. PortMate will streamline a number of internal and external port management processes. Further, it serves as a key tool in improving the overall customer experience for port and marine service users. Implementation is expected to be finalised in late 2020.
- Migration to a new intranet platform to enable a positive step-change in internal information management and provide a platform for increased employee collaboration and engagement.
- Activation of a social strategy to enhance external communication capability. TasPorts is now utilising multiple channels (Facebook, Instagram, Twitter and LinkedIn) to actively build understanding of its operations and engage with a range of stakeholders, including port users and the wider Tasmanian community.

TOTAL TASMANIAN PORTS OPERATED	12 (11 seaports & 1 airport)
TOTAL MANAGED PROPERTIES AND RECREATIONAL BERTHING PLACES	330+
TOTAL MARINE ASSETS MAINTAINED	110+

SAFETY & SUSTAINABILITY

MAST DEED OF AGREEMENT

Marine and Safety Tasmania (MAST) and the Crown engage TasPorts, under a Deed of Agreement, to perform specific functions within primary and secondary port areas under the *Marine and Safety Authority Act 1997*, *Marine and Safety (Pilotage and Navigation) Regulations 2017* and *Pollution Waters by Oil and Noxious Substances Act 1987*, including:

- provision of pilotage services;
- regulation enforcement in pilotage areas;
- maintenance of navigation aids;
- maintenance of a communications system;
- provision of emergency response; and
- provision of a response to marine-based pollution.

The previous extension to the Deed of Agreement between MAST, TasPorts and the Crown expired in early July 2020. At the request of MAST and the Environmental Protection Agency (EPA), TasPorts agreed to a further 18-month extension to the Deed, unamended. The Department of State Growth has commenced a review process of the MAST Deed with all stakeholders.

MARITIME SAFETY

More than 4,600 vessel movements were recorded during the reporting period, with TasPorts providing 1,592 piloted vessel movements, and our towage crews completing 1,466 towage jobs across our multi-port system.

During the reporting period, TasPorts recruited a new Harbour Master and two new marine pilots. The Harbour Master plays a critical role in ensuring maritime safety in Tasmanian waters. The role of pilots is essential in enabling the organisation to deliver a safe and appropriate level of service on an ongoing basis.

SUSTAINABILITY

As a key pillar of TasPorts' Safety, Environment and Sustainability Strategy, during 2019-20 a Sustainability Strategy was further developed in alignment with the United Nations Sustainable Development Goals, and the World Ports Sustainability Program.

The Strategy is expected to be finalised during 2020-21.

SPONSORSHIP

TasPorts invested more than \$200,000 through financial and in-kind sponsorship to support events and causes across Tasmania.

This support also enabled a number of events and festivals to run successfully on TasPorts' managed land and port infrastructure, including the Sydney to Hobart Yacht Race, Dark Mofo and Taste of Tasmania.

TOTAL RECORDED VESSEL MOVEMENTS	4,600+
TOTAL PILOTED VESSEL MOVEMENTS	1,592
TOTAL TOWAGE JOBS	1,466
TOTAL VESSELS IN TASPORTS FLEET	33

PORT MASTER PLAN

TasPorts' Port Master Plan delivers a coordinated vision for the future of Tasmania's ports, giving our stakeholders and community the confidence that TasPorts is actively future-proofing the State's multi-port system.

The Plan guides investment in port infrastructure improvements over the medium term. At the major ports of Burnie, Devonport, Bell Bay and Hobart, the Plan provides for greater capacity and capability, thus improving trade links nationally and internationally.

Priority projects in the near term:

- Devonport East Redevelopment: A major redevelopment at the Port of Devonport which will significantly enhance trade throughput through improved infrastructure and facilitation of larger ships;
- Burnie Export Gateway: Infrastructure upgrades at the Port of Burnie to accommodate the introduction of larger vessels, enabling exponential export growth; and
- Macquarie Wharf Redevelopment: Redevelopment of the Macquarie Wharf precinct within the Port of Hobart to maximise usage for Antarctic, cruise and export sectors.

These projects will ensure a network of fit-for-purpose infrastructure to facilitate future growth and demand at Tasmania's major commercial ports.

DEVONPORT AIRPORT

Airports are vital to the future growth of Tasmania's tourism and business sectors. TasPorts is currently developing a Master Plan for Devonport Airport, providing a logical and staged approach to further development, positioning the asset as the airport of choice for the North West region.

As one of Tasmania's key regional airports, Devonport Airport provides a reliable aviation facility for commercial and emergency users up to and including A320/B737-800 series jet aircraft, including a wide range of corporate jets and military aircraft.

Works at the airport completed include:

- remarking of runway apron to increase parking capacity for two aircraft;
- creation of a dedicated freight apron; and
- major internal security upgrades, primarily funded through a Federal Government grant.

OUR PEOPLE

PEOPLE & CULTURE STRATEGY

The TasPorts People and Culture Strategy has three broad objectives to:

- enrich our culture;
- develop our people; and
- plan our future.

As part of this work, a Strategic Planning Framework was developed to underpin a more structured and consistent way in which we identify, prioritise, plan and deliver workflow. The Framework encompassed delivery of:

- a new vision,
- corporate intentions; and
- workplace values.

In June 2020 TasPorts launched a refreshed set of workplace values, as the final element in this Strategic Planning Framework. These values reflect a strong cultural shift within the organisation, and are aligned with the organisation's desired culture.

Developed through an inclusive and in-depth engagement process involving the entire organisation, five consistent themes emerged which now form TasPorts' new core values.

OUR VALUES



PROUD

Proud to play our part, we follow through with courage and conviction.



CARE

To show care, we actively engage and listen.



TOGETHER

We don't go it alone, because we're better together.



SHARE

Information empowers, so we share it generously.



TRUST

We trust our people and processes, to deliver with integrity.

TOTAL WORKFORCE	305	OPERATIONS	92
FULL-TIME	238	MARINE SERVICES	92
PART-TIME	28	PROFESSIONAL	54
CASUAL	39	SUPPORT	67

BASS ISLAND LINE

TasPorts is committed to supporting the King Island community and its economy through the Bass Island Line Pty Ltd (BIL) shipping service, which is a wholly owned subsidiary of TasPorts.

To ensure operations remain efficient and continue to suitably service customer requirements, TasPorts undertook a market investigation and assessment of the BIL business model in late 2018. The results, announced in July 2019, determined no market participant sufficiently demonstrated a proposal that would independently achieve an improved BIL service, without ongoing involvement and support from TasPorts.

Throughout 2019-20, TasPorts continued to work with stakeholders and industry partners to identify and secure a commercially sustainable freight solution for King Island.

In March 2020, BIL introduced a number of key measures in response to COVID-19 to ensure the health, wellbeing and safety of all employees and the community, as well as the continuity of this critical King Island service. Measures included:

- increasing the number of crew available to act as Master, if required, to ensure continued safe navigation at each port of call;
- restricting crew movement ashore; and
- ensuring contractors have business continuity plans activated.

TOTAL VESSEL SAILINGS	120
TOTAL TEUs SHIPPED	5,498
TOTAL TONNES OF CARGO	79,085
KEY COMMODITIES	Sand, fertiliser, community consumables and general cargo

SOUTHERN EXPORT TERMINALS

Southern Export Terminals Pty Ltd (SET) is a joint venture operation between TasPorts and Qube Ports at the Port of Hobart. Operations began in January 2017.

This open-access facility manages all bulk log storage and export activities within the Port of Hobart. It provides an ongoing and cost-efficient option for log exports from Southern Tasmania.

The facility is managed in accordance with all regulatory responsibilities and best practice environmental management principles.

State-of-the-art technology is used at the site, and all operations are subject to stringent environmental standards, including dust and noise monitoring.

During the reporting period, more than 246,000 JASm³ of logs were exported through the facility.

To accommodate forecast future growth, TasPorts commenced its SET capacity increase project in April 2020. These works saw the demolition of redundant buildings inside the secure port zone to enable further storage area.

Stage Two of this project is scheduled to commence in late 2020.

2019-20 LOG EXPORTS	246,464 JASm ³
2019-20 VESSEL VISITS	14
DEFINITION JASm ³	Japanese Agricultural Standard cubic metre. 1 JASm ³ equates to 1.2 tonnes.

GOVERNANCE & KEY RESULTS

BOARD OF DIRECTORS

Stephen Bradford Chairman

Stephen has had a portfolio of Non-Executive Director roles. He is also Senior Advisor to Flagstaff Partners on infrastructure assets.

Previously Stephen was the CEO of Port of Melbourne Corporation, 2004-13. During this time, he oversaw the approval and completion of the channel deepening project and instigated Webb Dock capacity expansion. Prior to this, he was the CEO of Great Southern Railway and Managing Director of Serco Australia Transport.

Allison Clark Director

Allison is an experienced collaborator and change maker, with over 20 years' experience in strategy and innovation using a customer-centred design approach.

She has a strong history of exploring risk and opportunity across industry sectors including food and beverage, agribusiness, waste management and renewable energy.

Allison was the 2018 AgriFutures Tasmania Rural Woman of the Year. In 2014, Allison was successful in winning the Private and Corporate Award for the Telstra Businesswomen's Awards (Tasmania), was a National Finalist in the Private and Corporate Sector category and a finalist in the Business Innovation Award (Tasmania). Allison is a founding member of the Tasmanian Food Cluster and Circular Economy Network Tasmania. Current Directorships include The Hobart Clinic and TAPAgriCo.

Dario Tomat Director

Dario is a professional engineer with over 40 years' experience in the building, electricity, manufacturing and asset management areas. Dario is a Director at Whetstone Pty Ltd, responsible for project delivery, quality assurance, and occupational health and safety.

Dario holds Bachelor Degrees in Engineering and Business, and has a Masters of Business Administration. He is a Fellow of the Australian Institute of Company Directors and Engineers Australia,

and is a Registered Professional Engineer. Dario is currently Chair of the Brain Injury Association of Tasmania, and Chair of the Human Resources & Remuneration Committee for the TasPorts Board.

Sally Darke Director

Sally is currently Chairperson of the Tasmanian Community Fund and Non-Executive Director of TasWater. She is also a past Chairperson of Scotch Oakburn College, past Chairperson, Director and Adviser to the Board of B&E (Bank of Us) and has had 10 years as a Director in the advisory practice of KPMG.

Sally has more than 25 years' experience in Human Resources and Corporate Governance in the financial, infrastructure, education, sporting and community sectors with an emphasis on regulated industries.

Tracy Matthews Director

Tracy is a Fellow of the Australian Institute of Company Directors and of Chartered Accountants Australia and New Zealand. She has broad sector and industry experience and core skills in the areas of accounting, governance, audit and risk, business and strategic planning.

Tracy is currently a Non-Executive Director of the Public Trustee Tasmania, Chair of the Tasmanian Building and Construction Industry Training Board, Chair of Housing Connect and Commodore of the Royal Yacht Club of Tasmania. Previous Non-Executive Director roles include Metro Tasmania, Tasplan Super, Colony 47 and the Printing Authority of Tasmania.

Melissa Hughes Intern Director

Melissa is a Chairperson, Non-Executive Director and health professional with leadership experience across a range of organisational structures and governance models. She is particularly interested in corporate governance and communications to strengthen strategy and culture in changing environments.

Melissa's current Non-Executive Director roles include Chairperson of Karinya Young Women's Service, Elected Director with Triathlon Tasmania and Intern Director in 2020 for TasPorts.

PERFORMANCE AGAINST STATEMENT OF CORPORATE INTENT

FINANCIAL RETURNS TO GOVERNMENT	YTD BUDGET	YTD ACTUAL	COMMENT
Dividends Paid (\$m)	9.2	10.8	The increase in the prior year profit drove the increase in the dividend and tax payments for FY2020.
Guarantee Fees paid (\$m)	0.3	0.3	
Tax Equivalent Paid (\$m)	6.8	7.5	
TOTAL	16.3	18.6	

The above returns are on a cash basis. Dividends are calculated at 90% of after tax profits.

FINANCIAL TARGETS	YTD BUDGET	YTD ACTUAL	COMMENT
Operating Profit before Interest, Tax, Depreciation and Maintenance (\$m)	54.1	40.7	The trading result was influenced by lower freight volumes along with lower airport and property revenue due to COVID-19. Management implemented cost savings of \$3.7M in maintenance together with deferral of non-critical overhead costs. A \$5.1M loan that matured in May 2020 was rolled over, this increased the gearing ratio and decreased the interest cover ratios for the financial year.
Asset Maintenance (\$m)	15.3	11.6	
Operating Profit after Tax (\$m)	14.8	8.4	
Operating Costs (% increase on prior year)	4.9	6.9	The capital expenditure budget was reduced by \$5.4 million predominately due to the deferral of the Self's Point infrastructure remediation project to the 2021 financial year.
Capital Expenditure (\$m)	17.3	11.9	
Return on Assets (%)	4.8	2.8	
Return on Equity (%)	5.9	3.5	The capital expenditure budget was reduced by \$5.4 million predominately due to the deferral of the Self's Point infrastructure remediation project to the 2021 financial year.
Gearing (%)	5.6	7.7	
Interest Cover Ratio (EBIT)	16.8	10.4	
Interest Cover Ratio (EBITDA)	28.5	21.9	

NON-FINANCIAL TARGETS	YTD BUDGET	YTD ACTUAL	COMMENT
Lost Time Injury Frequency Rate	5.0	2.2	Delays in services for the year were primarily caused by weather and vessel operator delays.
Marine Service Delivery	100%	97%	
Organisation Culture (measured biennially)	n/a	n/a	An OCI survey was completed in August 2020.

FREIGHT STATISTICS

TASMANIAN – FREIGHT STATISTICS

YEAR	TONNES						CHANGE FROM FY2006	TEUs			NO. SHIPS
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH		INWARD	OUTWARD	TOTAL	
05/06*	5,112,865	-	9,681,748	-	14,794,613	-	-	224,621	225,452	450,073	2,187
06/07	4,985,676	-2.49%	10,209,748	5.5%	15,195,424	2.7%	2.7%	221,446	228,974	450,420	2,046
07/08	5,517,080	10.66%	10,705,453	4.9%	16,222,533	6.8%	9.7%	246,331	245,154	491,485	2,102
08/09	5,285,411	-4.20%	9,568,919	-10.6%	14,854,330	-8.4%	0.4%	235,596	238,589	474,185	1,996
09/10	4,822,976	-8.75%	8,602,367	-10.1%	13,425,343	-9.6%	-9.3%	230,291	230,666	460,957	1,873
10/11	5,074,191	5.21%	8,463,833	-1.6%	13,538,024	0.8%	-8.5%	233,113	230,233	463,346	1,973
11/12	4,729,623	-6.79%	6,556,943	-22.5%	11,286,566	-16.6%	-23.7%	229,681	227,144	456,825	1,770
12/13	4,862,850	2.82%	6,439,284	-1.8%	11,302,134	0.1%	-23.6%	230,879	228,474	459,353	1,794
13/14	4,980,686	2.42%	7,589,447	17.9%	12,570,134	11.2%	-15.0%	226,828	224,476	451,304	1,774
14/15	5,127,520	2.95%	7,635,799	0.6%	12,763,319	1.5%	-13.7%	232,513	229,051	461,565	1,844
15/16	5,364,702	4.63%	8,385,800	9.8%	13,750,502	7.7%	-7.1%	236,215	232,392	468,607	1,915
16/17	5,094,675	-5.0%	9,157,651	9.2%	14,252,327	3.6%	-3.7%	239,765	235,398	475,163	2,071
17/18	5,637,839	10.66%	9,587,558	4.7%	15,225,397	6.8%	2.9%	267,429	262,838	530,268	2,215
18/19	5,752,328	2.0%	9,809,918	2.3%	15,562,246	2.2%	5.2%	272,547	263,736	536,283	2,182
19/20	5,136,805	-10.7%	8,948,633	-8.8%	14,085,438	-9.5%	-4.8%	276,922	275,190	552,112	2,115

* TasPorts commenced operation on 1/1/06. Therefore the previous six months relate to figures from the former regional port companies. Excludes Stanley and Flinders Island volumes and ship numbers, and Port Latta ship numbers.

PORT OF BELL BAY – FREIGHT STATISTICS

YEAR	TONNES							TEUs			NO. SHIPS
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH		INWARD	OUTWARD	TOTAL	
05/06*	1,512,356	-	3,424,957	-	4,937,313	-		42,779	46,211	88,990	403
06/07	1,417,049	-6.30%	3,829,923	11.8%	5,246,972	6.3%		43,443	45,857	89,300	413
07/08	1,646,474	16.19%	3,866,118	0.9%	5,512,592	5.1%		46,372	43,086	89,458	445
08/09	1,598,558	-2.91%	3,105,760	-19.7%	4,704,318	-14.7%		45,339	46,587	91,926	385
09/10	1,262,014	-21.05%	2,523,076	-18.8%	3,785,090	-19.5%		22,246	24,117	46,363	310
10/11	1,519,945	20.44%	2,514,306	-0.3%	4,034,251	6.6%		24,689	23,001	47,690	377
11/12	1,160,359	-23.66%	1,172,498	-53.4%	2,332,857	-42.2%		2,412	3,473	5,885	207
12/13	1,226,603	5.71%	1,190,124	1.5%	2,416,727	3.6%		849	434	1,283	171
13/14	1,310,605	6.85%	1,920,509	61.4%	3,231,114	33.7%		1,643	1,899	3,542	170
14/15	1,339,906	2.24%	1,907,453	-0.7%	3,247,358	0.5%		3,115	3,015	6,130	174
15/16	1,368,210	2.11%	2,101,772	10.2%	3,469,983	6.9%		6,439	6,758	13,197	220
16/17	1,387,383	1.4%	2,221,682	5.7%	3,609,065	4.0%		7,888	7,544	15,432	278
17/18	1,583,323	14.12%	2,515,114	13.2%	4,098,437	13.6%		11,984	11,970	23,954	274
18/19	1,651,419	4.3%	2,611,357	3.8%	4,262,776	4.0%		14,181	12,736	26,917	222
19/20	1,045,316	-36.70%	2,182,501	-16.4%	3,227,816	-24.3%		12,797	13,577	26,374	198

* TasPorts commenced operation on 1/1/06. Therefore the previous six months relate to figures from the former regional port companies.

FREIGHT STATISTICS CONTINUED

PORT OF DEVONPORT – FREIGHT STATISTICS

YEAR	TONNES						TEUs			NO. SHIPS
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH	INWARD	OUTWARD	TOTAL	
05/06*	1,297,773	-	1,842,299	-	3,140,072	-	90,243	75,854	166,097	968
06/07	1,317,496	1.52%	1,805,453	-2.0%	3,122,949	-0.5%	80,204	76,260	156,464	875
07/08	1,375,408	4.40%	1,888,480	4.6%	3,263,888	4.5%	87,913	83,123	171,036	849
08/09	1,327,270	-3.50%	1,865,337	-1.2%	3,192,607	-2.2%	86,782	82,282	169,064	847
09/10	1,359,929	2.46%	1,907,112	2.2%	3,267,041	2.3%	93,840	90,902	184,742	849
10/11	1,349,652	-0.76%	1,853,380	-2.8%	3,203,032	-2.0%	93,282	90,759	184,041	856
11/12	1,385,711	2.67%	1,971,614	6.4%	3,357,326	4.8%	101,341	99,353	200,695	829
12/13	1,344,913	-2.94%	2,109,886	7.0%	3,454,799	2.9%	98,883	97,244	196,127	826
13/14	1,413,393	5.09%	2,136,787	1.3%	3,550,181	2.8%	100,616	98,529	199,146	827
14/15	1,458,430	3.19%	2,181,075	2.1%	3,639,505	2.5%	105,074	102,814	207,888	845
15/16	1,462,018	0.25%	2,088,754	-4.2%	3,550,772	-2.4%	100,839	97,802	198,641	872
16/17	1,492,196	2.1%	2,252,860	7.9%	3,745,055	5.5%	106,742	102,361	209,103	939
17/18	1,670,513	11.95%	2,239,784	-0.6%	3,910,297	4.4%	126,373	123,886	250,258	978
18/19	1,706,462	2.2%	2,304,618	2.9%	4,011,080	2.6%	137,207	133,447	270,654	950
19/20	1,708,056	0.09%	2,179,367	-5.4%	3,887,423	-3.1%	139,174	137,940	277,114	899

* TasPorts commenced operation on 1/1/06. Therefore the previous six months relate to figures from the former regional port companies.

PORT OF BURNIE – FREIGHT STATISTICS

YEAR	TONNES						TEUs			NO. SHIPS
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH	INWARD	OUTWARD	TOTAL	
05/06*	1,251,495	-	2,899,227	-	4,150,722	-	91,475	103,031	194,506	549
06/07	1,260,495	0.72%	3,016,948	4.1%	4,277,443	3.1%	97,659	106,369	204,028	508
07/08	1,357,817	7.72%	3,099,244	2.7%	4,457,061	4.2%	109,970	117,267	227,237	545
08/09	1,291,547	-4.88%	2,874,827	-7.2%	4,166,374	-6.5%	103,475	109,720	213,195	503
09/10	1,280,401	-0.86%	2,821,438	-1.9%	4,101,839	-1.5%	114,205	115,646	229,851	437
10/11	1,161,080	-9.32%	2,819,162	-0.1%	3,980,242	-3.0%	115,142	116,473	231,615	457
11/12	1,238,958	6.71%	2,505,391	-11.1%	3,744,349	-5.9%	121,776	120,508	242,284	440
12/13	1,264,739	2.08%	2,371,866	-5.3%	3,636,605	-2.9%	126,986	126,847	253,833	452
13/14	1,299,671	2.76%	2,751,950	16.0%	4,051,621	11.4%	121,205	120,931	242,136	435
14/15	1,356,681	4.39%	2,900,399	5.4%	4,257,080	5.1%	119,946	119,308	239,254	423
15/16	1,436,622	5.89%	3,466,489	19.5%	4,903,111	15.2%	124,435	123,601	248,036	428
16/17	1,303,653	-9.3%	4,028,166	16.2%	5,331,819	8.7%	120,936	120,430	241,366	443
17/18	1,380,828	5.92%	4,062,579	0.9%	5,443,407	2.1%	121,202	119,283	240,485	470
18/19	1,335,008	-3.3%	3,933,761	-3.2%	5,268,769	-3.2%	117,175	112,740	229,915	483
19/20	1,364,646	2.22%	3,710,417	-5.7%	5,075,063	-3.7%	119,648	118,394	238,042	487

* TasPorts commenced operation on 1/1/06. Therefore the previous six months relate to figures from the former regional port companies.

PORT OF HOBART – FREIGHT STATISTICS**

YEAR	TONNES						TEUs			NO. SHIPS
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH	INWARD	OUTWARD	TOTAL	
05/06*	1,051,241	-	1,515,265	-	2,566,506	-	124	356	480	267
06/07	990,636	-5.77%	1,557,424	2.8%	2,548,060	-0.7%	140	488	628	250
07/08	1,137,381	14.81%	1,851,611	18.9%	2,988,992	17.3%	2,076	1,678	3,754	263
08/09	1,068,036	-6.10%	1,722,995	-6.9%	2,791,031	-6.6%	-	-	-	261
09/10	920,632	-13.80%	1,350,741	-21.6%	2,271,373	-18.6%	-	1	1	277
10/11	1,043,514	13.35%	1,276,986	-5.5%	2,320,500	2.2%	-	1	1	283
11/12	910,069	-12.79%	870,332	-31.8%	1,780,401	-23.3%	-	-	-	248
12/13	995,750	9.41%	719,163	-17.4%	1,714,913	-3.7%	-	-	-	253
13/14	927,585	-6.85%	744,917	3.6%	1,672,503	-2.5%	-	-	-	224
14/15	937,410	1.06%	606,200	-18.6%	1,543,610	-7.7%	26	12	38	256
15/16	1,062,411	13.33%	696,176	14.8%	1,758,588	13.9%	297	229	526	270
16/17	876,314	-17.5%	613,821	-11.8%	1,490,135	-15.3%	1,033	844	1,877	262
17/18	963,061	9.90%	734,708	19.7%	1,697,768	13.9%	4,228	4,114	8,341	291
18/19	1,017,479	5.7%	925,329	25.9%	1,942,808	14.4%	251	1,174	1,425	349
19/20	976,905	-3.99%	806,462	-12.8%	1,783,367	-8.2%	208	259	467	321

* TasPorts commenced operation on 1/1/06. Therefore the previous six months relate to figures from the former regional port companies.

** Port of Hobart freight statistics include Triabunna freight volumes from 1/1/06 to 13/7/11.

KING ISLAND – FREIGHT STATISTICS

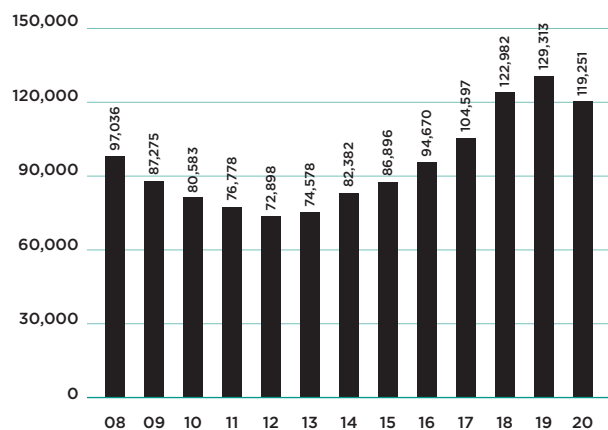
YEAR	TONNES						TEUs			NO. SHIPS
	IMPORT	GROWTH	EXPORT	GROWTH	TOTAL	GROWTH	INWARD	OUTWARD	TOTAL	
11/12*	34,525	-	37,108	-	71,633	-	4,152	3,809	7,961	46
12/13	30,845	-10.66%	48,245	30.0%	79,090	10.4%	4,161	3,949	8,110	92
13/14	29,432	-4.58%	35,283	-26.9%	64,715	-18.2%	3,364	3,116	6,480	118
14/15	35,093	19.23%	40,673	15.3%	75,766	17.1%	4,352	3,903	8,255	146
15/16	35,440	0.99%	32,608	-19.8%	68,049	-10.2%	4,205	4,002	8,207	125
16/17	35,129	-0.88%	41,123	26.1%	76,253	12.1%	3,166	4,219	7,385	149
17/18	40,114	14.19%	35,374	-14.0%	75,489	-1.0%	3,643	3,586	7,229	202
18/19	41,960	4.60%	34,852	-1.5%	76,812	1.8%	3,733	3,639	7,372	178
19/20	41,882	-0.19%	69,886	100.5%	111,768	45.5%	5,096	5,020	10,116	210

* The business conducted by King Island Ports Corporation Pty Ltd was transferred into Tasmanian Ports Corporation Pty Ltd 1/7/2011.

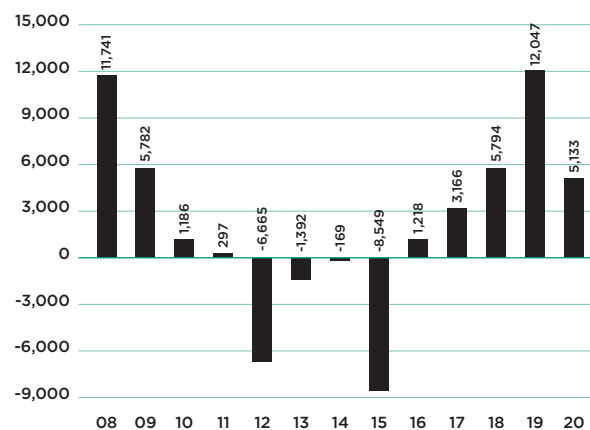
FINANCIAL STATISTICS

The following are for the Economic Entity:

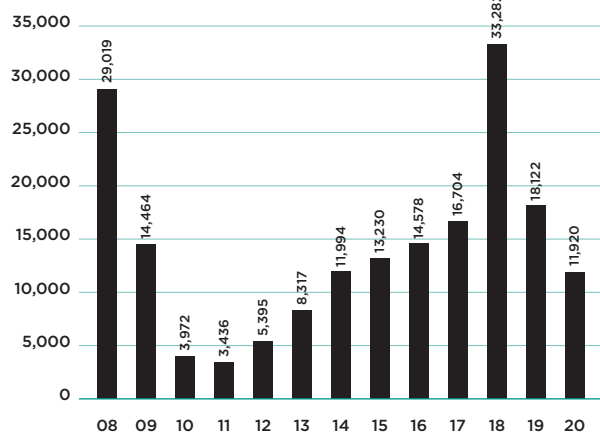
REVENUE (\$'000)



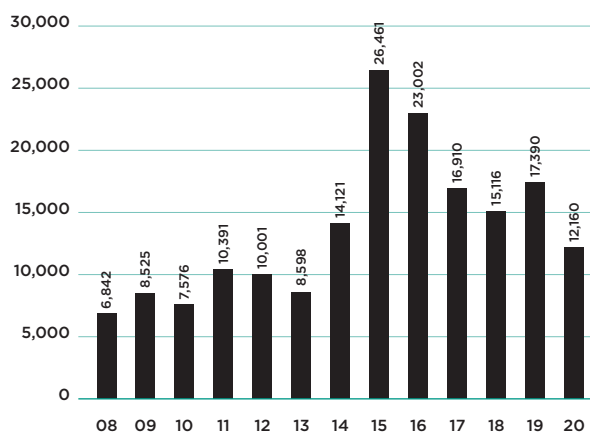
NET PROFIT AFTER TAX (\$'000)



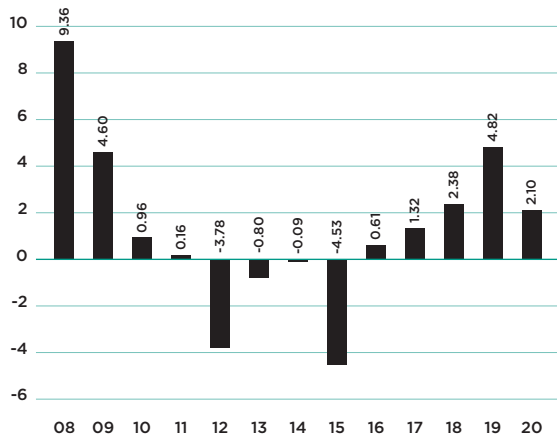
CAPITAL EXPENDITURE (\$'000)



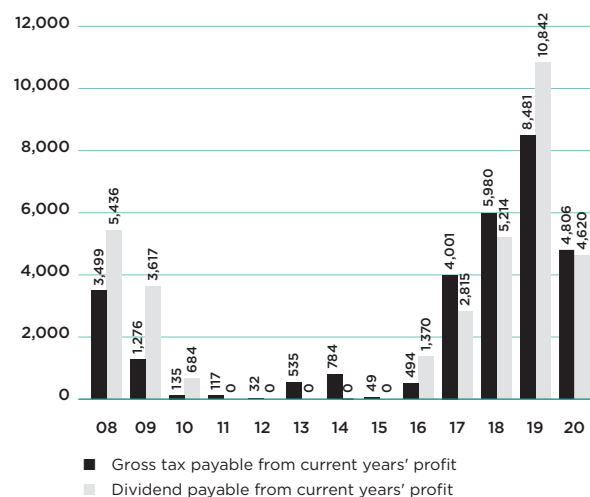
MAINTENANCE (\$'000)



RETURN ON EQUITY (%)



RETURNS TO GOVERNMENT (\$'000)



CORPORATE GOVERNANCE DISCLOSURES

TasPorts was established pursuant to the *Tasmanian Ports Corporation Act 2005* (the Act) and is 100% owned by the Tasmanian Government. The Shareholder Ministers are the Minister responsible for Infrastructure and the Minister responsible for administering the *Government Business Enterprise Act 1995*.

The Act states that TasPorts' principal objectives are to:

- facilitate trade for the benefit of Tasmania; and
- operate its activities in accordance with sound commercial practice.

Shareholder expectations in relation to TasPorts' objectives, performance, reporting, financial and other matters are documented in the Shareholders' Statement of Expectations.

In October 2008, the Shareholders issued a Governance Framework Guide for Tasmanian Government Businesses and State Owned Companies. The Guide referenced the eight core principles underlining good corporate governance as recommended by the ASX Corporate Governance Council for listed companies.

While noting that the principles were not mandated, the Shareholder Ministers expressed an expectation that the core principles, where relevant, would be adopted by the Boards of Government Businesses and State Owned Companies.

In addition to the Corporate Governance Principles referred to above and noted under the headings below, the Department of Treasury and Finance has issued a Governance Framework and Guidelines in relation to:

- Board appointments;
- appointing the Chief Executive Officer as a member of the Board;
- Director induction, education and training;
- assessing Board performance;
- Director and Executive remuneration;
- overseas travel;
- reporting;
- corporate planning;
- capital investment; and
- subsidiary companies and joint ventures.

TasPorts has adopted applicable practices in compliance with the Governance Framework and Guidelines. TasPorts' position on the eight core principles outlined in the Governance Framework Guide is as follows.

LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT BY THE BOARD

The Board operates under a formal Charter and Code of Conduct that details its duties and responsibilities. The primary roles of the Board are to:

- set the strategic direction of TasPorts;
- ensure appropriate processes are in place for risk assessment and management;
- ensure accountability to the Shareholders; and
- appoint and review the performance of the Chief Executive Officer.

The Charter also addresses the relationship between the Board and management. The CEO is responsible for the general administration and management of TasPorts comprising:

- conducting day-to-day business in accordance with relevant legislation, the Constitution, the Shareholders' Statement of Expectations and policies endorsed by the Board;
- advising the Board, on a regular basis, on operational and financial performance; and
- immediately advising the Board of any material matter likely to seriously impact TasPorts.

A delegations policy details limits of delegated authority to management and reserved functions for the Board.

In order to assist the Board perform its duties, an Audit and Risk Management Committee and a Human Resources and Remuneration Committee have been established. Each Committee operates under its own Charter, which is reviewed regularly.

Performance management processes have been established for all staff, including management. The process involves assessment of capabilities and performance against determined key performance indicators. The assessment process also addresses development and training requirements. The Board and its Committees are also subject to regular performance evaluations.

CORPORATE GOVERNANCE DISCLOSURES CONTINUED

STRUCTURE THE BOARD TO ADD VALUE

The composition of, and appointments to, the Board are prescribed by the Act. The Act requires the Board to consist of Directors who have the skills and experience necessary to enable TasPorts to achieve its objectives. Directors are encouraged to undertake ongoing education relevant to their role as Director. The Chairman and all other Directors are independent Non-Executive Directors.

The Board has adopted the process recommended in the Guidelines for the selection and appointment of new Directors to the Board, and for the reappointment of Directors whose terms are up for renewal. This process involves a performance evaluation for those Directors seeking reappointment.

In the event that a new appointment is made, the new Director undertakes a comprehensive induction program, including briefings from the Chief Executive Officer and senior management.

PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

TasPorts has adopted a set of values and a Code of Conduct in relation to its internal and external dealings. The Board, via the Company Secretary, maintains a register of declarations of interests which is updated regularly.

TasPorts' policies address the issue of conflict of interest and include procedures for dealing with conflict of interests, should they arise.

SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer provide written undertakings to the Board providing assurances that TasPorts' financial reports present a true and fair view, and are in accordance with relevant accounting standards.

The Board has established an Audit and Risk Management Committee. The internal audit function is provided by an external resource and this appointment is reviewed every three years.

TasPorts' external auditor is the Auditor-General of Tasmania. The Auditor-General or his representatives attend meetings of the Audit and Risk Management Committee from time to time.

MAKE TIMELY AND BALANCED DISCLOSURE

TasPorts is not a company listed on the Australian Stock Exchange (ASX) and therefore is not subject to the ASX Listing Rules which include continuous disclosure requirements to the ASX. TasPorts reports to its Shareholders in accordance with statutory obligations, Shareholder directions and obligations provided in TasPorts' Constitution.

The Chairman and Chief Executive Officer regularly meet with Shareholders to provide briefings on key issues and developments.

RESPECT THE RIGHTS OF SHAREHOLDERS

TasPorts complies with formal reporting obligations under its Constitution, applicable legislation and the Guidelines, and also provides regular briefings to its Shareholders. TasPorts recognises its relationship with the wider community as it strives to meet its objective of facilitating trade for the benefit of Tasmania.

RECOGNITION AND MANAGEMENT OF RISK

TasPorts manages its operational, financial and compliance risks in accordance with a Risk Management Framework. The framework and supporting policies have been prepared in accordance with relevant standards, and are approved by the Audit and Risk Management Committee.

A formal risk assessment process to document the organisational strategic risk profile has been undertaken, and this profile is subject to annual review.

TasPorts has established a fraud risk register and policy, which is regularly reviewed by management and reported to the Audit and Risk Management Committee.

REMUNERATE FAIRLY AND RESPONSIBLY

The Board has established a Human Resources and Remuneration Committee which is responsible for ensuring that the Board comprises persons with a suitable range of skills, expertise and experience, and to also ensure that remuneration policies and practices are fair and responsible. Under its Charter, the Committee is responsible for the following:

- maintaining an understanding of current organisational planning, employment management practices and regulatory obligations;
- reviewing and making recommendations to the Board on its size, composition and tenure of Directors, succession planning for the Chief Executive Officer and Executive;
- reviewing and making recommendations on TasPorts' human resources strategy and policies including matters relating to TasPorts' culture and culture strategy;
- recommending remuneration for the Chief Executive Officer and reviewing annual performance against targets;
- reviewing compensation arrangements (including incentives and other benefits) for management and performance target outcomes;
- reviewing and recommending for Board approval policies for employee remuneration generally;
- reviewing and making recommendations to the Board regarding Board performance including Board committee performance;
- making recommendations to the Board regarding employee and Board diversity; and
- examining any matters referred to it by the Board.

PUBLIC INTEREST DISCLOSURES ACT

As required under the *Public Interest Disclosures Act 2002*, TasPorts has developed a system for reporting disclosures of improper conduct, corrupt conduct, or detrimental action by TasPorts, its officers or employees. The procedures are available at www.tasports.com.au or by contacting the Public Interest Disclosure Officer, TasPorts, GPO Box 202, Hobart, Tasmania 7001.

No reports were made in 2019-20 under this regime.

RIGHT TO INFORMATION ACT

TasPorts is committed to complying with the *Right to Information Act 2009*. Details about the Act and the company's obligations under it are available at www.tasports.com.au or by contacting the Right to Information Officer, TasPorts, GPO Box 202, Hobart, Tasmania, 7001.

During 2019-20, two formal applications for assessed disclosure were received.

PERSONAL INFORMATION PROTECTION ACT

TasPorts is subject to the *Personal Information Protection Act 2004* which prescribes personal information protection principles for Tasmania. During 2019-2020 there were no complaints received under this regime.

OVERSEAS TRAVEL

No overseas travel was undertaken by Directors during the 2019-2020 financial year.

The Executive General Manager Commercial and Trade travelled to Plovdiv, Bulgaria in July/August 2019 for the Council of Managers of National Antarctic Programs conference. The cost of the trip was \$11,211.

The total cost for all overseas trips in the 2019-20 financial year was \$11,211.

SUPERANNUATION

TasPorts complied with its obligations under the *Superannuation Guarantee (Administration) Act 1992* (Cth) in respect of employees of TasPorts who are members of complying superannuation schemes.

BUY LOCAL AND PAYMENT OF ACCOUNTS GUIDELINES

BACKGROUND

The Treasurer has approved the following Guidelines for Tasmanian Government Businesses:

- Buy Local – Which encourages purchasing from Tasmanian suppliers and increased disclosures on the use of consultants; and
- Payment of Accounts – Which requires implementation of appropriate policies and procedures to ensure that all accounts are paid on time.

BUY LOCAL

A “Tasmanian business” is defined as a business operating in Tasmania, which has a permanent office or presence in Tasmania and employs Tasmanian workers. Purchases from Tasmanian businesses are as follows:

Percentages of purchases from Tasmanian businesses	71%
Value of purchases from Tasmanian businesses	\$54,335,000

Purchases are defined to include operating expenses (excluding employment expenses, finance expenses and depreciation) together with capital expenditure. The above is for the Economic Entity (TasPorts & Bass Island Line). Bass Island Line incurs operating costs with non-Tasmanian businesses as a result of the triangular shipping route between mainland Tasmania, King Island and Victoria. TasPorts, as a stand-alone entity, purchases from Tasmanian businesses was 79%.

PAYMENT OF ACCOUNTS

The Tasmanian Government has issued a Guideline that requires Government owned businesses:

- to implement appropriate policies and procedures to ensure that all accounts are paid on time and, if not, interest is paid for late payments;
- pay invoices of less than \$50,000 within 30 days, or if a shorter term has been agreed, within the shorter term; and
- pay invoices of \$50,000 and above in accordance with agreed terms and by the due date.

The expectation is to pay all invoices correctly rendered by suppliers within the period specified by the supplier, or where the contract is silent on payment requirements, within 30 calendar days of the date of a correctly rendered invoice. In March 2020, TasPorts began a transition to reduce supplier payment terms to within 14 calendar days of an approved invoice.

Payment of account details are as follows:

Average creditor days	30
Number of invoices	15,550
Number of invoices paid within 30 days of the date of the invoice	10,269 (66%)
Value of invoices	\$107,037,249
Value of invoices paid within 30 days of the date of the invoice	\$86,332,868
Number of payments for interest on overdue accounts	Nil
Interest paid on overdue accounts	Nil

REASONS FOR DELAYS IN APPROVAL AND PAYMENT OF INVOICES

- Appropriate application of accounts payable procedures and practices;
- Invoices issued in advance of services or goods being received or complete;
- Dispute as to the price of goods or services, additional documentation requirement, timeliness of delivery or incorrect description of goods or services provided;
- Vendors not providing sufficient detail on the invoice for the invoice to be approved; or
- Application of internal controls to verify changes to supplier details e.g. bank account.

ACTIONS UNDERTAKEN TO IMPROVE PERFORMANCE

TasPorts is implementing the following actions to improve payment terms of invoices:

- Improved oversight of internal processes and controls;
- Improved communications with vendors to ensure invoices are sent electronically in a timely and complete manner; and
- Investigations into best-practice procurement solutions.

CONSULTANCIES SUMMARY

The guidelines provide the following definitions:

Contractor – A “Contractor” is an individual or organisation engaged under a contract (other than as an employee) to provide goods and/or services to an entity. A contractor will usually work under the supervision of an entity manager.

Consultant – A “Consultant” is a particular type of contractor who is engaged to provide recommendations or specialist or professional advice (or more generally non-manual services) to assist or influence an entity’s decision-making.

CONSULTANCIES VALUED AT MORE THAN \$50,000 (EX GST) TO 30 JUNE 2020 FOR THE ECONOMIC ENTITY

NAME OF CONSULTANT	LOCATION	DESCRIPTION	CAPITAL EXPENDITURE	OPERATIONAL EXPENDITURE
Burbury Consulting Pty Ltd	Tasmania	Engineering Services	\$699,227	-
COVA Thinking Pty Ltd	Tasmania	Project Management	\$191,175	-
Tasmanian Consulting Services Pty Ltd	Tasmania	Engineering Services	\$63,359	-
Acton Advisory Pty Ltd	Victoria	Business Improvement Analysis	-	\$53,547
Black Quay Consulting	Victoria	Engineering Services	-	\$64,400
Escient Pty Ltd	Victoria	Master Plans	-	\$107,000
Ironside Risk Partners Pty Ltd	Queensland	IT Advice	-	\$65,399
Keith Stuart Rolls	Tasmania	Safety Project Support	-	\$51,473
Mark Cooper Coaching	Victoria	Engineering Services	-	\$107,000
MAST	Tasmania	Audit of MAST Deed of Agreement	-	\$96,000
Nous Group Pty Ltd	Victoria	Advisory Services	-	\$175,000
Odgers Berndtson	New South Wales	Recruitment	-	\$62,693
Pitt & Sherry	Tasmania	Engineering Services	-	\$61,460
Project Services & Advisory Group P/L	Victoria	Engineering Services	-	\$71,974
S2S Consulting	Tasmania	Advisory Services	-	\$88,650
SRA Corporate Change	Tasmania	Recruitment	-	\$54,298
Taplin Consulting	Tasmania	Project Management	-	\$100,205
Telopea Pty Ltd	Tasmania	Engineering Services	-	\$58,911
TOTAL			\$953,761	\$1,218,011
104 Consultants – Individually less than \$50,000			\$673,808	\$2,081,807
TOTAL PAYMENT TO CONSULTANTS FOR THE ECONOMIC ENTITY			\$1,627,569	\$3,299,818

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

Information on Directors

The Directors present their report on the Tasmanian Ports Corporation Pty Ltd (TasPorts) and its controlled entities ("the Economic Entity") for the year ended 30 June 2020.

The names of the Directors in office at any time during or since the end of the year are listed below:

Stephen Bradford

Chairperson and Non-Executive Director

Appointed December 2015

Current term November 2018 - November 2021

Board Meetings attended 10

Human Resources and Remuneration Committee Meetings attended 5

Audit and Risk Management Committee Meetings attended 4

Bass Island Line Pty Ltd Board Meetings attended 6

Information

Mr Bradford was appointed as Director and Chairman in December 2015. Mr Bradford is a member of the Corporation's Human Resources and Remuneration Committee and Audit and Risk Management Committee.

Tracy Matthews

Non-Executive Director

Appointed December 2015

Current term November 2018 - November 2021

Board Meetings attended 10

Human Resources and Remuneration Committee Meetings attended 5 (as an observer)

Audit and Risk Management Committee Meetings attended 4

Bass Island Line Pty Ltd Board Meetings attended 6

Information

Ms Matthews was appointed a Director in December 2015 and is Chair of the Corporation's Audit and Risk Management Committee.

Dario Tomat

Non-Executive Director

Appointed December 2015

Current term November 2017 - November 2020

Board Meetings attended 10

Human Resources and Remuneration Committee Meetings attended 5

Audit and Risk Management Committee Meetings attended 4 (as an observer)

Bass Island Line Pty Ltd Board Meetings attended 6

Information

Mr Tomat was appointed a Director in December 2015 and is Chair of the Corporation's Human Resources and Remuneration Committee.

Sally Darke

Non-Executive Director

Appointed August 2016

Current term December 2019 - August 2022

Board Meetings attended 10

Human Resources and Remuneration Committee Meetings attended 4

Audit and Risk Management Committee Meetings attended 4 (as an observer)

Bass Island Line Pty Ltd Board Meetings attended 6 (Chairperson)

Information

Ms Darke was appointed a Director in August 2016 and is a member of the Corporation's Human Resources and Remuneration Committee.

Allison Clark

Non-Executive Director

<i>Appointed</i>	December 2018
<i>Current term</i>	December 2018 – November 2021
<i>Board Meetings attended</i>	10
<i>Human Resources and Remuneration Committee Meetings attended</i>	5 (as an observer)
<i>Audit and Risk Management Committee Meetings attended</i>	4
<i>Bass Island Line Pty Ltd Board Meetings attended</i>	6

Information

Ms Clark was appointed a Director in December 2018 and is a member of the Corporation's Audit and Risk Management Committee.

The expiry date of all Director terms in November is the date on which the AGM will be held in the respective year.

Directors regularly attend committee meetings of which they are not formal members.

Rayne Gillam acted as an Intern Director* between 1 January 2019 and 30 September 2019. Melissa Hughes joined as an Intern Director* on 1 January 2020.

* As part of TasPorts' initiative to provide governance experience to emerging business leaders, in 2017 TasPorts established a 12-month internship program for aspiring Non-Executive Directors to gain experience in the sector. The intern directorship is designed to provide access to the TasPorts Board for an entire annual cycle. The Intern Director gains experience in providing strategic direction and effective oversight of management, with the Chairperson acting as a mentor to the intern, providing one-on-one guidance throughout the duration of the internship. While the Intern Director partakes in Board interactions and is welcomed to contribute towards matters under consideration and discussion, they do not have voting or decision-making ability. Following the conclusion of the internship, there is no possibility of appointment as a director to the TasPorts Board for a period of three years following completion of the internship.

Economic Entity

In addition to TasPorts, the companies that comprise the Economic Entity are:

- Bass Island Line Pty Ltd – 100% owned by TasPorts and incorporated in February 2017 to operate the King Island shipping service;
- Southern Export Terminals Pty Ltd – 50% owned by TasPorts and 50% by Qube Ports and incorporated in December 2016 to operate the forestry export terminal in Hobart;
- King Island Ports Corporation Pty Ltd – 100% owned by TasPorts and non trading; and
- Flinders Island Ports Company Pty Ltd – 100% owned by TasPorts and non trading.

Operating and financial review

The Economic Entity reported a net profit after tax of \$5.1 million compared to a net profit after tax of \$12.0 million in 2019. This represents a 58% decrease in net profit compared with the previous financial year.

Freight volumes declined with state-wide volumes of 14.1 million tonnes compared with 15.6 million tonnes in 2019 representing a 10% decline. The decline was due to reduced exports and imports from South32 at Bell Bay whilst its future operating model was under consideration and forestry products due to international demand.

The net profit of the Economic Entity included the net after tax loss of Bass Island Line (BIL) of \$3.3 million compared to \$2.1 million in 2019. An extensive review of BIL's operating model was conducted during the year, resulting in changes to the sailing route from Geelong to Melbourne (Appleton Dock) and from Devonport to Bell Bay, together with renegotiation of marine and landside logistics operations including the crew model. A market sounding was conducted to determine private sector interest in operating the shipping service either as stand-alone operation or in a joint venture with TasPorts. This process did not result in any alternative viable operating or financial model. BIL has continued to incur operating losses due to the high fixed shipping costs relative to the seasonal and low freight volumes. BIL is committed to providing a safe and reliable shipping service for the King Island community and delivering a cost-efficient and financially sustainable service.

DIRECTORS' REPORT CONTINUED

TasPorts experienced and will continue to experience the economic and operational impact of Coronavirus. The primary impact was on the cruise sector, Devonport Airport and property. Coronavirus emerged toward the end of the 2019-20 cruise season lessening the economic impact. The Devonport Airport experienced a loss of passenger services with the cancellation of all flights between Devonport and Melbourne.

The cruise industry and Devonport Airport are vital to Tasmanian tourism and business sectors, particularly in regional Tasmania. TasPorts is liaising closely with the cruise sector and airlines to facilitate a safe return to Tasmanian destinations.

TasPorts was proactive in supporting our property tenants in city and regional locations through rent relief packages and concessional terms.

Management of the Burnie Woodchip Export Terminal (BCET) as a multi-user Terminal is vital to improving export access and confidence in the forestry industry. TasPorts has invested in the facility to improve productivity and supply-chain efficiency. An expression of interest process was conducted to gauge market interest in Terminal operations. This process has resulted in TasPorts entering into long-term Facility Management Agreements with its Terminal users providing financial and operational security to TasPorts and the users of the Terminal.

Southern Export Terminals (SET) is a joint venture between TasPorts and Qube Ports to provide a southern Tasmanian export gateway for bulk logs. TasPorts has continued to invest in the Terminal with a project commencing to increase the Terminal footprint providing productivity and operational benefits. The operation of SET has reinforced the need to have a cost-effective, industry benchmarked log export facility in the south of the State.

The Economic Entity continued its significant infrastructure investment, including \$12.2 million on remediation and renewal of existing port and marine infrastructure, and a further \$11.9 million on new infrastructure. TasPorts is experiencing continued market interest in the use of port facilities and infrastructure across a range of existing and new industry sectors. TasPorts will facilitate this trade growth underpinned by commercially sound operating and financial frameworks. These frameworks are essential for TasPorts to continue to develop new and maintain existing port infrastructure.

Planning and consultation has continued for the redevelopment of the container terminals at East Devonport to accommodate the new TT Line and Searoad vessels. A collaborative approach is being adopted with stakeholders to deliver a fit-for-purpose efficient and cost-effective terminal solution.

ACCC matter

TasPorts is defending an action in the Federal Court brought by the Australian Competition and Consumer Commission in a case taken under the amended misuse of market power provision of the *Competition and Consumer Act (section 46)*. TasPorts strenuously denies the allegations and will defend the case. This matter is included in note 24 of the Financial Statements.

Principal activities

During the financial year the principal continuing activities of the Economic Entity were owning and operating the following facilities and services:

- operational port infrastructure, property and services at Burnie, Devonport, Hobart, Bell Bay, Port Latta and King Island (Grassy);
- other port infrastructure and properties at Strahan, Smithton, Stanley, King Island (Currie) and Flinders Island (Whitemark and Lady Barron);
- towage services;
- pilotage services;
- airport facilities and related properties at Devonport Airport;
- transport and plant hire at Burnie, Devonport, Hobart, Launceston, Bell Bay, Burnie, King Island and Flinders Island;
- fuel distribution at Hobart, King Island and Flinders Island;
- vessel slipping services at Hobart, Strahan, Flinders Island and King Island;
- shipping services between mainland Tasmania, King Island and Victoria through TasPorts' wholly owned subsidiary Bass Island Line; and
- bulk log storage and export activities within the Port of Hobart through Southern Export Terminals. Southern Export Terminals is a joint venture between TasPorts and Australian stevedore, Qube Ports.

Dividends

Dividends paid during the financial year were as follows:

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Final dividend declared for the year ended 30 June 2019 of \$5,421,040 per ordinary share and declared in 2018 of \$2,607,130 per ordinary share	10,842	5,214

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Economic Entity during the financial year.

Matters subsequent to the end of the financial year

There has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in subsequent financial years.

Environmental regulation

TasPorts is committed to achieving a high standard of environmental performance. The establishment of an integrated environmental and safety management system is ongoing to monitor risk and ensure compliance with statutory requirements. No statutory breaches were notified during the financial year.

The Economic Entity is subject to the following significant environmental regulations under Australian Commonwealth and State law:

Australian Commonwealth

- *Biosecurity Act 2015*
- *Export Control Act 1982*
- *Navigation Act 2012*
- *National Greenhouse and Energy Reporting Act 2007*
- *Protection of the Sea (Prevention of Pollution from Ships) Act 1983*
- *Protection of the Sea (Harmful Antifouling Systems) Act 2006*

State law

- *Animal Welfare Act 1993*
- *Crown Lands Act 1976*
- *Environmental Management and Pollution Control Act 1994*
- *Nature Conservation Act 2002*
- *Plant Quarantine Act 1997*
- *Pollution of Waters by Oil and Noxious Substances Act 1987*
- *State Policies and Projects Act 1993*
- *Threatened Species Protection Act 1995*
- *Weed Management Act 1999*
- Deed of Agreement between MAST, TasPorts and the Crown
- Environmental Protection Notice (EPN) 8632/3

DIRECTORS' REPORT CONTINUED

Indemnity and insurance of Directors, Officers and Auditors

The Economic Entity paid insurance premiums for the year of \$57,475 in respect of Directors' and Officers' liability, for current and former Directors. The insurance premiums relate to:

- costs and expenses incurred by relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

TasPorts has entered into a deed of access, indemnity and insurance with Directors and Officers. Pursuant to the deed TasPorts undertakes to:

- maintain certain documents and to provide Directors and Officers access to those documents;
- indemnify the Directors and Officers for certain liabilities; and
- maintain an insurance policy covering the Directors and Officers.

No person has applied for leave of Court to bring proceedings on behalf of the Economic Entity or intervene in any proceedings to which the Economic Entity is a party for the purpose of taking responsibility on behalf of the Economic Entity for all or any part of those proceedings. The Economic Entity was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' Report.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Signed in accordance with a resolution of the Board of Directors:



Mr Stephen Bradford

Non-Executive Director and Chairman



Ms Tracy Matthews

Non-Executive Director

11 August 2020

AUDITOR'S INDEPENDENCE DECLARATION



Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address: GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900 | Fax: 03 6173 0999
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

7 August 2020

The Board of Directors
Tasmanian Ports Corporation Pty Ltd
GPO Box 202
HOBART TAS 7001

Dear Board Members

Auditor's Independence Declaration

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Tasmanian Ports Corporation Pty Ltd for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) any applicable code of professional conduct in relation to the audit.

In accordance with the *Corporations Act 2001* a copy of this declaration must be included in the Directors' Report.

Yours sincerely

Ric De Santi
Deputy Auditor-General
Delegate of the Auditor-General

DIRECTORS' DECLARATION

The Directors declare that:

- the attached financial statements and notes thereto comply with Australian Accounting Standards and Australian Accounting Interpretations adopted by the Australian Accounting Standards Board;
- the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Economic Entity;
- in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001* (Cth);
- in the Directors' opinion, there are reasonable grounds to believe that the Economic Entity will be able to pay its debts as and when they become due and payable; and
- the Directors have been given declarations as set out in Section 295A of the *Corporations Act 2001* (Cth) from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2020.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001* (Cth).

On behalf of the Directors



Mr Stephen Bradford

Non-Executive Director and Chairman



Ms Tracy Matthews

Non-Executive Director

11 August 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	ECONOMIC ENTITY	
		2020 \$'000	2019 \$'000
Revenue	2	119,251	129,313
Total revenue		119,251	129,313
Expenses			
Cost of goods sold		(7,731)	(8,295)
Employee benefits		(43,140)	(38,553)
Property costs		(6,775)	(6,516)
Equipment hire		(1,286)	(1,130)
Maintenance		(12,160)	(17,390)
Operational expenditure		(8,592)	(8,141)
Depreciation and amortisation expense	10	(15,988)	(15,698)
Impairment of community asset projects	10	-	(24)
Impairment of plant and equipment	10	(713)	-
Administration		(8,766)	(8,831)
Credit loss on trade receivables		(163)	(2)
Other expenses		(4,779)	(5,340)
Finance costs		(1,510)	(1,647)
Total expenses		(111,603)	(111,567)
Profit before share of profit/(loss) of equity accounted investee		7,648	17,746
Share of profit/(loss) of equity accounted investee, net of tax	29	19	(51)
Profit before income tax expense		7,667	17,695
Income tax expense	3	(2,534)	(5,648)
Profit after income tax expense for the year attributable to the owners of Tasmanian Ports Corporation Pty Ltd	19	5,133	12,047
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Tasmanian Ports Corporation Pty Ltd		5,133	12,047

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTE	ECONOMIC ENTITY	
		2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	4	12,497	18,351
Trade and other receivables	5	9,046	12,786
Inventories	6	1,358	1,604
Assets classified as held for sale	8	-	240
Other assets	9	937	717
Total current assets		23,838	33,698
Non-current assets			
Property, plant and equipment	10	267,912	272,129
Right-of-use assets	7	4,405	-
Intangibles	11	2,801	2,801
Deferred tax	3	3,634	2,849
Other assets	9	195	176
Total non-current assets		278,947	277,955
Total assets		302,785	311,653
Liabilities			
Current liabilities			
Trade and other payables	12	9,102	13,266
Borrowings	13	5,614	5,124
Lease liabilities	14	730	-
Income tax	3	(1,062)	2,911
Employee benefits	15	5,517	5,349
Provisions	16	32	32
Total current liabilities		19,933	26,682
Non-current liabilities			
Borrowings	13	14,219	14,709
Lease liabilities	14	3,794	-
Deferred tax	3	19,091	19,275
Employee benefits	15	987	930
Provisions	16	477	64
Total non-current liabilities		38,568	34,978
Total liabilities		58,501	61,660
Net assets		244,284	249,993
Equity			
Issued capital	17	135,427	135,427
Reserves	18	130,685	130,685
Accumulated losses	19	(21,828)	(16,119)
Total equity		244,284	249,993

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

ECONOMIC ENTITY	ISSUED CAPITAL		RESERVES \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
	ORDINARY SHARES \$'000	EQUITY \$'000			
Balance at 1 July 2018	-	135,427	130,685	(22,407)	243,705
Initial application of AASB15, net of tax	-	-	-	(545)	(545)
Balance at 1 July 2018 - restated	-	135,427	130,685	(22,952)	243,160
Profit after income tax expense for the year	-	-	-	12,047	12,047
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	12,047	12,047
Transactions with owners in their capacity as owners:					
Dividends paid (note 20)	-	-	-	(5,214)	(5,214)
Balance at 30 June 2019	-	135,427	130,685	(16,119)	249,993

ECONOMIC ENTITY	ISSUED CAPITAL		RESERVES \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
	ORDINARY SHARES \$'000	EQUITY \$'000			
Balance at 1 July 2019	-	135,427	130,685	(16,119)	249,993
Profit after income tax expense for the year	-	-	-	5,133	5,133
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,133	5,133
Transactions with owners in their capacity as owners:					
Dividends paid (note 20)	-	-	-	(10,842)	(10,842)
Balance at 30 June 2020	-	135,427	130,685	(21,828)	244,284

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	ECONOMIC ENTITY	
		2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		123,732	123,858
Payments to suppliers and employees (inclusive of GST)		(109,153)	(98,351)
		14,579	25,507
Other revenue		11,610	12,446
Interest on capitalised leases		(176)	-
Income taxes paid		(7,476)	(10,111)
Net cash from operating activities	30	18,537	27,842
Cash flows from investing activities			
Payments for property, plant and equipment	10	(11,920)	(18,122)
Proceeds from disposal of property, plant and equipment		276	203
Net cash used in investing activities		(11,644)	(17,919)
Cash flows from financing activities			
Investment in equity accounted investee	17	-	(200)
Payments for capitalised leases (excl. interest component)		(571)	-
Interest on borrowings and other finance costs paid		(1,334)	(1,647)
Dividends paid	20	(10,842)	(5,214)
Repayment of borrowings		-	(7,500)
Net cash used in financing activities		(12,747)	(14,561)
Net decrease in cash and cash equivalents		(5,854)	(4,638)
Cash and cash equivalents at the beginning of the financial year		18,351	22,989
Cash and cash equivalents at the end of the financial year	4	12,497	18,351

The above statement of cash flows should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1. Significant accounting policies

(a) Basis of preparation

The financial statements were authorised for issue by the Directors on 11 August 2020.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) and Australian Accounting Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial statements comprise the consolidated financial statements of the Economic Entity.

The Economic Entity comprises:

- Tasmanian Ports Corporation Ltd (TasPorts) – parent entity;
- Bass Island Line Pty Ltd – 100% owned by TasPorts;
- Southern Export Terminals Pty Ltd – 50% owned by TasPorts and 50% by Qube Ports;
- King Island Ports Corporation Pty Ltd – 100% owned by TasPorts; and
- Flinders Island Ports Company Pty Ltd – 100% owned by TasPorts.

Financial information for the parent entity is reported in note 27. Financial information for the subsidiary is reported in note 28. Financial information for the Joint Venture is reported in note 29.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Economic Entity comply with International Financial Reporting Standards ('IFRS').

The material accounting policies adopted have been stated throughout the notes to the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements are presented in Australian dollars.

The financial statements have been prepared on an accruals basis. Infrastructure assets have been measured at fair value. All other assets and liabilities have been measured at historical cost.

(b) Principles of consolidation

A controlled entity is any entity over which TasPorts has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained within note 28. All controlled entities have a 30 June year-end.

All inter-company balances and transactions with subsidiary companies in the Economic Entity have been eliminated on consolidation. The accounting policies of controlled entities are consistent with those policies applied by TasPorts.

TasPorts' interest in equity accounted investees comprises an interest in a Joint Venture. A Joint Venture is an arrangement in which TasPorts has joint control, whereby TasPorts has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The interest in the Joint Venture is accounted for using the equity method. It is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include TasPorts' share of the profit or loss and other comprehensive income of the equity accounted investee.

(c) Comparative figures

The previous period's figures are provided in the financial statements for comparative purposes. Where there has been reclassification of items in the financial statements, the prior year comparatives have also been reclassified to ensure comparability with the current reporting period.

(d) Critical accounting estimates and judgments

To conform with AASBs management is required 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 year in which the estimates are revised and in any future years affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 10.

COVID-19

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity in Australia and globally.

The Economic Entity has considered the impact that COVID-19 may have on the financial statements and has determined that COVID-19 has no significant impact on the accounting disclosures.

As the situation remains fluid (due to evolving changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the Company considered that the financial effects of COVID-19 on the Economic Entity's consolidated financial statements for future financial periods cannot be reasonably estimated. The Economic Entity continues to monitor the developments, including any requirements imposed by both the Australian and Tasmanian Governments and the impact on its operations, customers and staff.

(e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

(f) Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Revenue

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Revenue from contracts with customers		
Sale of goods	9,524	10,130
Seaport	75,518	83,051
Airport	3,341	4,242
Logistics services	11,995	12,321
Freight revenue	7,263	7,123
	107,641	116,867
Other revenue		
Net gain/(loss) on disposal of property, plant and equipment	(92)	(55)
Interest revenue	80	341
Rent and operating leases	6,838	7,224
Other revenue	4,784	4,936
	11,610	12,446
Revenue	119,251	129,313

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 2. Revenue continued

Recognition and measurement

Revenues from contracts with customers is recognised when a customer obtains control of the goods or services and/or services are provided.

Rental revenue is recognised on a straight line basis over the term of the lease.

Revenue from operating leases, where substantially all the risks and benefits remain with the lessor, are credited as income in the periods in which they are earned.

Interest revenue is recognised as earned.

Other revenue includes cost recoveries and car parking, and is recognised as earned.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration agreed with a customer. The Economic Entity recognises revenue when it transfers control over a good or service to a customer and/or services are complete.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies for material revenue streams.

TYPE OF PRODUCT/ SERVICE	NATURE AND TIMING OF SATISFACTION OF PERFORMANCE OBLIGATIONS, INCLUDING SIGNIFICANT PAYMENT TERMS	REVENUE RECOGNITION
Sale of goods – Fuel sales	The sale of fuel is a multi-user service provided by the Economic Entity. The services provided to customers include the decanting of fuel into the customers' storage tank and the delivery of fuel to the customer. Invoices are generally issued on the date of delivery, with payment terms of 14 days. Once the fuel has been decanted into the customer's storage tank or when they pay for the fuel the customer acquires ownership of the fuel. The performance obligation is complete when the fuel is delivered to the customer.	All revenue is recognised the day the fuel has been delivered to the customer.
Seaport	Seaport revenue is predominantly made up of revenue from berthing, pilotage and towage services. These are multi-user services provided by the Economic Entity. The services provided include, but are not limited to: assisting safe navigation within port zones; provision of a berth or anchorage for layup; loading/unloading of goods; emergency response services; environmental protection services; port security and towage services. Customers are invoiced per trip after the vessel's departure date for all services performed. Payment terms are usually 14 days. There are three performance obligations being berthing, pilotage and the towage service.	The revenue associated with seaport services is recognised when the vessel departs.
Airport	The Devonport Airport is a multi-user airport managed by the Economic Entity. The main services provided to customers include access to the airport infrastructure, aircraft landing/departures, security screening and aircraft parking. The performance obligation is to provide aircraft runway and terminal facilities, which occurs during the time an aircraft is within the airport infrastructure area and is completed once the aircraft departs. Payment terms are usually 14 days.	Revenue associated with the Devonport Airport is recognised in the month of aircraft landings and departures.
Logistics services	The Economic Entity provides logistics services that are delivered in stages, that represent different performance obligations. In the absence of stand-alone selling prices, the contract price per unit of measure is allocated across performance obligations based on estimated cost of service provided. Revenue is recognised either over time (using the input method, which is the most appropriate measure of the progress towards complete satisfaction of the obligations associated with services provided over a period of time) and at a point in time when the performance obligation associated with specific services has been completed. When revenue is received in advance of providing logistics services, the revenue attributable to those services not yet delivered is recognised as revenue in advance. Customers are billed at the end of each month with payment due within 14 days or as specified in contractual conditions.	Revenue associated with logistics services is recognised over time using the input method, which is the most appropriate measure of the progress towards complete satisfaction of this performance obligation.
Freight revenue – Bass Island Line Pty Ltd	The service provided to customers is the transfer of freight between King Island, mainland Tasmania and Victoria. Customers are billed after the voyage is complete and payment terms usually of 14 days. The performance obligation is to carry freight from port to port. The performance obligation is met once the trip is complete.	Freight revenue is recognised on the day of trip completion.

Note 3. Income tax

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Income tax expense		
Current income tax expense relating to prior year	(1,303)	535
Deferred tax - origination and reversal of temporary differences	(969)	(3,368)
Current income tax expense	4,806	8,481
Aggregate income tax expense	2,534	5,648
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(785)	(99)
Decrease in deferred tax liabilities	(184)	(3,269)
Deferred tax - origination and reversal of temporary differences	(969)	(3,368)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	7,667	17,695
Tax at the statutory tax rate of 30%	2,300	5,309
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent depreciation and disposal of non-temporary assets	293	309
Tax depreciation	(30)	(33)
Tax loss on assets disposed	32	39
Non-deductible expenses	6	8
Prior period over/(under) provision	(62)	1
Share of profits of associates and joint ventures accounted for using the equity method	(5)	15
Income tax expense	2,534	5,648

Recognition and measurement

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or non-deductible items. It is calculated using tax rates that have been enacted at the reporting date.

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Current Tax Liability		
Opening balance	2,911	3,099
Tax paid in respect of prior years	(1,609)	(3,401)
Tax paid in respect of current year	(5,868)	(5,570)
Over/(under) provision of tax in prior years	(1,302)	302
Current year tax provision	4,806	8,481
Closing balance	(1,062)	2,911

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 3. Income tax continued

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	28	28
Property, plant and equipment	64	127
Employee benefits	1,951	1,741
Accounting costs capitalised for tax	-	262
Prepaid revenue	486	718
Provisions	49	22
Payables	117	7
Deferred income	153	(48)
Other	751	(8)
Right of use asset	(1,322)	-
Lease liability	1,357	-
Deferred tax asset	3,634	2,849
Movements:		
Opening balance	2,849	2,750
Credited to profit or loss	785	99
Closing balance	3,634	2,849
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	20,735	21,581
Prepayments/receivables	37	93
Payables	(565)	(773)
Other	(1,116)	(1,626)
Deferred tax liability	19,091	19,275
Movements:		
Opening balance	19,275	22,544
Credited to profit or loss	(184)	(3,269)
Closing balance	19,091	19,275

Note 3. Income tax continued

ECONOMIC ENTITY	BALANCE 30 JUNE 2018 \$'000	PRIOR YEAR (UNDER)/ OVER PROVISION \$'000	RECOGNISED IN INCOME STATEMENT \$'000	RECOGNISED IN EQUITY \$'000	BALANCE 30 JUNE 2019 \$'000	PRIOR YEAR (UNDER)/ OVER PROVISION \$'000	RECOGNISED IN INCOME STATEMENT \$'000	BALANCE 30 JUNE 2020 \$'000
Tax losses	28	-	-	-	28	-	-	28
Property plant & equipment	285	20	(178)	-	127	-	(63)	64
Employee provisions	1,741	-	-	-	1,741	-	210	1,951
Accounting costs capitalised for tax	262	-	-	-	262	-	(262)	-
Prepaid revenue	513	233	(28)	-	718	-	(232)	486
Provisions	89	-	(67)	-	22	-	27	49
Payables	(78)	79	6	-	7	-	110	117
Deferred income	(48)	-	-	-	(48)	-	201	153
Other	(42)	(109)	143	-	(8)	12	747	751
Right of use asset	-	-	-	-	-	-	(1,322)	(1,322)
Lease liability	-	-	-	-	-	-	1,357	1,357
Deferred tax asset	2,750	223	(124)	-	2,849	12	773	3,634
Property, plant and equipment	25,637	(202)	(3,854)	-	21,581	1,300	(2,146)	20,735
Prepayments/ receivables	86	-	8	-	93	-	(56)	37
Payables	(404)	-	(369)	-	(773)	17	191	(565)
Other	(2,775)	(109)	1,257	-	(1,626)	(89)	599	(1,116)
Deferred tax liability	22,544	(311)	(2,958)	-	19,275	1,228	(1,412)	19,091

Recognition and measurement

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation, and the anticipation that the Economic Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax consolidation

The parent entity and its wholly owned Australian resident subsidiaries formed a tax consolidated group in the 2018 financial year, with effect from 1 July 2016 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is TasPorts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 4. Cash and cash equivalents

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Current assets		
Cash at bank and on hand	12,497	18,351

The effective average interest rate on cash and cash equivalents for the year was 0.5% (2019: 1.7%).

Recognition and measurement

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions.

Note 5. Trade and other receivables

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Current assets		
Trade receivables	9,211	12,788
Less: Impairment of receivables	(165)	(2)
	9,046	12,786

Recognition and measurement

Receivables are stated at cost less impairment.

Note 6. Inventories

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Current assets		
Inventories at cost	1,358	1,604

Recognition and measurement

Inventories (fuel for resale and consumables) are measured at the lower of cost or net realisable value. Costs are assigned on the first-in first-out principle.

Note 7. Right-of-use assets

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Non-current assets		
Land and buildings – right-of-use	5,095	-
Less: Accumulated depreciation	(690)	-
	4,405	-

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Opening Balance	-	-
Additions	5,095	-
Depreciation	(690)	-
Closing Balance	4,405	-

Right of use assets relate to office accommodation, parking and land.

Additions to the right-of-use assets during the year were \$5.1 million.

Recognition and measurement

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability (which is the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the economic entity's incremental borrowing rate), adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Economic Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Economic Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 8. Assets classified as held for sale

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Current assets		
Assets classified as held for sale	-	240

Assets held for sale in 2019 were two items of floating plant which have been sold.

Note 9. Other assets

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Current assets		
Accrued revenue	190	121
Prepayments	747	596
	937	717
Non-current assets		
Loan – Southern Export Terminals Pty Ltd	200	200
Investment – Southern Export Terminals Pty Ltd	200	200
Less: Provision for joint venture loss	(205)	(224)
	195	176
	1,132	893

Recognition and measurement

Other assets are stated at cost less impairment.

The loan to Southern Export Terminals Pty Ltd is unsecured and interest free.

Note 10. Property, plant and equipment

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Non-current assets		
Land – at fair value	30,390	30,370
Buildings – at fair value	33,534	33,353
Less: Accumulated depreciation	(6,616)	(4,515)
	26,918	28,838
Plant and equipment – at cost	56,958	55,322
Less: Accumulated depreciation	(32,518)	(33,219)
Less: Impairment	(809)	(1,239)
	23,631	20,864
Land Infrastructure – at fair value	22,085	21,990
Less: Accumulated depreciation	(3,820)	(2,805)
Less: Impairment	(181)	(181)
	18,084	19,004
Wharves – at fair value	99,193	95,820
Less: Accumulated depreciation	(14,349)	(9,588)
Less: Impairment	(4,388)	(4,388)
	80,456	81,844
WIP – at cost	10,977	13,453
Harbour Improvements – at fair value	30,430	30,217
Less: Accumulated depreciation	(4,159)	(2,767)
	26,271	27,450
Capital dredging – at cost	22,057	17,637
Less: Accumulated depreciation	(7,301)	(7,133)
	14,756	10,504
Floating plant – at cost	52,350	54,536
Less: Accumulated depreciation	(15,208)	(13,904)
Less: Impairment	(713)	(830)
	36,429	39,802
	267,912	272,129

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 10. Property, plant and equipment continued

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

ECONOMIC ENTITY	LAND AND BUILDINGS \$'000	LAND INFRA-STRUCTURE \$'000	HARBOUR IMPROVE-MENTS \$'000	WHARVES \$'000	FLOATING PLANT \$'000	PLANT AND EQUIPMENT AND WIPS \$'000	CAPITAL DREDGING \$'000	TOTAL \$'000
Balance at 1 July 2018	59,155	20,296	28,833	84,239	40,078	26,497	10,669	269,767
Additions	(1,304)	99	-	4,388	1,187	13,874	-	18,244
Disposals	-	-	-	-	(31)	(260)	-	(291)
WIP capitalised	3,596	19	-	2,320	1,437	(7,372)	-	-
WIP expensed	-	-	-	-	3	(3)	-	-
Impairment of assets	-	-	-	(4,388)	-	4,363	-	(25)
Transfers in/(out)	-	-	-	-	113	19	-	132
Depreciation expense	(2,240)	(1,410)	(1,383)	(4,715)	(2,985)	(2,800)	(165)	(15,698)
Balance at 30 June 2019	59,207	19,004	27,450	81,844	39,802	34,318	10,504	272,129
Additions	22	50	10	-	92	11,746	-	11,920
Disposals	(3)	-	-	-	(198)	(165)	-	(366)
WIP capitalised	257	44	203	3,373	260	(8,557)	4,420	-
Impairment of assets	-	-	-	-	(713)	-	-	(713)
Transfers in/(out)	-	-	-	-	240	-	-	240
Depreciation expense	(2,175)	(1,014)	(1,392)	(4,761)	(3,054)	(2,734)	(168)	(15,298)
Balance at 30 June 2020	57,308	18,084	26,271	80,456	36,429	34,608	14,756	267,912

Movements in carrying amounts for fair value assets

Movement in the carrying amounts for each class of property, plant and equipment stated at fair value between the beginning and the end of the current financial year.

ECONOMIC ENTITY	LAND LEVEL 2 \$'000	LAND LEVEL 3 \$'000	BUILDINGS LEVEL 2 \$'000	BUILDINGS LEVEL 3 \$'000	LAND INFRA-STRUCTURE LEVEL 3 \$'000	HARBOUR IMPROVE-MENTS LEVEL 3 \$'000	WHARVES LEVEL 3 \$'000
Opening balance at 1 July 2018	19,633	10,216	1,885	27,422	20,296	28,833	84,239
Additions	520	-	-	(1,825)	99	-	4,388
WIP capitalised	-	-	-	3,596	19	-	2,320
Depreciation expense	-	-	-	(2,240)	(1,410)	(1,383)	(4,715)
Impairment of community assets projects	-	-	-	-	-	-	(4,388)
Balance at 30 June 2019	20,153	10,216	1,885	26,953	19,004	27,450	81,844
Additions	22	-	-	-	50	10	-
Disposals	-	-	-	(3)	44	203	3,373
WIP capitalised	-	-	-	257	-	-	-
Depreciation expense	-	-	-	(2,175)	(1,014)	(1,392)	(4,761)
Balance at 30 June 2020	20,175	10,216	1,885	25,032	18,084	26,271	80,456

Note 10. Property, plant and equipment continued

Revaluations of infrastructure assets

The Economic Entity conducted a fair value assessment of infrastructure assets as at 30 June 2017.

Infrastructure assets refer to land, land infrastructure, buildings, wharves and harbour improvements, and are all stated at fair value. Infrastructure assets included in the revaluations are reported at fair value less accumulated depreciation and any impairment. The fair value of infrastructure assets purchased subsequent to the revaluation date is at cost less accumulated depreciation and any impairment.

If an asset's carrying amount decreased as a result of a revaluation, the decrease is recognised in the Statement of Profit or Loss and Other Comprehensive Income as an expense – except to the extent that it reverses a revaluation increase for the same asset previously recognised in the asset revaluation reserve, in which case the decrease is recognised in the asset revaluation reserve to the extent of the increase previously recognised.

If an asset's carrying amount increased as a result of a revaluation, the increase is disclosed in the Statement of Profit or Loss and Other Comprehensive Income under 'other comprehensive income' and credited directly to the asset revaluation reserve in equity under the heading of reserves, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously recognised. In this exception the resultant carrying amount of the asset will not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no revaluation decrease had previously been recognised.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the asset and the net amounts are restated to the revalued amounts of the asset.

Floating plant, plant and equipment and capital dredging, are stated at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Economic Entity and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Work in progress is stated at cost.

Derecognition

On the sale or retirement of a revalued infrastructure asset, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings/(accumulated losses). The difference between the sale value and the carrying value of the asset is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Assessing for impairment

The Economic Entity assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. If such an indication exists, the recoverable amount of the asset or group of assets (cash generating unit), being the higher of the fair value less costs to sell and value in use, is compared to the carrying value of the asset or cash generating unit. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Any excess of the carrying value over recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 10. Property, plant and equipment continued

Impairment losses

The total property, plant and equipment impairment loss recognised for the year amounted to \$712,918 (2019: \$24,476).

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Impairment of community asset projects	-	24
Impairment of floating plant	713	-
Total impairment of property plant & equipment	713	24

Recognition and measurement

Projects completed or in progress as part of the community asset remediation program that are of a capital nature are capitalised and impaired as costs are incurred. Impairment occurs due to TasPorts generating minimal or no return on these assets.

Impairment of \$712,918 recognised for the year was in relation to the John Duigan vessel. The impairment was based on an independent valuation.

All assets are depreciated on a straight line basis over their useful lives commencing from the date the asset has been revalued or the date the asset is held ready for use. Where an item of property, plant and equipment comprises individual components for which different useful lives are appropriate, then each component is depreciated separately.

The useful life used for each class of depreciable assets is:

Infrastructure assets (fair value)	
Buildings	10 to 60 years
Land infrastructure (including roads, port hardstands and airport runways)	10 to 100 years
Harbour improvements	20 to 75 years
Wharves	5 to 80 years
Other fixed assets (cost)	
Floating plant	5 to 35 years
Plant and equipment	2 to 69 years
Capital dredging (channels, swing basins and berth pockets)	12 to 99 years

Note 10. Property, plant and equipment continued

Asset componentisation

The components of major assets that have materially different useful lives are accounted for as separate assets and are depreciated separately.

Valuation

A valuation of the infrastructure assets of the Economic Entity is periodically undertaken for financial reporting purposes in accordance with Australian Accounting Standards. The effective date of the most recent valuation was 30 June 2017.

Infrastructure assets include land, buildings, land infrastructure, harbour improvements and wharves. The fair value assessment is based upon the following:

- independent assessment of market value where a market value is readily identifiable;
- independent assessment of depreciated replacement cost; or
- where the asset's net cash flows do not support either the market value or the depreciated replacement cost then the asset is valued using the discounted cash flow method (income valuation methodology/ value in use).

Fair value hierarchy

The Economic Entity is required to classify infrastructure assets into a fair value hierarchy that reflects the significance of the inputs used in determining their fair value. The fair value hierarchy is made up of the following three levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Economic Entity can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs that are unobservable for particular assets or liabilities.

The Economic Entity has classified infrastructure assets as follows:

- Level 1 – no infrastructure assets are classified at level 1;
- Level 2 – land and buildings outside port precinct boundaries; and
- Level 3 – land, buildings, land infrastructure, harbour improvements and wharves within port precinct boundaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 10. Property, plant and equipment continued

Valuation techniques and inputs

Level 2 – valuation techniques and inputs

Valuation technique: An independent valuer was used to value land and buildings outside port precinct boundaries using a market approach that reflects recent transaction prices for similar properties and buildings (comparable in location and size).

Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered.

Level 3 – valuation techniques and inputs

Valuation Techniques:

Land (within port precinct boundaries):

- where there is no active market or land is subject to significant restrictions as to use and/or sale, is valued through the market approach although less market evidence is available
- the land was valued by an independent valuer.

Land infrastructure, buildings, wharves and harbour improvements are considered specialised assets and valued using the depreciated replacement cost method. Where the asset's net future cash flows do not support either the market value or the depreciated replacement cost then the asset is valued using the discounted cash-flow method (value in use/income valuation methodology).

Inputs:

- in determining the market value of land and buildings, restrictions on sale or use;
- in determining depreciated replacement cost of buildings, land infrastructure, harbour improvements and wharves regard was given to the age and condition of the assets, their estimated replacement cost and current use; and
- in determining the value in use of buildings, land infrastructure, harbour improvements and wharves, the estimated net future operating cash flows are discounted to their present value. Cash-flow inputs are summarised below.

UNOBSERVABLE INPUT	INPUT USED	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Discount rate	Where the discounted cash-flow method was used to test the depreciated replacement cost valuation at June 2017 a nominal pre-tax weighted average cost of capital (discount rate) of 13.4% was used. The risk free rate at this time was a 10 year average of the 10 year Australian Commonwealth bond rate of 2.61%. Subsequent discounted cash-flow valuation assessments have used a nominal pre-tax weighted average cost of capital (discount rate) of 12.6%. This was based on an independent valuation.	The higher the discount rate, the lower the fair value.
Terminal value	Twenty year discount period with a terminal value equal to the (recurring cash flow in year 20 divided by the discount rate less the expected growth rate) discounted to the present value by the year 20 discount factor.	The lower the discount period, the lower the fair value.
Expected growth rate and cost increases	Based on current and forecast budgets and the corporate plan. All other revenue growth and cost increases over the discounting period are forecast at an average of 2.0% per annum.	The higher the revenue growth rate, the higher the fair value. The higher the average cost increase, the lower the fair value.
Renewal capital expenditure	Based on current and forecast budgets and the corporate plan over the discounting period.	The higher the renewable capital spend, the lower the fair value.

Note 10. Property, plant and equipment continued

Level 3 significant valuation inputs and relationship to fair value

DESCRIPTION	VALUATION TECHNIQUE(S)	SIGNIFICANT UNOBSERVABLE INPUTS USED IN VALUATION	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Land <ul style="list-style-type: none"> • within port precinct boundaries where there is not an active market • subject to restriction as to use and/or sale 	Market approach	Market valuation reflects specialised land	Value of specialised land increases/decreases fair value
Buildings <ul style="list-style-type: none"> • within port precinct boundaries where there is not an active market • subject to restriction as to use and/or sale • specialised buildings with limited alternative uses and/or substantial customisation e.g. airport terminal 	Depreciated Replacement Cost (DRC)	Consumed economic benefit/obsolescence of asset Construction cost per square metre floor area (m ²)	For DRC an increase or decrease in the estimated useful life of the asset or the construction cost of the asset would result in higher or lower valuation
	Income valuation	Estimates of cash flows and discount rate	For income valuations fluctuations in cash flows and discount rate would result in higher or lower fair value
Land Infrastructure <ul style="list-style-type: none"> • roads, port hardstands and airport runway and apron 	Depreciated Replacement Cost (DRC)	Consumed economic benefit/obsolescence of asset Construction cost per square metre floor area (m ²)	For DRC an increase or decrease in the estimated useful life of the asset or the construction cost of the asset would result in higher or lower valuation
	Income valuation	Estimates of cash flows and discount rate	For income valuations fluctuations in cash flows and discount rate would result in higher or lower fair value
Harbour Improvements <ul style="list-style-type: none"> • breakwaters and channels 	Depreciated Replacement Cost (DRC)	Consumed economic benefit/obsolescence of asset Construction cost	For DRC an increase or decrease in the estimated useful life of the asset or the construction cost of the asset would result in higher or lower valuation
	Income valuation	Estimates of cash flows and discount rate	For income valuations fluctuations in cash flows and discount rate would result in higher or lower fair value
Wharves	Depreciated Replacement Cost (DRC)	Consumed economic benefit/obsolescence of asset Construction cost	For DRC an increase or decrease in the estimated useful life of the asset or the construction cost of the asset would result in higher or lower valuation
	Income valuation	Estimates of cash flows and discount rate	For income valuations fluctuations in cash flows and discount rate would result in higher or lower fair value

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 10. Property, plant and equipment continued

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Level 3 significant valuation inputs and relationships to fair value		
Land	10,216	10,216
Buildings	25,032	26,953
Land infrastructure	18,084	19,004
Harbour improvements	26,721	27,450
Wharves	80,456	81,844
	160,509	165,467
Depreciation and amortisation of non-current assets expense		
Buildings	2,175	2,240
Land infrastructure	1,014	1,410
Harbour improvements	1,392	1,383
Wharves	4,761	4,715
Floating plant	3,054	2,985
Capital dredging	168	165
Plant and equipment	2,734	2,800
Total depreciation and amortisation on Property, plant and equipment	15,298	15,698
Depreciation of right-of-use assets (refer Note 7)	690	-
Total depreciation and amortisation	15,988	15,698

Note 11. Intangibles

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Non-current assets		
Goodwill - net carrying amount	2,801	2,801

Recognition and measurement

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to the towage cash-generating unit and is not amortised but tested annually for impairment. This cost is based upon an assessment of the value in use compared to carrying value.

Value in use is the present value of the projected cash flows of the cash generating unit over a 20-year period using an estimated growth rate. The cash flows are based on a pre-tax discount rate equal to the weighted average cost of capital plus a margin for business risk. The key assumptions regarding the value in use calculations were budgeted revenues, budgeted gross profit margins and the discount rate.

Note 12. Trade and other payables

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Current liabilities		
Trade payables	1,687	1,881
Other payables	6,304	8,871
Net GST Payable	373	185
Revenue received in advance	738	2,329
	9,102	13,266

Recognition and measurement

Trade and other payables are non-interest bearing and are stated at amortised cost.

Note 13. Borrowings

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Current liabilities		
Interest bearing liabilities	5,614	5,124
Non-current liabilities		
Interest bearing liabilities	14,219	14,709
	19,833	19,833

The Economic Entity has an external loan facility of \$45 million with a maximum borrowing term of 15 years (2019: \$45 million) with TASCORP. As at 30 June 2020, \$25.2 million of the facility was unused (2019: \$25.2 million).

As part of the Government's response to the COVID-19 pandemic, the Treasurer has ensured that all Government businesses have access to sufficient funds. On 15 June 2020 the Treasurer provided explicit support to TASCORP for TasPorts' borrowing limit of \$45 million.

Recognition and measurement

All loans are measured at the principal amount. Interest is charged as an expense as it accrues over the life of the related financial instrument and taken to the Statement of Profit or Loss and Other Comprehensive Income as part of finance costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 14. Lease liabilities

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Current liabilities		
Lease liability	730	-
Non-current liabilities		
Lease liability	3,794	-
	4,524	-

The Economic Entity leases office accommodation, parking and land for its offices and right of access under agreements with remaining terms up to 24 years with, in some cases, options to extend. On renewal, the terms of the leases are renegotiated. Extension options are capitalised when it is reasonably certain that the Economic Entity will exercise these options.

The Economic Entity also has the following low-value leases: parking and land for offices and right of access under agreements with remaining terms up to 6 years. As these leases are low-value, they have been expensed as incurred and not capitalised in the financial statements.

Refer to note 21 for further information on financial instruments.

Recognition and measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Economic Entity's incremental borrowing rate. Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 15. Employee benefits

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Current liabilities		
Employee benefits	5,517	5,349
Non-current liabilities		
Employee benefits	987	930
	6,504	6,279

Recognition and measurement

Employee benefits are measured as the present value of estimated future cash outflows based on the market yields of high-quality corporate bonds, estimates of future salary and wage levels, and employee periods of service.

Liabilities for employee benefits for wages, salaries, annual leave, long service leave or other leave entitlements that are due to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates expected to be paid as at reporting date.

The net obligation in respect of long-term service benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wages, representing a change in calculating the estimate of employee benefits.

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

The contributions to employee superannuation funds are charged as expenses when incurred.

Note 16. Provisions

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Current liabilities		
Deferred revenue	32	32
Non-current liabilities		
Deferred revenue	477	64
	509	96

Recognition and measurement

Provisions are recognised when there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

In 2020 TasPorts received a Federal grant of \$445,500 to fund the purchase of new security equipment for the Devonport Airport as required by the Federal Government's enhanced airport security measures. The grant will be recognised as revenue equal to the depreciation expense of the new security equipment once installed and ready for use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 17. Issued capital

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Equity	112,342	112,342
Equity contribution post formation	23,085	23,085
	135,427	135,427

Note 18. Reserves

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Infrastructure asset revaluation reserve	130,685	130,685
Value of infrastructure asset revaluation reserve by asset classification:		
Land	17,456	17,456
Buildings	20,026	20,026
Land infrastructure	9,775	9,775
Harbour improvements	23,983	23,983
Wharves	59,445	59,445
	130,685	130,685

Recognition and measurement

The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of the Economic Entity's infrastructure assets.

Where infrastructure assets are disposed of and have been previously valued upwards, the revalued amount is transferred to retained earnings (accumulated losses).

Where infrastructure assets have been previously valued upwards and are impaired, the amount in reserves is to be offset against the impairment prior to impairment through the Statement of Profit or Loss and Other Comprehensive Income.

Note 19. Accumulated losses

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Accumulated losses at the beginning of the financial year	(16,119)	(22,407)
Initial application of AASB 15, net of tax	-	(545)
Accumulated losses at the beginning of the financial year - restated	(16,119)	(22,952)
Profit after income tax expense for the year	5,133	12,047
Dividends paid (note 20)	(10,842)	(5,214)
Accumulated losses at the end of the financial year	(21,828)	(16,119)

Note 20. Dividends

Dividends paid during the financial year were as follows:

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Final dividend declared for the year ended 30 June 2019 of \$5,421,040 per ordinary share and declared in 2018 of \$2,607,130 per ordinary share	10,842	5,214

Recognition and measurement

Dividends are recognised when paid.

Note 21. Financial instruments

Liquidity risk management

The risk that the Economic Entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed through the maintenance of rolling 12-month cash-flow budgets and maintaining minimum cash reserves at a level sufficient to satisfy short-term financial liabilities and commitments.

The Economic Entity maintains a rolling 12-month cash-flow budget, maintaining minimum cash reserves at a level sufficient to satisfy short-term financial liabilities and commitments, and reviewing debt renewal options.

ECONOMIC ENTITY	MATURING WITHIN 1 YEAR \$'000	MATURING 1 TO 5 YEARS \$'000	MATURING GREATER THAN 5 YEARS \$'000	TOTAL \$'000
2020 Financial liabilities				
Borrowings	5,614	14,219	-	19,833
Payables	7,991	-	-	7,991
Lease liability	730	2,842	952	4,524
	14,335	17,061	952	32,348
2019 Financial liabilities				
Borrowings	5,124	14,709	-	19,833
Payables	10,752	-	-	10,752
	15,876	14,709	-	30,585

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 21. Financial instruments continued

Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk is exposure to interest rate risk.

The major exposure for the Economic Entity is its borrowings, all of which are all borrowed at fixed rates. This mitigates the Economic Entity's exposure to price risk. Variable interest rate investments expose the Economic Entity to fluctuations in return and cash flow.

The net fair value of long-term-borrowings is determined by valuing them at their carrying amount as the carrying amount approximates fair value. All long term borrowings are borrowed at fixed interest rates.

The net fair value of cash, investments, trade receivables and trade and other payables are determined by valuing them at their carrying amounts. Due to their short-term maturity, their carrying amounts approximate their fair values.

The market interest rates used to discount estimated cash flows for borrowings are based on the Tasmanian Public Finance Corporation yield curve at the reporting date.

Changes in variable and fixed interest rates of one per cent (100 basis points) would have the following effect on the Economic Entity's profit or loss and equity at reporting date if the financial instruments were to be re-financed.

Sensitivity analysis

Interest rate risk

ECONOMIC ENTITY	CARRYING AMOUNT 2020 \$'000	FAIR VALUE 2020 \$'000	-1% IMPACT ON PROFIT 2020 \$'000	-1% IMPACT ON EQUITY 2020 \$'000	+1% IMPACT ON PROFIT 2020 \$'000	+1% IMPACT ON EQUITY 2020 \$'000
Financial assets						
Cash and cash equivalents	12,497	12,497	(125)	(125)	125	125
Trade receivables	9,046	9,046	-	-	-	-
	21,543	21,543	(125)	(125)	125	125
Financial liabilities						
Borrowings	19,833	20,915	(319)	(319)	312	312
Trade payables	7,991	7,991	-	-	-	-
Lease liability	4,524	4,524	(174)	(174)	174	174
	32,348	33,430	(493)	(493)	486	486

Note 21. Financial instruments continued

ECONOMIC ENTITY	CARRYING AMOUNT 2019 \$'000	FAIR VALUE 2019 \$'000	-1% IMPACT ON PROFIT 2019 \$'000	-1% IMPACT ON EQUITY 2019 \$'000	+1% IMPACT ON PROFIT 2019 \$'000	+1% IMPACT ON EQUITY 2019 \$'000
Financial assets						
Cash and cash equivalents	18,351	18,351	(184)	(184)	184	184
Trade receivables	12,786	12,786	-	-	-	-
	31,137	31,137	(184)	(184)	184	184
Financial liabilities						
Borrowings	19,833	21,333	(657)	(657)	635	635
Trade payables	10,752	10,752	-	-	-	-
	30,585	32,085	(657)	(657)	635	635

Foreign currency risk management

The Economic entity did not hold a balance in any foreign currency bank accounts or have any amounts payable or receivable in foreign currencies at 30 June 2020.

Credit risk management

The Economic Entity does not have any significant credit risk exposure to any single counterparty. The Economic Entity does not expect any counterparty to fail to meet its obligations. There is no collateral regarding financial assets, in respect of existing arrangements.

The carrying amount of the financial assets recorded in the financial statements, net of any provisions for impairment, represents the maximum exposure to credit risk.

Investments are held either with an Australian bank or TASCORP.

The following tables analyse financial assets that are past due but not impaired:

ECONOMIC ENTITY	PAST DUE 15 TO 45 DAYS \$'000	PAST DUE 46 TO 60 DAYS \$'000	PAST DUE 61 TO 90 DAYS \$'000	PAST DUE 91 DAYS AND OVER \$'000	TOTAL
2020 Trade receivables	3,301	406	138	560	4,405
2019 Trade receivables	2,968	872	526	253	4,619

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 21. Financial instruments continued

Categories of financial instruments

ECONOMIC ENTITY	FAIR VALUE HIERARCHY LEVEL	2020 CARRYING AMOUNT \$'000	2020 FAIR VALUE \$'000	2019 CARRYING AMOUNT \$'000	2019 FAIR VALUE \$'000
Financial assets					
Cash and cash equivalents	1	12,497	12,497	18,351	18,351
Trade receivables	2	9,046	9,046	12,786	12,786
		21,543	21,543	31,137	31,137
Financial liabilities					
Borrowings	2	19,833	20,915	19,833	21,333
Trade payables	1	7,991	7,991	10,752	10,752
Lease liability	2	4,524	4,524	-	-
		32,348	33,430	30,585	32,085

Borrowings are measured at amortised cost with interest recognised in profit or loss when incurred. The fair value of TASCORP borrowings (level 2) is provided by TASCORP.

The carrying amount of trade receivables is assumed to approximate its fair value due to its short-term nature (level 2).

A lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the Economic Entity's incremental borrowing rate (level 2).

Capital risk management

The Economic Entity's objective is to have an appropriate capital structure that ensures financial flexibility and fiscal discipline, and therefore ongoing viability to continue to provide returns for shareholders.

The Economic Entity monitors key financial ratios to ensure an appropriate capital structure is maintained.

The debt to equity ratios are as follows:

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Debt ¹	19,833	19,833
Equity ²	244,284	249,993
Total debt to equity ratio	8.1%	7.9%

1. Debt is defined as long and short term borrowings

2. Equity includes all capital and reserves

Note 22. Key management personnel disclosures

Transactions and obligations between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions and obligations with related parties during the year ended 30 June 2020 are as follows:

KMP and director transactions and obligations

No KMP (including Directors, Executives and Cabinet Ministers), or their Close Family Members (CFM) or entities that are controlled or jointly controlled by KMP or CFM engaged in related party transactions in 2020.

Key Management Personnel compensation

The aggregate compensation to key management personnel of the Company is set out below:

EXECUTIVE REMUNERATION	DIRECTORS ¹ 2020 \$	DIRECTORS ¹ 2019 \$	SENIOR EXECUTIVE ² 2020 \$	SENIOR EXECUTIVE ² 2019 \$	CONSOLIDATED TOTAL 2020 \$	CONSOLIDATED TOTAL 2019 \$
Short-term employee benefits	286,488	265,938	2,413,296	1,321,098	2,699,784	1,587,036
Post-employment benefits	27,216	25,264	203,432	124,528	230,648	149,792
Termination benefits	-	-	1,286	457,954	1,286	457,954
Other long-term benefits	-	-	58,306	(104,739)	58,306	(104,739)
	313,704	291,202	2,676,320	1,798,841	2,990,024	2,090,043

1. For Director remuneration, short-term employment benefits includes Director fees, Committee fees and other benefits. Post-employment benefits represents superannuation contributions.
2. For Senior Executive remuneration, short-term employment benefits includes base salary, short term incentive payments, vehicles, other benefits and other non-monetary benefits. Post employment benefits represents superannuation contributions. Other long-term benefits includes current and non-current annual and long service leave provision movements. Termination benefits include all forms of benefit paid as a consequence of termination.

The Company has complied with the Guidelines for Tasmanian Government Business – Director and Executive Remuneration.

Remuneration for the Board of Directors

The following tables disclose the remuneration details for each person that acted as a Director during the current and previous financial year:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 22. Key management personnel disclosures continued

Director Remuneration¹

2020 DIRECTORS		DIRECTOR FEES \$	COMMITTEE FEES \$	SUPER ² \$	TOTAL \$
NAME	PERIOD				
S Bradford ³	Full Term	83,045	10,832	8,918	102,795
T Matthews	Full Term	41,523	7,047	4,614	53,184
D Tomat	Full Term	41,523	7,047	4,614	53,184
S Darke	Full Term	41,523	7,009	4,611	53,143
A Clark	Full Term	41,523	5,416	4,459	51,398
		249,137	37,351	27,216	313,704

2019 DIRECTORS		DIRECTOR FEES \$	COMMITTEE FEES \$	SUPER ² \$	TOTAL \$
NAME	PERIOD				
S Bradford ³	Full Term	83,045	11,132	8,947	103,124
T Matthews	Full Term	41,523	7,543	4,661	53,727
D Tomat	Full Term	41,523	10,176	4,911	56,610
S Darke	Full Term	41,523	5,566	4,474	51,563
A Clark	from 1 December 2018	21,081	2,826	2,271	26,178
		228,695	37,243	25,264	291,202

1. Amounts are all forms of consideration paid, payable or provided by the Company.

2. Superannuation means the contribution to the superannuation fund of the Director.

3. S Bradford held the position of Chairperson.

There were no other benefits paid during the year.

Non-Executive Directors

Non-Executive Directors are appointed by the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed in accordance with the relevant Guidelines for Tasmanian Government Businesses – Board Appointments. The level of fees paid to non-executive Directors is administered by the Department of Premier and Cabinet, as are additional fees paid in respect of their work on Board committees.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation. No other leave, termination or retirement benefits are accrued or paid to Directors. Directors are entitled to reimbursement of reasonable expenses incurred while attending to Board business which do not require disclosure per the Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration. Non-executive Directors' remuneration is reviewed periodically with increases subject to approval by the Treasurer and Portfolio Minister.

Note 22. Key management personnel disclosures continued

Senior Executive Remuneration

The following tables disclose the remuneration details for each person that acted as a member of the Senior Executive during the current and previous financial year:

2020 SENIOR EXECUTIVE NAME - POSITION - PERIOD	BASE SALARY ¹ \$	SHORT- TERM INCENTIVE PAYMENTS ² \$	SUPERANN- UATION ³ \$	VEHICLE ⁴ \$	OTHER MONETARY & NON- MONETARY BENEFITS ⁵ \$	TOTAL REMUN- ERATION \$	TERMIN- ATION BENEFITS ⁶ \$	OTHER LONG- TERM BENEFITS ⁷ \$	TOTAL \$
A Donald – Chief Executive Officer – Full Year	389,294	39,502	21,984	27,239	5,012	483,031	–	9,590	492,621
S Casey – Chief Operating Officer – Full Year	246,252	25,500	28,182	24,904	2,848	327,686	–	5,473	333,159
G Duggan – Chief Financial Officer – Full Year	261,648	12,745	28,442	27,848	1,528	332,211	–	961	333,172
M Johnston – Executive General Manager Business Growth – * refer below	147,273	–	15,589	20,944	1,697	185,503	1,286	(9,013)	177,776
P Hoggett – Executive General Manager, Commercial and Trade – Full Year	220,000	–	23,275	31,284	4,045	278,604	–	4,117	282,721
K Dean – Executive General Manager Corporate Affairs – from 1 July 2019	199,692	–	21,300	26,509	1,769	249,270	–	12,036	261,306
K Derbyshire – Executive General Manager, People, Culture & Strategy – Full Year	198,932	19,380	22,640	22,239	2,823	266,014	–	8,241	274,255
S Grace – Executive General Manager Compliance, Safety & Sustainability – Full Year	193,136	16,130	22,255	27,239	2,258	261,019	–	17,678	278,696
A Somann-Crawford – General Counsel/Company Secretary – Full Year	188,051	–	19,765	23,393	2,182	233,391	–	9,223	242,614
	2,044,278	113,257	203,432	231,599	24,162	2,616,728	1,286	58,306	2,676,320

* M Johnston was Executive General Manager Marine Services & Shipping up to 13 September 2019, commenced as Executive General Manager Growth on 13 September 2019 and resigned from his employment as Executive General Manager Growth on 21 February 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 22. Key management personnel disclosures continued

Senior Executive Remuneration

2019 SENIOR EXECUTIVE NAME - POSITION - PERIOD	BASE SALARY ¹ \$	SHORT- TERM INCENTIVE PAYMENTS ² \$	SUPERANN- UATION ³ \$	VEHICLE ⁴ \$	OTHER MONETARY & NON- MONETARY BENEFITS ⁵ \$	TOTAL REMUN- ERATION \$	TERMIN- ATION BENEFITS ⁶ \$	OTHER LONG- TERM BENEFITS ⁷ \$	TOTAL \$
R Weedon - Chief Executive Officer - to 14 September 2018	96,640	-	9,180	1,693	188	107,701	372,254	(137,522)	342,433
A Donald - Chief Executive Officer - * refer below	302,284	26,010	33,563	27,896	5,155	394,908	-	31,906	426,814
S Casey - Chief Operating Officer (Acting) - from 10 September 2018	228,050	-	24,953	19,615	2,421	275,039	-	(4,817)	270,222
G Duggan - Chief Financial Officer - Full Year	254,802	-	26,581	27,809	1,590	310,782	-	772	311,554
M Johnston - Executive General Manager Marine Services & Shipping - Full Year	216,157	-	22,910	30,045	1,701	270,813	-	2	270,815
P Hoggett - Executive General Manager, Commercial and Trade - from 28 February 2019	69,385	-	7,341	8,727	819	86,272	-	5,608	91,880
S Clark - Executive General Manager Customer & Commercial - to 2 July 2018	-	-	-	111	-	111	85,700	(688)	85,123
	1,167,318	26,010	124,528	115,896	11,874	1,445,626	457,954	(104,739)	1,798,841

* Mr A Donald was Chief Operating Officer from 1 July 2018 to 14 September 2018, Acting Chief Executive Officer from 15 September 2018 to 19 June 2019 and commenced as Chief Executive Officer on 20 June 2019.

Ms A Somann-Crawford, Ms K Derbyshire and Ms S Grace were appointed as Senior Executives on 28 June 2019. They received no remuneration as Senior Executive members for the financial year ended 30 June 2019.

Mr S Casey who was Acting Chief Operating Officer as at 30 June 2019 was appointed permanently into the role on 1 July 2019.

Senior Executive remuneration notes and statements

Amounts are all forms of consideration paid, payable or provided by the Company.

1. Base salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.
2. Short-term incentive payments are non-recurrent payments which depend on achieving specified performance goals within specified time frames. These payments are capped at 15% of base salary as per the Guidelines for Tasmanian Government Businesses - Director and Executive Remuneration.
3. Superannuation means the contribution to the superannuation fund of the individual.
4. Vehicle benefits include motor vehicle allowances and the grossed up taxable value referable to a vehicle, the grossed up taxable value of the personal use component of operating expenses and the notional value of parking provided at premises that are owned or leased.
5. Other monetary and non-monetary benefits includes all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), salary continuance and death and disability insurance premiums, payment in lieu of leave, and any other compensation paid and payable to the Executive, either directly or indirectly.
6. Termination benefits include all forms of benefit paid as a consequence of termination.
7. Other long-term benefits includes current and non-current annual and long service leave provision movement.

Note 22. Key management personnel disclosures continued

Senior Executive Remuneration

Remuneration levels are set in accordance with the Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration. Under these Guidelines, remuneration bands for Chief Executive Officers are determined by the Government Business Executive Remuneration Panel, reflect the principles outlined in the Guidelines, and broadly align with State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other Senior Executives is set with reference to the Chief Executive Officers' salary.

The Chief Executive Officer is appointed by the Board. The Board consults with the Government Business Executive Remuneration Advisory Panel when determining the Chief Executive Officer's remuneration package.

The employment terms and conditions of Senior Executives are contained in individual employment contracts, which prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition to their salaries, the Company also provides non-monetary benefits.

The performance of each Senior Executive and the Chief Executive Officer is reviewed annually, which includes a review of their remuneration package. The terms of employment of each Senior Executive and the Chief Executive Officer contain a termination clause that requires the Senior Executive or the Board to provide a minimum notice period of up to 3 months prior to termination of the contract. Where contracts are for a fixed term, whilst not automatic, the contract can be extended.

No senior executive appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Short-term incentive payments

The Department of Treasury and Finance Guidelines associated with Director and Executive remuneration require that the Board set and monitor progress against performance stretch targets for all executives eligible for incentive payments. These targets are set in advance of the performance year for which they relate and are approved by the Board. The Company's executive performance framework comprises five shared Company goals which all executives are accountable for achieving before being eligible for an individual incentive payment, which is subsequently assessed based on achievement of individual stretch targets.

The Company's goals relate to value creation in the critical areas of financial performance, safety and environment, organisational culture, stakeholder engagement, and compliance. The Chief Executive Officer is accountable for the achievement of all identified company stretch targets.

Short-term incentive payments paid to Senior Executives in the 2020 financial year were in relation to performance during the 2019 financial year.

- Mr. A Donald was successful in achieving the five Company goals as outlined above, specifically delivering an outstanding financial outcome, improved safety culture, leadership of the organisational culture strategy, together with identified improvements in stakeholder relations and compliance performance.
- Mr. S Casey was successful in contributing to the achievement of the five Company goals as outlined above, together with a marked increase in maturity via the implementation of an asset strategy and planning regime, creating a platform for successful deployment of several infrastructure projects of state significance.
- Mr. G Duggan was successful in contributing to the achievement of the five Company goals as outlined above, together with delivery of effective financial management of the organisation which resulted in the achievement of a financial outcome which significantly exceeded budget expectations and the prior financial year outcome.
- Ms. K Derbyshire was successful in contributing to the achievement of the five Company goals as outlined above, together with the development and execution of a three year organisational culture strategy, and the development and delivery of the TasPorts Strategic Corporate Planning Framework.
- Ms. S Grace was successful in contributing to the achievement of the five Company goals as outlined above, together with the achievement of significant maturity improvements in compliance related disciplines, and the successful implementation of the TasPorts Risk Management Framework.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 23. Auditors' remuneration

	ECONOMIC ENTITY	
	2020 \$	2019 \$
Auditors' remuneration		
Audit of the financial statements	108,650	107,730
Internal audit	37,824	35,700
	146,474	143,430

Note 24. Contingent liabilities

TasPorts is defending an action in the Federal Court brought by the Australian Competition and Consumer Commission in a case taken under the amended misuse of market power provision of the *Competition and Consumer Act (section 46)*.

The maximum penalty payable by a body corporate for each act or omission is the greatest of:

- \$10 million;
- if the Court can determine the value of the benefit that the body corporate, and any body corporate related to the body corporate, have obtained directly or indirectly and that is reasonably attributable to the act or omission – three times the value of that benefit; or
- if the Court cannot determine the value of that benefit – 10% of the annual turnover of the body corporate during the period of 12 months ending at the end of the month in which the act or omission occurred.

TasPorts strenuously denies the allegations and will incur significant legal costs in defending the case. Legal costs have been expensed as incurred.

No other contingent liabilities are noted.

Note 25. Commitments

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Operating lease commitments-lessor		
Non-cancellable operating leases for infrastructure, land, wharves, buildings and equipment contracted for, but not capitalised in the financial statements.		
Receivable — minimum lease receipts		
Within one year	9,067	8,204
One to five years	29,370	28,798
More than five years	66,930	73,228
	105,367	110,230
Capital expenditure commitments		
Capital expenditure commitments contracted for:		
Capital expenditure projects		
Within one year	2,966	1,579

The capital expenditure commitments relate to infrastructure upgrades.

Note 26. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 22.

Transactions and obligations between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions and obligations with related parties during the year ended 30 June 2020 are as follows:

Subsidiaries

The business conducted by King Island Ports Corporation Pty Ltd (KIPC) was transferred into Tasmanian Ports Corporation Pty Ltd (TasPorts) effective from 1 July 2011. The ownership of property, plant and equipment purchased by KIPC prior to 30 June 2011 remains within KIPC. TasPorts leases these assets from KIPC at an amount equal to the depreciation on these assets. For 2020 the amount of rent paid was \$227,408 (2019: \$253,504).

Bass Island Line Pty Ltd (Bass Island Line) is a fully owned subsidiary of TasPorts established in February 2017 to provide shipping services to King Island. TasPorts recognises as revenue from Bass Island Line for the following services at commercial rates:

	2020 \$	2019 \$
Sale of goods and services		
Tonnage fees	85,357	111,000
Wharfage fees	363,806	482,596
Mooring and pilotage fees	133,080	132,661
Stevedoring fees	945,153	761,013
Administration services	-	17,565
Equipment hire	24,019	25,235
	1,551,415	1,530,070

TasPorts also provides management services to Bass Island Line, which are recharged at cost:

	2020 \$	2019 \$
Management services		
Employee costs	403,058	147,755

TasPorts also provides other corporate support, which is not charged.

Joint Venture

Southern Export Terminals Pty Ltd (SET) was established in December 2016 as a Joint Venture between TasPorts (50%) and Qube Ports Pty Ltd (50%). SET operates a forest logistics business from the Hobart wharf precinct. TasPorts recognises as revenue from SET for the following services at commercial rates:

	2020 \$	2019 \$
Casual storage fees	235,826	72,700
Facility fees	663,345	621,225
Wharfage fees	649,995	529,427
Rental income	15,428	15,150
Administration and expense recoveries	220,937	204,303
	1,785,531	1,442,805

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 27. Parent entity information

The accounting policies of the Company, which have been applied in determining the financial information shown below, are the same as those applied in the financial statements of the Economic Entity.

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	PARENT 2020 \$'000	PARENT 2019 \$'000
Total revenue	113,080	123,246
Operating expenses	(100,696)	(102,477)
Trading profit/(loss) before tax	12,384	20,768
Income tax expense	(3,930)	(6,529)
Trading profit/(loss) after tax	8,454	14,242
Less impairment of controlled entities	(3,294)	(2,169)
Profit/(loss) after tax	5,160	12,073
Total comprehensive income/(loss) for the year, net of tax	5,160	12,073

Statement of financial position

	PARENT 2020 \$'000	PARENT 2019 \$'000
Total current assets	22,867	32,646
Total non-current assets	279,233	277,694
Total assets	302,100	310,340
Total current liabilities	23,166	29,584
Total non-current liabilities	42,976	39,118
Total liabilities	66,142	68,702
Net assets	235,958	241,638
Equity		
Issued capital	135,427	135,427
Infrastructure asset revaluation reserve	127,154	127,154
Retained earnings/(accumulated losses)	(26,623)	(20,943)
Total equity	235,958	241,638

Note 28. Interests in subsidiaries

Wholly controlled entities consolidated

NAME	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2020 %	2019 %
King Island Ports Corporation Pty Ltd	Australia	100.00%	100.00%
Flinders Island Ports Company Pty Ltd	Australia	100.00%	100.00%
Bass Island Line Pty Ltd	Australia	100.00%	100.00%

King Island Ports Corporation Pty Ltd retains ownership of infrastructure and operational assets. These assets are leased to TasPorts.

Flinders Island Ports Company Pty Ltd is an entity which did not trade during the year.

Bass Island Line Pty Ltd was established in February 2017 to provide shipping services to King Island.

The accounting policies of the Subsidiary, which have been applied in determining the financial information shown below, are the same as those applied in the Economic Entity. Bass Island Line Pty Ltd was incorporated on 16 February 2017.

Financial support

TasPorts as the Parent Entity has undertaken to provide financial support to Bass Island Line Pty Ltd.

Summarised statement of profit or loss and other comprehensive income

	BASS ISLAND LINE PTY LTD 2020 \$'000	BASS ISLAND LINE PTY LTD 2019 \$'000
Total revenue	7,728	7,592
Total expenses	12,460	(10,616)
Profit/(loss) before tax	(4,732)	(3,024)
Tax (expense)/benefit	1,420	906
Profit/(loss) after tax	(3,312)	(2,118)
Total comprehensive income/(loss) for the year	(3,312)	(2,118)

Statement of financial position

	BASS ISLAND LINE PTY LTD 2020 \$'000	BASS ISLAND LINE PTY LTD 2019 \$'000
Current assets	1,131	2,086
Non-current assets	10,201	11,446
Total assets	11,332	13,532
Current liabilities	10,356	9,208
Non-current liabilities	24	60
Total liabilities	10,380	9,268
Net assets	952	4,264
Issued capital	11,117	11,117
Retained earnings/(accumulated losses)	(10,165)	(6,853)
Total shareholder's equity	952	4,264

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Note 29. Interests in joint ventures

NAME	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2020 %	2019 %
Southern Export Terminals Pty Ltd	Australia	50.00%	50.00%

Southern Export Terminals Pty Ltd is a joint venture in which TasPorts has 50% interest. Qube Ports Pty Ltd has the remaining 50% interest. The Joint Venture operates a forestry logistics business within the Macquarie Point wharf precinct in Hobart.

Southern Export Terminals Pty Ltd (SET) is a Joint Venture in which TasPorts has joint control.

The accounting policies of the Joint Venture, which have been applied in determining the financial information shown below, are the same as those applied in the Economic Entity. The Joint Venture was incorporated on 9 December 2016.

Financial support

TasPorts as one of the controlling entities has undertaken to provide financial support to the Joint Venture.

Summarised statement of profit or loss and other comprehensive income

	SOUTHERN EXPORT TERMINALS PTY LTD 2020 \$'000	SOUTHERN EXPORT TERMINALS PTY LTD 2019 \$'000
Total revenue	7,027	5,244
Total expenses	(6,989)	(5,347)
Profit/(loss) before tax	38	(103)
Total comprehensive income/(loss) for the year	38	(103)
TasPorts share of total comprehensive income/(loss) for the year (50%)	19	(51)

Summarised statement of financial position

	SOUTHERN EXPORT TERMINALS PTY LTD 2020 \$'000	SOUTHERN EXPORT TERMINALS PTY LTD 2019 \$'000
Current assets	1,773	840
Non-current assets	23	-
Total assets	1,796	840
Current liabilities	1,798	887
Non-current liabilities	7	-
Total liabilities	1,805	887
Net assets/(liabilities)	(9)	(47)
TasPorts share of net assets/(liabilities) (50%)	(5)	(24)

Note 30. Reconciliation of profit after income tax to net cash from operating activities

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Profit after income tax expense for the year	5,133	12,047
Adjustments for:		
Depreciation and amortisation	15,988	15,698
Impairment of plant and equipment	713	-
Impairment of community asset projects	-	24
Net loss on disposal of non-current assets	92	55
Share of loss/(profit) – associates	(19)	51
Investment in equity accounted investee	-	200
Finance costs (excl. interest on leased assets)	1,334	1,647
Reduction in retained earnings due to implementation of new accounting standard	-	(545)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	3,740	(935)
Decrease/(increase) in inventories	246	(332)
Increase in deferred tax assets	(785)	-
Increase in accrued revenue	(69)	-
Increase in prepayments	(151)	-
Increase in other operating assets	(5,097)	(660)
Increase in trade and other payables	931	4,086
Decrease in provision for income tax	(3,973)	(938)
Decrease in deferred tax liabilities	(184)	(3,525)
Increase/(decrease) in employee benefits	225	(101)
Increase in other provisions	413	-
Increase in other operating liabilities	-	1,070
Net cash from operating activities	18,537	27,842

Note 31. Reconciliation of movements in liabilities to cash flows arising from financing activities

	ECONOMIC ENTITY	
	2020 \$'000	2019 \$'000
Borrowings – opening balance	19,833	27,333
Borrowings loan repayments	-	(7,500)
Leases recognised on the adoption of AASB 16	5,095	-
Payments for capitalised leases (excl. interest component)	(571)	-
Closing balance	24,357	19,833

Note 32. Ultimate owner

The ultimate owner of the Economic Entity is The Crown in Tasmania.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 33. Subsequent events

There has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in subsequent financial years.

Note 34. Company details

The registered office of the Company is:

90 - 110 Willis Street
Launceston
Tasmania 7250

Note 35. Other accounting policies

New and amended Australian Accounting Standards

The Economic Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Economic Entity include:

AASB 16 Leases

The Economic Entity has initially applied AASB 16 Leases from 1 July 2019 using the modified retrospective approach.

Due to the transition method chosen by the Economic Entity in applying this standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

AASB 16 Leases replaces AASB 117 Leases and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 16 does not change substantially how a lessor accounts for leases. Under AASB 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, AASB 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Note 35. Other accounting policies continued

The following table summarises the impact of transition to AASB 16 on balance sheet at 1 July 2019:

IMPACT OF ADOPTION	ECONOMIC ENTITY \$'000
Operating lease commitments as at 30 June 2019	5,415
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4%	(878)
Short-term leases not recognised as a right-of-use asset	(33)
Low-value assets leases not recognised as a right-of-use asset	(7)
New leases recognised and other measurement differences	598
Total lease liabilities recognised under AASB 16 on 1 July 2019	5,095
Lease liabilities – current	735
Lease liabilities – non-current	4,360
Lease liabilities	5,095

The Economic Entity has not early adopted nor applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

STANDARD/AMENDMENT	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022 (Editorial corrections in AASB 2017-5 applied from 1 January 2018)
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020
AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards not yet issued in Australia	1 January 2020
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2022
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022
AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions	1 June 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TASMANIAN PORTS CORPORATION PTY LTD



Independent Auditor's Report

To the Members of Tasmanian Ports Corporation Pty Ltd

Report on the Audit of the Consolidated Financial Report

Opinion

I have audited the financial report of the Tasmanian Ports Corporation Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In my opinion, the accompanying financial report of the Group is in accordance the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

I conducted the 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 am independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

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I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Group on 7 August 2020 and included in the Directors' Report, would be in the same terms if provided to the directors at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Infrastructure asset valuation and impairment <i>Refer to note 10</i>	
<p>The carrying amount of the Company's infrastructure assets, which include land and buildings, land infrastructure, wharves and harbour improvements totalled \$182.12m as at 30 June 2020. This accounted for 60% of total assets.</p>	<ul style="list-style-type: none"> • Evaluating the appropriateness of the most recent valuation methodology applied to determine fair values.
<p>Infrastructure, land and buildings are measured at fair value which involves significant judgement and estimation.</p>	<ul style="list-style-type: none"> • Evaluating and challenging management's assessment of impairment.
<p>Each year, management performs an assessment to determine whether there are any indicators that the assets may be impaired. The annual assessment and the resulting impairment tests of several cash generating units this year were significant to our audit as they are complex and subject to significant management judgement and estimation.</p>	<ul style="list-style-type: none"> • Assessing the appropriateness of the disclosures in the financial statements.
<p>The last valuation, prepared by an independent valuation expert, occurred in 2017. Assets which have been acquired since the date of the last valuation have been measured at cost.</p>	

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TASMANIAN PORTS CORPORATION PTY LTD

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's Directors' Report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

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one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TASMANIAN PORTS CORPORATION PTY LTD



Ric De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Tasmanian Audit Office

13 August 2020
Hobart

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