

TT-Line Company Pty Ltd

# Annual report



2023/24



 **SPIRIT of TASMANIA**



## Company vision

TT-Line Company Pty Ltd (TT-Line) aims to deliver an unparalleled and unique sea transport service across Bass Strait.

## Company mission

A commercially sustainable ferry service built on a reputation for excellence in safety, reliability and exceptional passenger and freight services.

## Business objectives

TT-Line will manage and facilitate the operation of a shipping service to and from Tasmania in a manner that is consistent with sound commercial practice.

TT-Line will endeavour to do this through the provision of passenger and freight services on the Devonport to Geelong Bass Strait route and through the operation of the Edgewater Hotel in Devonport.

# Contents

From the Chairman	2
Report from the Chief Executive Officer	5
Our people	6
New vessels	10
Marine Operations	12
Retail & Hospitality	14
Marketing	16
Freight	18
Terminal 3 developments	19
Port Operations	20
Passenger sales	22
Information services	23
Conclusion	24
Public interest disclosure	26
Statement of corporate intent	27
Explanation of the numbers statement	28
Remuneration report	30
Other information report	34
Corporate governance	38
Ship facts	44
<b>Annual financial report</b>	<b>45</b>



# From the Chairman



In my final Annual Report message as Chairman of TT-Line, I am very pleased to be able to reflect on one of our most important – if not the most important – strategic projects that will conclude in the coming year – the vessel replacement of *Spirit of Tasmania I and II*.

While the project has not been without its challenges that are covered in detail in the CEO's message, the Board stands by the various decisions it made, particularly as they relate to the decisions to pay additional money to Finnish shipbuilder Rauma Marine Constructions to complete the vessels and for the appointment of a contractor to relocate our Devonport base of operations from its existing berth 1 to berth 3.

The investment the Company is making in Spirit of Tasmania IV and Spirit of Tasmania V will provide long-term increased capacity on Bass Strait.

Further, when operating at full capacity, the vessels will deliver a major and much-needed boost to Tasmania's visitor economy and the broader Tasmanian economy.

For additional context around the decision-making, the new Spirit of Tasmania vessels will feature up to \$100 million of Tasmanian and Australian content. A number of contracts were awarded to Tasmanian firms during the reporting period to provide content for the builds.

In summary, the decisions we took were commercially-focused, not taken lightly and only made after extensive deliberations by the Board and a detailed review of the information and options to guarantee vessel completion and delivery in the shortest possible timeframe.

As I have written in previous Annual Report messages, the safety of our passengers, our crew and the environment is our absolute priority and remains our main focus.

Operating safely and reliably is a key objective listed in the Company's strategic plan.

We constantly review our safety performance and statistical trends to identify areas that have potential for improvement. Our crews are highly trained and motivated and work closely with management to identify and implement health, safety and environmental improvement opportunities.

It is therefore very pleasing to note there were no serious injuries sustained by crew members or passengers during this reporting period, nor was there any reportable environmental incident.

Spirit of Tasmania I and II are highly regarded on the international ship market thanks to the Company's rigorous maintenance schedule.



In addition, the vessels fully comply with the International Maritime Organisation global cap on sulphur emissions.

Spirit of Tasmania II was scheduled to dry dock last July / August in Sydney, however the docking slot was cancelled due to Royal Australian Navy requirements. Instead, Spirit of Tasmania II undertook an in water docking in Hobart from mid-July to early August when the vessel underwent significant steelwork preservation, main engine and gearbox maintenance, internal bathroom and common area upgrades. Tasmania has a strong reputation for quality workmanship in the maritime sector and this lay-up provided the ideal opportunity for local companies to assist with maintaining the ship.

The vessels were valued at 51.5 million Euros each as at 30 June 2024. This a slight reduction from last year which reflects the current ferry market and the age of the vessels. Of course, they are depreciating assets and their value can normally be expected to decrease each year.

It is important to note that there has already been significant interest from overseas-based ferry operators to purchase Spirit of Tasmania I and II when they are eventually replaced by our new vessels which are nearing completion in Finland.

Spirit of Tasmania benefited from two significant sporting partnerships in the reporting period – the Tasmania JackJumpers winning 2023/24 season in the National Basketball League and the North Melbourne Kangaroos AFL and AFLW seasons. Both partnerships presented the opportunity to increase Spirit of Tasmania brand recognition in their specific markets.

In closing, I would like to thank the highly dedicated team of professionals who work on board and onshore at Spirit of Tasmania who contribute so much to the organisation.

And on behalf of the Board, I would also like to thank the senior management team for its collaborative work with Directors during the reporting period. I would like to also thank my Board colleagues for their significant work and contributions throughout my term as Chairman.

**Michael Grainger**  
Chairman  
30 June 2024









# Report from the Chief Executive Officer



In undertaking the Company's principal activities (providing commercial passenger, passenger vehicle and freight shipping services between Devonport in Tasmania and Geelong in Victoria) total revenue for the year was \$307.5 million (2023: \$307.1 million).

The company reported a loss after tax of \$13.1 million (\$8.6 million profit after tax) given operational expenditure increases across the business, particularly in fuel and wages and salaries, and decreases in asset valuations.

The number of sailings increased by nine to 905 compared to last year (896), while passengers carried totalled 419,349 (450,012).





# Our people

The efforts and commitment from our people on ship and shore enabled us to successfully deliver near record numbers for both passengers and freight during what was another busy year for the Company.

Our customer satisfaction rating remained exceptionally high with the average for the year sitting at just more than 94 per cent, which reflects favourably the exceptional team members we have delivering excellent customer service. Pleasingly, we are frequently commended on the friendliness and professionalism of our customer service teams.

Throughout the year we continued our focus on building capability in our people. Our leadership program, 'Spirited Leader', focused on ensuring we have the right leadership behaviours in place to bring the best out in our people and improve culture and performance. We continued to invest in skills and development training as well as regulatory and compliance training for our seagoing crew and shore-based employees.

The Company is committed to ensuring a safe, fair, and inclusive workplace, free from inappropriate behaviour. We provided interactive face-to-face training for all employees to ensure







The Company  
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ensuring a safe,  
fair and inclusive  
workplace...









cultural improvement and a safe workplace. The Company also established trained Contact Officers to provide employees with general guidance and appropriate referral information in relation to workplace behaviour issues.

The maritime industry continues to face workforce challenges with a lack of skilled seafarers. Investing in new entrants to the industry this year, we were pleased to see five new Trainee Integrated Ratings complete their Cert II in Maritime Operations at the Australian Maritime College (AMC). The trainees are now close to achieving their 12-month qualifying sea service which is required before they can work on our vessels as qualified Integrated Ratings. We also had four new intakes of hospitality crew complete their sea safety training at the AMC.

After many years under the management of Spirit of Tasmania, the Company ceased operations at the Edgewater Hotel. The small but dedicated team at the Edgewater Hotel provided exceptional service to guests over our years of operations and we wish them all the best with their future endeavours.

The Company continued its 'Look Out, Live Well' program, an integrated health, safety and wellbeing program. The program includes on-site physiotherapy and exercise programs, mental health support and education and appropriate workplace behaviour training and support.

The Company is continuing to work with employees on the introduction of new vessels and the relocation of shore-side facilities. The Company introduced an extensive program of consultation and regular updates on the changes, and implemented a change program, 'Navigating Change', which is a series of workshops to prepare employees.



# New vessels

Spirit of Tasmania IV (one of two new vessels ordered by Spirit of Tasmania to replace the existing Bass Strait passenger, passenger vehicle and freight ships) was officially named and launched at a ceremony at shipbuilder Rauma Marine Constructions' (RMC) yards in Finland in October 2023.

The second vessel, Spirit of Tasmania V, was officially named and launched outside the reporting period (in July 2024).

More than 30 Tasmanian companies have signed contracts with either RMC, TT-Line or RMC contractors to provide Tasmanian-made products and equipment for the new vessels (a further 25 companies from interstate have also secured contracts to provide products and equipment). The Tasmanian-sourced items include artwork and photos, bathroom fittings, vacuum cleaners, mattresses, catering equipment, locks, electrical sockets, table tops and feature tables and woollen blankets and throws.

The vessels are significant infrastructure investments for the state.

It is a matter of public record that the Company paid additional funds to RMC to complete the new ships. What is not so well understood is the context behind these decisions – if we had not done so, we almost certainly would have lost the entire contract which would have been catastrophic for Tasmania's visitor and broader economy.

RMC was experiencing severe difficulties in completing the two vessels due to several factors, including material price increases, downstream supply issues, material availability and labour shortages, mainly as a result of COVID and the war in Ukraine.

The decisions to provide additional funds was not taken lightly and only made after extensive deliberations and a detailed review of the information and options available to guarantee vessel completion and delivery in the shortest possible timeframe, within competitive commercial terms.

Market indicators at the time pointed to an approximate 30 per cent increase in the cost to build vessels of this type between now and when the company signed the contracts with RMC.

Had the Board not agreed to the contract change, the financial costs to TT-Line would have been significant. Going back to market and commencing a new Request for Tender process would have significantly delayed the arrival of the vessels in Tasmania - the company would have essentially had to start the project over. In addition, the numerous Tasmanian businesses that had secured contracts to provide goods and services for the new vessels may also have been jeopardised.

Importantly, the costs associated with the acquisition (and port side operation of the new vessels) will be funded by the Company through borrowing facilities with TASCORP paid back over the life of the vessels.

TT-Line did not invest in RMC – the change in price of the contracts had to be spent on the Tasmanian builds and not used by RMC for any other purpose.

Significant protections for TT-Line remained in the contract. In addition, under the contract each and every payment made by TT-Line and all future payments are subject to full refund guarantees - if there were significant issues with the contract then TT-Line would ultimately be refunded every dollar paid.



# Marine Operations

Both vessels met all voyage KPIs during the reporting period.

In addition to delivering our normal daily service, both vessels delivered an additional 79 sailings during the double sailing period. This was particularly challenging due to a general shortage of marine crew, however our teams onboard provided excellent service to both our passengers and freight customers.

At the time of writing, the Company was reviewing our safety and environmental statistical metrics to broaden our reporting to include both lead and lag indicators, behavioural and cultural shifts. Our onboard Safety Officers have all undertaken additional training in incident management and reporting. Their direct involvement with all onboard departments, reviewing incident management and close out, has promoted a positive shift in the onboard safety culture.

TT Line conducted a risk assessment on the carriage of electric vehicles, benchmarking ourselves against world's best practice. At the same time, we introduced strict loading and positioning requirements for these vehicles, installed additional firefighting equipment designed for electric vehicles and monitored new initiatives to reduce the risk of fire.

To enhance a potential man overboard situation, both vessels were fitted with thermal cameras which are mounted in an elevated position. These cameras are operated via a joystick, capable of identifying a small object at a distance of 900 metres, are gyro stabilised and can remain locked onto a target while the vessel manoeuvres to a recovery position.

Spirit of Tasmania I and II remained continuously in class during the reporting period. Both vessels are classed with Lloyds, however our ISM certification system is audited by DNV which, following its annual audit, issued our Document of Compliance and ISM certification. Both vessels were attended on several occasions by AMSA to conduct Port State Control inspections. There were no major non-conformities recorded following these audits.

TT Line worked closely with Victorian Fisheries given some concern that the increase in vessel activity, especially during our double sailing season, may cause wake issues for neighbouring mussel farms. As a result, our vessel Masters altered their passage plans to keep our vessels further off the coast when arriving and departing Geelong.

In June last year TT Line selected two Chief Officers to spend six months understudying our Masters. This initiative has provided additional back up for our existing Masters and also reduced fatigue issues during the very busy double sails. Both Chief Officers have been found ready for command and have achieved their pilot exemption certificates for both Geelong and Devonport.

The Marine Operations department comprises eight people located in Geelong and Devonport. We have a Manager stationed in Finland assisting



with overseeing the build of our new vessels, who will stay with the new vessels to assist our existing Masters in their transition from our existing vessels to the new ones.

Our new vessels have also required us to increase our training regimes and crew numbers to allow for training, familiarisation and the mobilisation of Spirit of Tasmania IV and V from Finland to Australia.

TT Line has engaged Pivot Maritime, based in Launceston, which has developed a simulated model of our new ships. Following vessel trials in Finland, this model was updated with trial data and is now an accurate model for our bridge teams to simulate vessel manoeuvring in Geelong and Devonport prior to the arrival of our new ships.

Spirit of Tasmania II was scheduled to dry dock last July / August in Sydney, however our docking slot was cancelled due to RAN requirements. Instead, Spirit of Tasmania II undertook an in water docking in Hobart from 18 July to 7 August when the vessel underwent significant steelwork preservation, main engine and gearbox maintenance, internal bathroom and common area upgrades.

Additional resources have been engaged in both Geelong and Devonport to ensure our vessels are maintained to the highest standard, both mechanically and aesthetically. Our sailing schedule requires high performance, especially during our double sailing season. Both vessels met these challenges during the year without one scheduled sailing being cancelled.

There has been significant interest from overseas-based ferry operators in the purchase of Spirit of Tasmania I and II when they are replaced by our new vessels which are nearing completion in Finland.





# Retail & Hospitality

As noted in previous Annual Reports, the Company is focussed on delivering high levels of customer service and delivering on our brand promise of "exceptional passenger service".

Passengers who sail with us are emailed a survey to complete after their sailing. The survey covers all aspects of the passenger experience from making a booking, boarding, on board facilities and disembarkation. The survey also provides a Customer Satisfaction (CS) score based on the passenger's answers. During 2023/24 we received 16,842 survey responses from our passengers. The CS score for the period was 94.31 per cent, a slight increase compared to last year. All areas of our operation that are measured in the survey continue to rate highly, according to survey results.

To further enhance the passenger experience, musicians and entertainers performed on board the vessels during the year. An acoustic singer performed on every night sailing with additional entertainers performing on day sailings throughout summer. All performers were from Tasmania.

During the reporting period more than 90 per cent of purchases by the Retail and Hospitality department were procured from Tasmanian suppliers.

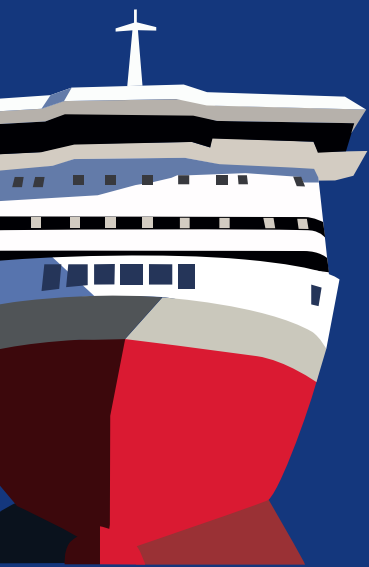
The Tasmanian Market Kitchen (TMK), on deck seven, continued to offer a rotating seasonal menu, serving 153,633 passengers. The Customer Satisfaction results for the TMK was an impressive 92.4 per cent.

A major review of the Hazard Analysis Critical Control Point (HACCP) program, including related Standard Operating Procedures, has been undertaken in preparation for the new HACCP program which is in early stages of development for the new vessels, Spirit of Tasmania IV and V.

The major elements the program covers are:

- Company accountabilities for food safety.
- Food process steps and distribution.
- Schedules, registers and records (operational and management).
- Analysis of hazards and identification of Critical Control Points and Critical Limits.
- Quality Management System policies and procedures, including training.

Support Programs (maintenance programs, cleaning and sanitising processes, pest control programs etc.).







# Marketing

During the reporting period, the Company implemented a mix of brand and retail campaigns. A strong focus was placed on continuing to build awareness for Spirit of Tasmania in key markets, particularly in Victoria.

Advertising included television which ran for 37 weeks of the year, out-of-home (including billboards and shopping centre advertising) for 40 weeks, radio for 32 weeks and press for 11 weeks. Spirit of Tasmania also utilised digital radio advertising across Spotify, podcasts, iHeart Radio and Listnr to increase awareness across a broad range of demographics.

Facebook and Instagram continued as major social media platforms for awareness and for conversion, Reddit and Pinterest have also been included as 'always on platforms'. Creative executions about the Company's ships continue to perform the best on socials. Campaign videos performed well also.

After a competitive tender process, Spirit of Tasmania appointed award-winning creative agency CHEP Network to deliver a full range of creative services.

CHEP Network commenced work on the account on 1 January 2024, taking on the delivery of Spirit of Tasmania's brand strategy and creative services for television, print, radio, outdoor and digital advertising, previously delivered by Leo Burnett. 'Be a spirited traveller' will continue to be an overarching component of the creative direction.

A review of the Brand Platform was undertaken. As part of this review, the positioning was altered from "Australia's only sea transport experience that connects the mainland to Tasmania for passengers, vehicles and freight" to "Australia's leading travel experience providing the most unique, highest quality and safest transport service between the mainland and Tasmania".

Brand health tracking research was conducted in May by research partner Hall and Partners to assess Spirit of Tasmania's brand engagement and positioning against its key competitors. The research found that, although it is a highly competitive travel landscape due to a rise in consideration to overseas travel, reduced consideration of travelling to Victoria from other mainland destinations and the cost-of-living pressure, Spirit of Tasmania's brand imagery was strong.





The research also identified that the Company has maintained favourable associations with “a range of attributes considered important when it comes to choosing a carrier”. Brand engagement remained strong and steady and remained top of mind in unaided and aided brand awareness. Overall brand engagement held strong and steady.

The website underwent numerous developments during the reporting period to improve the online experience. This work included landing page development, the implementation of partner pages and personalisation pop-ups (to deliver information to users based on location, website usage and other factors).

Significant partnership activity in 2023/24 included:

- Tasmania JackJumpers 2023/24 season.
- North Melbourne Kangaroos AFL and AFLW season.
- TICT Tasmania Tourism Awards and Tassie Top Tourism Towns.
- Tasmania Young Achiever Awards (Category Sponsor and Judging).

Through these partnerships the Company continued to deliver benefits to Spirit of Tasmania’s loyalty members, providing exclusive experiences, ticketing and hospitality.

In addition to our key partnerships, across the year Spirit of Tasmania provided sponsorship support to 78 different groups and organizations, through contra travel, gift vouchers or cash support.

Strengthening relationships with tourism networks, specifically Tourism Greater Geelong and Bellarine, continued to be a priority during the reporting period.

# Freight

The 2023-24 financial year marked a period of improvement and stabilisation for the freight operations of our business.

As expected, the freight industry adapted well to our move from Station Pier at Port Melbourne to Geelong, with the 24/7 after-hours yard actively utilised.

As foreshadowed in last year's annual report, the yard (in full operation throughout the reporting period) enabled the freight team to offer additional services for customers to increase freight volumes. For example, we now have the capability to store a large number of freight cars at Geelong, with our stevedores ferrying them to the main yard as shipping space becomes available – something that was simply not possible at Station Pier.

Further, our freight customers are using the Geelong 24/7 yard as a base for their employees to start and finish their daily operations, streamlining and improving their services from a cost perspective.

Many of these customers are now employing local drivers from the Geelong region, taking advantage of the flexibility the site offers.

The freight volume for the reporting period was on par with the previous reporting period.

Spirit of Tasmania's freight portal remains a key project for the department. Together with the port automation software, the freight portal will provide freight customers with a comprehensive overview of their bookings, including critical tracking data for their cargo while under Spirit of Tasmania's care. This will, for example, allow customers to achieve efficiencies when allocating drivers for delivery and pick-up times at the terminal. The freight portal will also offer the freight team improved oversight and control and will be an important future management tool.







# Terminal 3 development

The Company finalised its procurement process for the first phase of Terminal 3 works - awarding a construction contract to BMD Constructions after terminating an early works contract with another supplier and returning to market because of significant cost increases.

BMD (in conjunction with key construction partners Fitzgerald Constructions and local companies BridgePro, GradCo and VOS acting as a group named Spirit Partners) will be delivering new infrastructure for Terminal 3.

This includes:

- The multi-level loading gantry
- Ramps
- Marine structures
- Freight and passenger marshalling areas
- Buildings

The works will provide a new facility with the required infrastructure to service the new ships and facilitate passenger and freight operations, targeting early 2026 for completion.

When completed, the Company will relocate its operations from the existing facility at Berth 1 (similar to the relocation undertaken from Station Pier to Geelong in 2022).

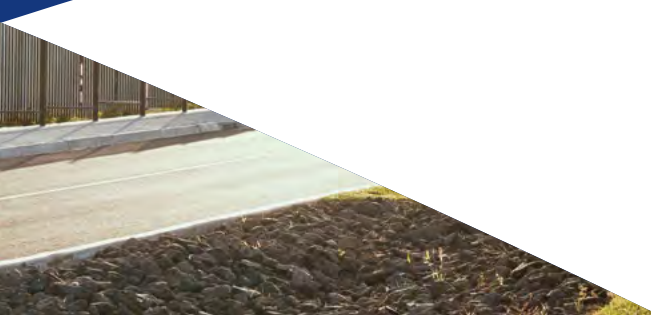
Following a partial demolition and removal of select site features, this site will be handed back to TasPorts for further development under Project QuayLink.

Looking forward, further infrastructure works required to construct the new terminal building that will house passengers and Company employees will progress when access to areas currently occupied by other Port tenants is provided. This includes additional hardstands at the northern part of the site to support the passenger vehicle disembarking process. Various temporary facilities will be in place until this work is completed.

Orders for Cavotec Port Technology for the new Terminal have progressed, with the Company taking delivery of the six new Automated mooring Units and electrical infrastructure required to support the Shore Power System.

Prior to the appointment of new contractors, other works at Devonport had progressed. Significant geotechnical analysis commenced to inform the final design of the infrastructure to accommodate the new vessels.

Tasmanian Ports Corporation, through its contractor, the Hazel Brothers and Brady Marine Joint Venture, continued with its first package of works under Project QuayLink, and completed construction of the reclamation, berth pocket and wharf at Berth 3 during the year.



# Port Operations

During 2023/24 the Port Operations team across both ports welcomed 419,349 passengers and 200,403 passenger vehicles through the passenger check-in process.

The team worked closely with key contractors to further enhance efficiency and service quality across all aspects of operations.

Qube, our stevedoring partner, consistently maximised vessel capacity to accommodate fluctuating daily volumes of both freight and passenger vehicles. Qube's management of available vehicle deck space ensured optimal loading across all sailings.

Wilson Security provided on-site security coverage. Its team of maritime security guards operated effectively under the guidance of our team, ensuring a vigilant and responsive security presence tailored to our facilities' specific Maritime Security Plan.

Throughout the year, we maintained stringent adherence to biosecurity protocols at our Geelong Terminal. Our offshore screening and check-in process for passengers and vehicles consistently met Biosecurity Tasmania's standards – a fact evidenced by our successful completion of all scheduled audits and training programs.

The unwavering commitment to compliance by our team highlights our focus on protecting Tasmania's unique ecosystem while facilitating efficient travel and trade. This year our offshore screening process screened 100,988 passenger vehicles and 15,817-foot passengers in accordance with Biosecurity Tasmania standards.

In building on the successful launch of our Geelong terminal, we closely monitored key performance indicators and gathered customer feedback, to enhance productivity and the customer experience. Specifically, we:

- Introduced a fleet of advanced terminal tractors to boost productivity and cost-effectiveness while significantly reducing our environmental footprint through improved fuel efficiency and lower emissions.
- Redesigned security fencing to create dedicated waiting areas allowing customers improved access to port amenities while maintaining strict safety protocols.
- Leveraged key learnings and best practices from the Geelong terminal's design and implementation to inform and optimise the planning of the Devonport terminal that will ensure enhanced efficiency and user experience from day one.
- Continued working with our freight customers to optimise the utilisation of our 24/7 Geelong freight yard and enhance the customer experience for their drivers.







# Passenger Sales

Throughout the reporting period our Customer Contact Centre team consistently provided exceptional service and support to our valued passengers across multiple communication channels, including phone, email and Messenger.

In terms of inbound communication, we answered 87,946 calls, responded to 13,077 emails and addressed 585 Messenger enquiries. These numbers demonstrate our commitment to being accessible and responsive to our passenger's needs, regardless of the communication method.

Our team processed 12,201 bookings, encompassing 16,609 journeys. In addition to managing bookings, we assisted passengers with 31,608 enquiries for amendments, ensuring their travel plans were adjusted to suit their needs.

This year, we continued to experience strong demand for high vehicle deck and towing options, resulting in the successful clearance of 5,879 waitlisted passengers.

We understand the importance of a skilled and knowledgeable team, which is why we invest in regular coaching and upskilling initiatives. Through these efforts, our agents are equipped with the necessary skills and knowledge to handle customer enquiries effectively and deliver the best possible service.

Our team participated in various training programs throughout the reporting period. These include formal new-hire training, upskilling into specialised roles, leadership and masterclasses in customer conversations, cyber security awareness and Workforce Management application. Investing in our team's growth ensures that it excels in its roles and provide exceptional support to our passengers.

Our team is committed to providing exceptional service and support to our passengers. This is assisted through a robust Quality Assurance program with a focus on enhancing the overall

customer experience. Regular reviews of our assessment tools ensure we identify areas for improvement and make data-driven decisions to improve the quality of our interactions across passenger communication channels.

Our team managed 128 escalations during the year to address and resolve customer concerns in a timely and effective manner. We understand that escalations can arise from various circumstances and our team recognises the importance of listening and empathising with passengers.

As noted earlier, we value customer feedback and view escalations as an opportunity to enhance the service we provide.

Our compassionate support program played a significant role in helping and providing relief for passengers during difficult times. This year we actioned 410 requests related to compassionate reasons, with an assistance value totalling \$119,365.

We work to provide a seamless online booking experience that meets individual travel requirements. Our online bookings continued to grow this year actioning 974 requests from our website.

Additionally, our team works diligently to ensure that the necessary arrangements are made to facilitate a smooth and seamless travel experience for passengers and their assistance animals. This year we received 130 requests from passengers to travel with an assistance animal.

The team is responsible for administration support for our Loyalty Members. Throughout the year our team responded to more than 680 emails from members. The team also manage discounted industry travel requests, processing 130 bookings across the year.



# Information Services

The priorities for Information Services (IS) during the reporting period focused on enabling critical projects, uplifting governance, supporting processes and procedures and continuing to enhance cyber security capability and maturity.

The team's work also supported improvements in customer experience and operations across the Company.

The IS team contributed significantly to the construction and commissioning of the information technology, operational technology and telecommunications infrastructure and services components of the two new vessels, and additionally with the design of the new Terminal 3 in Devonport.

Cyber security continues to be a focus for the Company as Cyber threats pose a significant risk to the Company's operations, and as such we continue to take a very proactive "lean forward" posture. In response to this evolving landscape of cyber threats, further investment was made in technologies, as well as partnering with industry-leading technology providers to further improve our cyber security resilience. The IS Roadmap will continue to be delivered with the clear objective that technology decisions are made with cyber security integrated "by design".

While delivering state-of-the-art technology to Strategic Projects remained a priority during the year, major additional accomplishments for the IS team included:

- The development of policies and procedures to meet new challenges such as Generative Artificial Intelligence to protect our critical key assets (people, physical assets, data and information).
- Increased frequency of scenario-based business continuity exercises to test our response.
- The improvement of our technical resilience by moving targeted workloads into cloud services.
- Continued investment in our people's capabilities across both technical and "soft skills".

As the Strategic Projects conclude, the IS team will increase focus to driving technological advancements and operational efficiencies to ensure a secure digital landscape.





# Conclusion

Though the reporting period has clearly presented a series of challenges for the Company, we can look forward to the coming year with excitement as the arrival of our new vessels approaches.

These vessels are not merely replacements for our fleet – they represent a commitment by the Company to enhance the capacity, efficiency and experience for passengers and freight forwarders who use our service across Bass Strait.

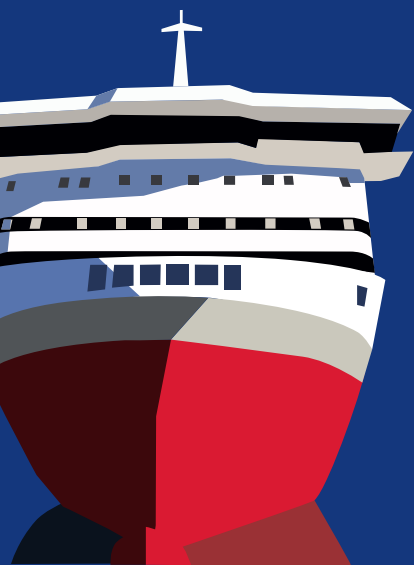
Our new purpose-built vessels will have an expected 30-year life so it is important we do not rush any of the steps to ensure the state has the best and most reliable ships we can. That has been our aim from the outset and we have not deviated from that.

In closing my 2023/24 Annual Report message, I would like to thank our staff and crew for their collective hard work through the reporting period. As noted earlier under the Our People section, their effort and commitment enabled us to deliver near record numbers for passengers and freight during the reporting period.

I would also like to thank the Chairman and all Board Directors for their oversight of our business and their direction, and all members of the leadership team for yet another superb job.

**Bernard Dwyer**

Chief Executive Officer and Managing Director







# Public interest disclosure

## PUBLIC INTEREST DISCLOSURE ACT

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- In accordance with the requirements of section 86 of the *Public Interest Disclosures Act 2002* (Tas) (the PID Act), the Company advises that:
- No disclosures of public interest were made to the Company during the year.
- No public interest disclosures were investigated during the year.
- No disclosed matters were referred during the year by the Company to the Ombudsman to investigate.
- No investigations of disclosed matters were taken over by the Ombudsman from the Company.
- There were no disclosed matters that the Company decided not to investigate during the year.
- There were no disclosed matters that were substantiated on investigation, as there were no disclosed matters during the year.
- The Ombudsman made no recommendations under the PID Act that relate to the Company.

## RIGHT TO INFORMATION ACT

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The Company is subject to the *Right to Information Act 2009* (Tas) (the RTI Act) and is committed to complying with its obligations under the Act. Details about the RTI Act and the Company's obligations under it are available on the Company's website or by contacting the Right to Information Officer, TT-Line Company Pty Ltd PO Box 168E, East Devonport TAS 7310.

During 2023-24, three formal applications for assessed disclosure were received for assessment by the Company.

## PERSONAL INFORMATION PROTECTION ACT

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The Company is subject to the *Personal Information Protection Act 2004* (Tas) which prescribes personal information protection principles for Tasmania.

During 2023-24, there were no complaints received under this regime.

## MODERN SLAVERY COMPLIANCE

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The Company is committed to implementing and enforcing effective systems and controls to ensure Modern Slavery is not taking place in our business or in any of our supply chains according to our Modern Slavery Policy. Our Modern Slavery Statements are

published annually on the Modern Slavery Register at <https://modernslaveryregister.gov.au/>. The Company's Modern Slavery Statement for 2023-24 will be submitted to Modern Slavery Register by the end of the 2024 calendar year.

# Statement of corporate intent

Our Statement of Corporate Intent is our annual performance agreement with our Shareholders and sets out key financial and non-financial targets for the year.

2023/24	Full year	
	Actual	Target
<b>Financial</b>		
Earnings before Interest, Tax, Vessel Revaluation, Depreciation and Amortisation \$'000	36,240	64,498
Net cash flow from operating activities \$'000	26,821	65,438
Return on Assets	(0.7%)	3.4%
Return on Equity	(2.9%)	(2.5%)
<b>Non-financial</b>		
Voyages (#)	905	875
Lost time injuries (#)	25	0
Safety Marine KPI's (#)	4	0
Customer Satisfaction (#/100)	95	93



# Explanation of the numbers statement<sup>1</sup>

	2024 (\$'000)	2023 (\$'000)
<b>Revenue from operations<sup>2</sup></b>		
Spirit of Tasmania	304,834	304,583
Other revenue	708	910
	305,542	305,493
<b>Expenses from operations<sup>2</sup></b>		
Spirit of Tasmania	(268,370)	(256,350)
Other expenses	(932)	(1,118)
	(269,302)	(257,468)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		
	36,240	48,025
<b>Depreciation and amortisation</b>		
Spirit of Tasmania	(27,675)	(27,802)
Other	-	(98)
	(27,675)	(27,900)
<b>Earnings before interest and tax (EBIT)</b>		
	8,565	20,125
Interest expense	(18,321)	(16,009)
Interest income and foreign currency gains	2,249	1,793
<b>Underlying profit</b>	(7,507)	5,909
<b>Represented as follows;</b>		
Spirit of Tasmania	(7,283)	6,215
Other	(224)	(306)
<b>Underlying (loss)/profit</b>	(7,507)	5,909
<b>Reconciliation to audited profit for the period</b>		
Underlying profit	(7,507)	5,909
<b>Accounting adjustments</b>		
Revaluation of asset adjustment	(11,213)	6,351
Taxation (expense)/benefit	5,607	(3,691)
<b>Profit for the period – audited</b>	<b>(13,113)</b>	<b>8,569</b>

<sup>1</sup> Explanation of the numbers statement is unaudited

<sup>2</sup> Includes revenue and expenses from Edgewater internal operations



# Remuneration report

## Remuneration Framework

---

The Company has a Board-endorsed remuneration policy that is consistent with the Tasmanian Department of Treasury and Finance's guidelines for director and executive remuneration dated June 2021.

The objective of this policy is to provide clear guidelines regarding all aspects of remuneration.

The strategy of the remuneration policy is to:

- a) Ensure Employees are paid in accordance with relevant contracts of employment and collective agreements
- b) Maintain market salary rates for all positions sufficient to attract, retain and motivate Senior Executives of the quality required, not in excess of what is necessary for the purpose; and

- c) Ensure remuneration arrangements are transparent, fair and defensible in the Tasmanian Government Business context.

The Board Remuneration Committee is responsible for reviewing and approving changes to the senior executive team's remuneration policies and incentive programs. The committee approves market-based movements in remuneration as part of the annual remuneration review for the senior executive team. It is responsible for recommending movements in the senior executive team salary levels to the Board.

## Remuneration Review

---

Each year the Company conducts an Annual Remuneration Review to salaried and executive employees. The purpose of this review is to remunerate Employees in a way that will:

- a) Retain and motivate high-quality Employees;
- b) Reward exceptional performance;

- c) Be relative to external employment markets; and
- d) Be relative to Company performance.

## Incentive payments

---

The Company had in place a performance incentive payments scheme for the 2022/23 year. A payment to eligible employees may be appropriate where:

- a) The business operates in a competitive, or potentially competitive, market;
- b) Performance is beyond normal expectations;
- c) The business is operating in a non-regulated environment; and/or
- d) The business or sector is undergoing significant structural change.

- b) Incentivise, reward and retain high performing Employees.

It is up to the Board to ultimately determine whether the Company will operate a performance incentive payment scheme. If a performance incentive payment scheme is considered appropriate, the Board is ultimately responsible for the setting of performance based targets and is accountable for monitoring performance against the targets.

The Performance Incentive Program is designed to:

- a) Make a component of eligible Employee remuneration subject to performance; and

Short-term incentive payments are those that are dependent on achieving specified performance goals within specified timeframes. These payments are non-recurrent and are capped at a percentage



of base salary that is approved by the Board, this was 15% for the 2022/23 financial year.

The CEO and executive-level employees are eligible for a short-term incentive payment subject to meeting agreed key performance indicators. These indicators are set by the Board and are aligned to

the Company's strategic objectives and business performance results across a mix of corporate and individual measures. Annual performance reviews are conducted for the CEO and executive-level employees where performance is assessed against the agreed criteria.

	<b>Incentive Payments Measures</b>	<b>Weighting</b>
1.	Company must meet its overall KPI's to the satisfaction of the Board that triggers STI availability	20%
2.	Executive employee's area must meet the majority of its subset of KPI's covering Financial, Project, Human Resource and Initiative deliverables	30%
3.	Executive employees must have developed their own team and ensure this has contributed to the growth of TT-Line; and	30%
4.	Executive employees must have contributed to their colleague's growth on the Executive and to the overall culture of the Company	20%

Further information on our performance against Key Performance Measures can be found in the Performance Against the Statement of Corporate Intent on page 27.

In addition to the corporate targets, each executive is evaluated on their attainment against individual targets. The individual targets are closely linked to the overall group targets, however, with the ability to tailor based on the individual role accountabilities and influence.

## Summary of executive individual goals

Name	Position	Corporate Targets
Mr N Harriman	General Manager Retail and Hospitality	Targets linked to the corporate targets in particular a focus on cost savings, crew management to ensure safe manning levels and contribution to the strategic direction of the Company
Ms K Holandsjo	General Manager Passenger Sales	Targets linked to the corporate targets in particular a focus on cost savings and maximising passenger revenue, aligning activity to passenger demand and travel restrictions and contribution to the strategic direction of the Company
Ms A Johnson	General Manager Port Operations	Targets linked to the corporate targets in particular a focus on cost savings, management of operations to comply with all regulatory requirements and contribution to the strategic direction of the Company
Mr S Maycock	General Counsel / Company Secretary	Targets linked to the corporate targets in particular a focus on cost savings, governance compliance, legal advice and compliance and contribution to the strategic direction of the Company
Mr J McGrath	Chief Operating Officer	Targets linked to the corporate targets in particular a focus on cost savings, operational efficiencies and regulatory compliance, and contribution to the strategic direction of the Company
Mr R Hall	General Manager Marine Operations	Targets linked to the corporate targets in particular a focus on cost savings without compromising safety, crew management to ensure safe manning levels and contribution to the strategic direction of the Company
Ms E Panos	General Manager Marketing	Targets linked to the corporate targets in particular a focus on cost savings, management of marketing activity to maximise revenue and contribution to the strategic direction of the Company
Ms K Sayers	Chief Financial Officer	Targets linked to the corporate targets in particular a focus on cost savings, management of insurance portfolio, debt and hedging requirements, and contribution to the strategic direction of the Company
Mr M Stanton	General Manager Human Resources	Targets linked to the corporate targets in particular a focus on cost savings, employee health and well-being programs, injury management and contribution to the strategic direction of the Company
Mr Ian Whitechurch	General Manager Freight Sales	Targets linked to the corporate targets in particular a focus on cost savings, maximising freight revenue and contribution to the strategic direction of the Company

Information about the remuneration of Directors and key management personnel is set out in the Annual Financial Statements in note C2 'Director and key management personnel compensation'.

## Statement of Compliance

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The Company has complied with the *Guidelines for Tasmanian Government Business – Director and Executive Remuneration* for the year ended 30 June 2024.





# Other information report

Annual report disclosures in accordance with government guidelines.

## Buy local

The Company has ensured it has appropriate policies and procedures in place that support, wherever possible, purchasing from Tasmanian businesses.

Procurement is undertaken in a way that seeks to support Tasmanian businesses and is consistent with the general principles of value for money, open and effective competition, ethical conduct in purchasing as well as enhancing opportunities for Tasmanian businesses.

Due to the nature of the maritime industry a significantly valuable amount of supplies, including but not limited to fuel and spares for the new and existing vessels, are not available for purchase in Tasmania.

TT-Line has contracts with Rauma Marine Construction for the build of two new vessels. Contract payments in relation to the build have been excluded from the below summary.

<b>Purchases from Tasmanian businesses (including GST)</b>	<b>2024</b>
Value of purchases from Tasmanian businesses (\$'000)	98,237
Percentage of purchases from Tasmanian businesses	28%

## Consultancy costs incurred during the year greater than \$50,000 (excluding GST)

Consultant	Location	Description	Engagement	2024 (\$'000)
Cor Comms	Tasmania	Public relations advice	Monthly Retainer	67
Figura	Sweden	Interior design for new vessels	Adhoc	130
Foreship	Finland	Ship engineering design for new vessels	Adhoc	859
Halliday's Business Insights Pty Ltd	Victoria	Employee training, facilitation and support	Retainer and adhoc	86
HFW Australia	Victoria	Legal representation and services	Adhoc	1,222
KPMG	Tasmania	Internal audit / specialised technical advice	Annual engagement	356
P & M Consultants	Victoria	Marine engineering consultancy	Project based	2,855
Brand Architects	Victoria	Architectural services	Adhoc	79
Catherine Dixon Consulting	Victoria	Consulting & Investigation Services	Adhoc	67
North Projects Pty Ltd	Victoria	Consulting services for strategic projects	Project based	668
			Total	6,389
		32 other consultants were engaged, each for \$50,000 or less, totalling		517
			<b>Total cost of consultants</b>	<b>6,906</b>

## Payment of accounts

---

The Company has implemented procedures to ensure that payment cycles are appropriately matched to the majority of different terms extended by suppliers. Supplier accounts are reviewed regularly to ensure that invoices are being paid promptly.

<b>Accounts due or paid within the year</b>	<b>2024</b>	<b>2023</b>
Creditor days	29	22

<b>Accounts due or paid within the year</b>	<b>Number of invoices</b>	<b>\$'000</b>
Invoices due for payment (including GST)	21,632	22,413
Invoices paid on time (including GST)	17,870	17,931
Payments for interest or fees on overdue invoices		1





# Corporate governance

While TT-Line Company Pty Ltd (TT-Line or the Company) is not a listed company, it has adopted, where applicable, practices that comply with the relevant sections of the Australian Securities Exchange (ASX) *Corporate Governance*

Council's *Corporate Governance Principles and Recommendations* (4th Edition), including eight principles central to good corporate governance. Following are the Company's practices in relation to these eight principles.

## 1. Lay solid foundations for management and oversight

---

The Board of Directors is responsible for the Company's overall performance in achieving its objectives, as set out in the Company's Constitution. All efforts in this regard must be made in accordance with the *TT-Line Arrangements Act 1993* (Tas), which states: '*The principal objective of the Company is to manage and facilitate the operation of a shipping service to and from Tasmania in a manner that is consistent with sound commercial practice*'.

Accordingly, the Board is responsible for:

- determining the strategic direction of the Company in a manner consistent with the objective
- effective oversight of management.

The most significant responsibilities of the Board, as set out in its Charter, are:

- in conjunction with management, considering and determining the strategic direction of the Company
- adopting annual business plans and budgets
- reviewing and assessing management's performance against strategic plans, business plans and budgets
- ensuring assets are adequate and effectively used to achieve the objectives of the Company
- recommending the Company's dividend policy
- appointing and determining conditions of service for the Chief Executive Officer (CEO), including remuneration and performance monitoring procedures

- reviewing the performance of the CEO and the executive team, in conjunction with the CEO
- ensuring timely and effective reporting on all major matters to shareholders, including through annual reports and annual business plans
- reviewing and monitoring risk management, and internal compliance and controls, with the guidance of the Audit and Risk Committee
- reviewing and monitoring compliance with all regulatory requirements and standards, including environmental, health and safety obligations
- reviewing and approving all major company policies
- overseeing the operation and performance of all Board committees.

Directors are entitled to request and receive additional information, as they consider necessary, to support informed decision-making.

The Board may establish committees from time to time to assist it in carrying out its functions, and to ensure its effective performance in specific areas. The committees provide information and advice to the full Board on issues they have considered. Committee members are accountable to the Board.

The committees, as at the reporting date, were:

- Audit and Risk – responsible for ensuring the Company complies with legal and regulatory obligations, the integrity of financial reporting, overseeing of external and internal audits, and

the effectiveness of internal control and risk frameworks

- Remuneration – responsible for determining the remuneration and incentives policy for the CEO and senior executives, and for ensuring that the Company’s remuneration policies and practices are fair and competitive
- Director Nomination – responsible for ensuring a suitable process is in place to meet the recruitment requirements of the Board
- Vessel Replacement and Procurement – responsible for the replacement and procurement of the Company’s vessels.

The Board has delegated the relevant authority to manage the Company’s day-to-day operations to the CEO, subject to specific delegations and limits the Board makes from time to time.

The CEO and the Chief Financial Officer (CFO) report to the Board at each Board meeting. In addition to regular reporting from management, the Board has unlimited access to senior management and external advisers. The division of roles and responsibilities is illustrated in the diagram below.

For more information about the Directors, see the Directors’ report.

#### TT-Line Board

Committees	Audit and Risk Committee	Remuneration Committee	Director Nomination Committee	Vessel Replacement and Procurement Committee
Scope	Financial reporting, regulatory obligations, internal and external audit and risk management framework	Remuneration policies and practices	Board renewal and committee membership	Vessel replacement and procurement
Members	Y Rundle (Chair) D Bugg H Galloway M Grainger	Y Rundle (Chair) M Grainger	M Grainger (Chair) Capt. R Burgess B Dwyer Y Rundle H Galloway D Bugg A McMahon	M Grainger (Chair) D Bugg Capt. R Burgess

#### Chief Executive Officer

The CEO has the powers of the TT-Line Board within delegated limits for all matters, except those delegated to Board committees, or those reserved for the Board in the Board Charter or TT-Line’s Delegation of Authority Framework



## 2. Structure the Board to add value

---

The composition of, and appointments to, the Board are prescribed by the Company's Constitution. Appointments are made directly by the Company's two shareholders: the Tasmanian Government's Treasurer and the Minister for Transport. Directors are appointed according to the *Guidelines for Tasmanian Government Businesses – Board Appointments*.

The Board of Directors acts as the Director Nomination Committee. Any Director eligible for reappointment absents themselves from discussions relating to their own nomination.

The Company's shareholders appoint the Chairman of the Board at the Annual General Meeting (AGM).

The Chairman and other non-executive Directors are independent Directors.

The Board's performance is reviewed annually.

Under the Board's Charter, any Director may take independent legal, financial or other advice as they consider necessary to complete their duties as a Director, at the Company's cost.

## 3. Act ethically and responsibly

---

The Company has adopted a Code of Conduct that governs the Company's commercial operations, as well as the conduct of Directors, employees, consultants and all other people representing the Company. The Code of Conduct is available at [spiritoftasmania.com.au](http://spiritoftasmania.com.au).

The Company has an open and transparent recruitment policy that supports appointments based

on merit and qualifications, free from discrimination or favouritism.

The Company also has an ethics policy that promotes equity and diversity. At the reporting date, approximately 46 per cent of the Company's employees were female and 54 per cent were male.

## 4. Safeguard integrity in corporate reporting

---

The Board has established an Audit and Risk Committee with a formal Charter that is reviewed by the Board. This committee comprises four members, all of whom are independent non-executive Directors. It is chaired by an independent Director who is not the Chairman of the Board.

The Company's external auditor is the Tasmanian Audit Office. The Auditor-General, or their representative, attends Audit and Risk Committee meetings from time to time.

## 5. Make timely and balanced disclosure

---

The Company is not a listed company; therefore, it is not obliged to report to the ASX. However, as a State-owned business, the Company ensures that Members are kept informed of all matters that may have a material impact (financial or otherwise) on the business or potential adverse implications for the

State. The Company has a process for ensuring that Members are promptly advised of matters as required by its Constitution and the Members' Statement of Expectations.

## 6. Respect the rights of shareholders

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The Company conducts briefing sessions with its shareholders, or their representatives, after each Board meeting. It reports to its shareholders in accordance with statutory obligations and shareholder directions.

The Auditor-General is invited to attend the Company's AGM, and is available to answer shareholder questions about the conduct of the audit, and the preparation and content of the auditor's report.

## 7. Recognise and manage risk

---

- The CEO and CFO have assured the Board that the declaration referred to in section 295A of the Corporations Act 2001 (Cth) is founded on a system of risk management and internal control, and that this system is operating effectively in all material aspects regarding financial reporting risks.
- The Board and the Audit and Risk Committee oversee the establishment, implementation and periodic review of the Company's risk management system. Management has established and implemented a system for assessing, monitoring and managing risks, including operational, financial and compliance risks.
- The Audit and Risk Committee recognises that risk management and compliance are integral to good corporate governance and fundamental in achieving the Company's strategic and operational objectives. Risk management improves decision-making, defines opportunities and mitigates material events that may affect the Company's reputation and ability to conduct business. To this end, the Board and the Audit and Risk Committee try to balance the potential cost of a risk, including the cost of controlling it, with the potential benefits from exposure to the risk.
- The recognition of risk, the subsequent treatment of risk and the commitment to compliance as part of enterprise risk management is in accordance with the guiding principles of:
  - ISO 31000 – Risk Management (international standard)
  - AS 3806 (Australian compliance standard).
- The Company has identified the following potential economic and environmental risks, and ways of mitigating them.
- Widespread pandemic – To mitigate this risk, the Company has implemented a flexible freight

strategy to offset reduced passenger volumes; strict cleaning and infection control procedures to mitigate further virus spread; amendments to sailing schedules to align to demand; and strict cost controls to offset reduced revenues.

- Reduced passenger and freight volumes – To mitigate this risk, the Company has implemented an agile marketing and passenger sales strategy. This is supported by a flexible freight strategy, a dynamic yield and inventory management plan, and regular competitor analysis.
- Major environmental disaster – To mitigate this risk, the Company maintains a comprehensive safety management system. Trained, qualified and competent personnel are in control of the vessels, and personnel are regularly drilled in emergency response procedures, including firefighting, grounding and hull failure.
- Adverse movement in fuel costs – To mitigate this risk, the Company has implemented a fuel hedging strategy. This is supported by regular pricing reviews and competitor pricing analysis.
- The Company does not have any significant social sustainability risks in its risk profile and has a vision to actively contribute to the long-term economic prosperity of Tasmania. To aid social sustainability, the Company supports Our Watch, an organisation that seeks to end violence against women and children. The Company also

supports the Tasmanian community through its Flavours of Tassie program, which allows local producers to showcase their products. It sponsors the Tourism Industry Council Tasmania, the JackJumpers National Basketball League Club and the North Melbourne Football Club's Australian Football League (AFL) games played in Hobart.

- The Company maintains a robust internal audit function that provides an independent appraisal service to management, the Audit and Risk Committee, and the Board. The internal audit function is accountable to, and reports directly to, the Audit and Risk Committee.
- The Audit and Risk Committee, in conjunction with management, establishes the scope of internal audit activities each year through the approval of the annual audit plan. The plan, as a minimum, includes:
  - a program of baseline reviews to assess the adequacy of control frameworks for key financial systems
  - an assessment of compliance with key controls in selected systems
  - a review of risk exposure, efficiency and effectiveness, and the need for controls in new systems as determined by management and the Audit and Risk Committee.

## 8. Remunerate fairly and responsibly

---

The Remuneration Committee is responsible for reviewing and approving changes to the senior executive team's remuneration policies and incentive programs.

The committee approves market-based movements in remuneration as part of the annual remuneration review for the senior executive team. It is responsible for recommending movements in the senior executive team salary levels to the Board.

The Company has a Board-endorsed remuneration policy that is consistent with the Tasmanian

Department of Treasury and Finance's guidelines for executive and board remuneration, dated June 2021.

Directors' fees are set by the Tasmanian Government.

The Remuneration Committee formally reviews the CEO's remuneration annually, and submits recommendations to the Board for approval. The CEO conducts annual formal performance appraisals of all direct-reporting senior executive team members.





# Ship facts

**OWNER** TT-LINE COMPANY PTY LTD  
**BUILDER** KVAERNER MASA-YARDS FINLAND  
**YEAR BUILT** 1998

**SHIP TYPE** RO/RO PASSENGER V/L  
**CLASS** DET NORSKE VERITAS (DNV)  
**FIRST TT-LINE COMMERCIAL CROSSING** 1 SEPT 2002



ENGINES 4X SULZER V16 TWIN  
TURBO-CHARGED DIESELS.  
**10,560KW** EACH  
TWIN VARIABLE PITCH PROPELLERS  
VIA REDUCTION GEARBOXES 510/147 RPM



## CAPACITY

 **1400**

 **121**

 **222**

 **500**

- 59 TWIN BED PORTHOLE CABINS • 72 FOUR BED PORTHOLE CABINS • 81 TWIN BED/FOUR BED INSIDE CABINS
- 2 WHEELCHAIR ACCESSIBLE CABINS • 8 DELUXE CABINS • 222 TOTAL CABINS • 121 RECLINERS
- LICENSED TO CARRY 1400 PASSENGERS AND 500 STANDARD VEHICLES

## SPEED, TIME & DISTANCE



DISTANCE FROM  
GEELONG TO DEVONPORT

 **450**<sub>KM</sub>  
243 NAUTICAL MILES



CROSSING TIME (HRS)

**9-11**



AVERAGE  
SPEED IN  
KNOTS **27**  
EQUALS 50 KM/HR





**TT-LINE COMPANY PTY LTD  
FOR THE YEAR ENDED  
30 JUNE 2024**



***SPIRIT* of  
TASMANIA**



# CONTENTS

<b>DIRECTORS' REPORT</b> .....	<b>3</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION</b> .....	<b>7</b>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	<b>8</b>
<b>DIRECTORS' DECLARATION</b> .....	<b>12</b>
<b>STATEMENT OF PROFIT OR LOSS</b> .....	<b>13</b>
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b> .....	<b>14</b>
<b>STATEMENT OF FINANCIAL POSITION</b> .....	<b>15</b>
<b>STATEMENT OF CHANGES IN EQUITY</b> .....	<b>16</b>
<b>STATEMENT OF CASH FLOWS</b> .....	<b>17</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b> .....	<b>18</b>
GENERAL INFORMATION .....	18
BASIS OF PREPARATION .....	18
KEY JUDGEMENTS AND ESTIMATES .....	18
NOTES TO THE FINANCIAL STATEMENTS .....	19
SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD.....	19
EVENTS AFTER THE REPORTING DATE.....	19
<b>A – FINANCIAL PERFORMANCE</b> .....	<b>20</b>
<i>A1 Revenue and other income</i> .....	20
<i>A2 Expenses</i> .....	21
<i>A3 Taxation</i> .....	22
<i>A4 Cash flows</i> .....	25
<b>B – ASSET PLATFORM AND OPERATING LIABILITIES</b> .....	<b>26</b>
<i>B1 Cash, cash equivalents and investments</i> .....	26
<i>B2 Receivables, financial and other assets</i> .....	26
<i>B3 Property, plant and equipment</i> .....	28
<i>B4 Right-of-use assets</i> .....	31
<i>B5 Intangible assets – software</i> .....	32
<i>B6 Assets held for sale</i> .....	32
<i>B7 Impairment of tangible and intangible assets</i> .....	33
<i>B8 Inventories</i> .....	33
<i>B9 Payables, financial and other liabilities</i> .....	34
<i>B10 Lease Liability</i> .....	34
<i>B11 Other provisions</i> .....	36
<i>B12 Contract liabilities</i> .....	36
<b>C – PEOPLE</b> .....	<b>37</b>
<i>C1 Employee provisions</i> .....	37
<i>C2 Director and key management personnel compensation</i> .....	38
<i>C3 Related-party transactions</i> .....	43
<i>C4 Post-employment benefits</i> .....	44
<b>D – FUNDING STRUCTURE, FINANCIAL ASSETS AND RISK MANAGEMENT</b> .....	<b>49</b>
<i>D1 Capital management</i> .....	49
<i>D2 Borrowings</i> .....	49
<i>D3 Financial risk management objectives</i> .....	50
<i>D4 Using derivatives to hedge risk</i> .....	53
<i>D5 Recognition and measurement of non-derivative financial instruments</i> .....	57
<b>E – ADDITIONAL INFORMATION</b> .....	<b>60</b>
<i>E1 Auditor's remuneration</i> .....	60
<i>E2 Contingent assets and liabilities</i> .....	60
<i>E3 Other accounting policies</i> .....	60

# DIRECTORS' REPORT

The Directors of TT-Line submit the annual financial report of the Company for the financial year ended 30 June 2024. The Directors report the following, in compliance with the provisions of the *Corporations Act 2001* (Cth).

## Information about the Directors

The names and particulars of the Directors of TT-Line during or since the end of the financial year are as follows.

- Mr Michael Grainger** Mr Grainger is the Chairman of the Board, having joined the Board in 2005 as an independent non-executive Director. He is Chairman of the Vessel Replacement and Procurement Committee, a Director of the Nomination Committee, and a member of the Audit and Risk Committee and the Remuneration Committee. Mr Grainger is the Managing Director of Liferaft Systems Australia Pty Ltd, and a member of the Det Norske Veritas International Ferry Committee.  
*(Appointed May 2005, reappointed November 2022 and current term expires November 2024.)*
- Mr Damian Bugg** Mr Bugg joined the Board in July 2019 as an independent non-executive Director and is a member of the Audit and Risk Committee, the Remuneration Committee, the Director Nomination Committee, and the Vessel Replacement and Procurement Committee. He is also a Director of Blundstone Australia Pty Ltd, Blundstone New Zealand and Blundstone USA and Chairman of the Board of the University of Tasmania Foundation Inc.  
*(Appointed July 2019, reappointed November 2022 and current term expires November 2025.)*
- Captain Richard Burgess** Captain Burgess is a member of the Board, having joined as an independent non-executive Director in November 2016. He is also a member of the Director Nomination Committee and the Vessel Replacement and Procurement Committee.  
*(Appointed November 2016, reappointed November 2022 and current term expires November 2024.)*
- Ms Helen Galloway** Ms Galloway joined the Board in November 2016 as an independent non-executive Director and a member of the Audit and Risk Committee and the Director Nomination Committee. She is Chair of Bank of us and a non-executive Director of Hydro Tasmania and Hockey Australia. In these roles, she serves on various committees in different capacities including Chair of Audit & Risk Management, Chair of Human Resources & Remuneration, Chair of Corporate Governance and member of the Major Project Committee.  
*(Appointed November 2016, reappointed November 2022 and current term expires November 2024.)*
- Ms Anna McMahon** Ms McMahon joined the Board in November 2021 as an independent non-executive Director and a member of the Director Nomination Committee. She is currently Director of communications consultancy firm McMahon Media, and has previously worked as a communications expert with Brand Tasmania.  
*(Appointed November 2021 and current term expires November 2024.)*
- Ms Yvonne Rundle** Ms Rundle joined the Board in December 2020 as an independent non-executive Director and was appointed Chairperson of the Audit and Risk Committee and the Remuneration Committee in February 2021. She is also a member of the Director Nomination Committee. In addition to her roles with TT-Line, Ms Rundle is a non-executive Director of Metro Tasmania Pty Ltd, Metro Coaches (Tas) Pty Ltd, TasTAFE, TasWater, University of Tasmania Foundation Inc. and a small number of private companies. Ms Rundle is also Chair of the Audit and Risk Committee for the Tasmanian Department of Health and other various companies for which she is also a non-executive Director.  
*(Appointed December 2020, reappointed December 2023 and current term expires December 2026.)*
- Mr Bernard Dwyer** Mr Dwyer joined the Board in 2010 as a non-executive Director. In November 2014, he was appointed CEO of the Company and is now an Executive Director. Mr Dwyer attends all committee meetings, and is a member of the Director Nomination Committee and the Vessel Replacement and Procurement Committee. He is a Director of the Tourism Industry Council Tasmania, a member of the Interferry Board and a member of the Tasmanian Government Access Working Group.  
*(Appointed December 2010, reappointed January 2015 and current term expires November 2024.)*

## Remuneration of Directors and key management personnel

Information about the remuneration of Directors and key management personnel is set out in note C2 'Director and key management personnel compensation'. The Company has complied with the Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration for the year ended 30 June 2024.

## Principal activities

The principal activities of the Company during the financial period were providing commercial passenger, vehicle and freight shipping services between Tasmania and mainland Australia.

## Review of operations

The Company reported total revenue of \$307.5 million (2023: \$307.1 million) and a loss after tax for the year ended 30 June 2024 of \$13.1 million (2023: \$8.6 million profit after tax). Major strategic projects of vessel replacement and port infrastructure developments progressed, with the first of the new vessels due to be delivered in Finland in quarter three of 2024 and quarter one of 2025. Planning and designs for required port infrastructure in Devonport have progressed and a contract has been awarded for the main works package. TasPorts will modify Devonport Berth No. 1 East to enable new vessels to operate at the existing berth prior to completion of the new terminal

In the 2023/24 financial year, the Company continued its progress towards its updated strategic plan. The plan includes objectives to:

- operate safely and reliably
- continue implementing the project to replace current vessels, to be operational in 2025
- continue planning, designing and constructing shoreside infrastructure to align with current and new vessels when introduced into service
- continue to optimise day sailings to provide additional capacity for passengers and over-height vehicles
- maintain the Company's current freight service.

Workplace and ship safety are at the core of the business and, aligned with a rigorous ship maintenance program, support the Company as a safe and reliable provider of short sea voyages.

The number of sailings increased by nine over the prior year, to 905 (2023: 896).

During the financial year, 419,349 passengers (2023: 450,012, which was a record) travelled with the Company.

A significant improvement in freight volume is constrained as the vessels operate at capacity for the majority of high-demand periods. Further to this, the space for freight contracted due to space limitations as a result of high demand from passengers, particularly those with over-height vehicles.

Customers' preferences for transporting freight on night sailings, to integrate with wider logistics chains, restricts growth prospects in this area. The strategy of introducing additional day sailings does not materially increase freight volumes on the vessels.

The vessels were valued at €51.5 million each at 30 June 2024. This value is a reduction from previous years, which reflects the current ferry resale market and the age of the vessels.

The vessels are highly regarded on the international ship market due to the rigorous maintenance schedule undertaken by the Company and that they fully comply with the International Maritime Organization global cap on sulphur emissions.

While recognising the above, the vessels are depreciating assets and their value can normally be expected to decrease each year.

## Subsequent events

In July 2024, the Company signed a contract with BMD Constructions Pty Ltd for the main works package for the Terminal 3 development in Devonport.

The contract for the sale of the Edgewater Hotel, executed during the financial year, was finalised in July 2024. In the opinion of the Directors, no other items, transactions or events of a material or unusual nature have arisen between the end of the 2023/24 financial year and the date of this report that could significantly affect the Company's operations, the results of its operations or the state of its affairs in future financial years.

## Future developments

In April 2021, the Company signed contracts with Finnish shipbuilder Rauma Marine Constructions (RMC) for two new ship builds. These contracts contain provisions to include up to \$100 million of Tasmanian and Australian content in the new builds.

The first new vessel, *Spirit of Tasmania IV*, is due to be delivered in Finland in quarter three of 2024, and the second vessel is due to be delivered in quarter one of 2025. Both vessels are expected to be in service in Tasmania during 2025.

The required works at Terminal 3 in Devonport have progressed. The geotechnical analysis is now complete and has informed the final design of the infrastructure to accommodate the new ships.

## Environmental regulations

The Company's operations are subject to various environmental regulations under Commonwealth, Tasmanian and Victorian legislation. The Company has a management committee that monitors compliance with environmental regulations. The Directors are not aware of any significant breaches during this reporting period.

## Dividends

No dividends have been paid or declared since the start of the 2023/24 financial year. It was resolved that no dividend be declared in respect of the 2022/23 financial year due to the Company's financial performance, future working capital requirements, and capital expenditure projects including new vessels and port infrastructure

## Indemnity and insurance for officers and auditors

The Company has insured its Directors, company secretary and executive officers against liabilities, as permitted by the *Corporations Act 2001*. The insurance contract prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any Company officers or auditors against liabilities incurred as officers or auditors.

## International travel

All international travel undertaken by Company officers was approved under the Company's travel policy, ensuring the travel was consistent with achieving the Company's strategic objectives. The following table lists all international travel undertaken during the financial year by representatives of the Company including Directors and the CEO.

The majority of international travel undertaken during the year was attributable to the new vessel build project.

### International travel in the year ended 30 June 2024

Position	Number of trips	Cost of travel \$'000
Directors	3	51
CEO	6	70
Company representatives	81	1,331

## Auditor's independence declaration

The auditor's independence declaration is included in this report.

## Rounding off

The Company is of the kind referred to by the Australian Securities and Investments Commission (ASIC) in its *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. In accordance with this instrument, amounts in the Directors' report have been rounded to the nearest thousand dollars, unless indicated otherwise.



## Directors' meetings

The following table sets out the number of Directors' meetings, including meetings of Directors' committees, held during the financial year, and the number of meetings each Director attended while they were a Director or committee member. During the financial year, the Company held 14 Board meetings, five Audit and Risk Committee meetings, four Remuneration Committee meetings, two Director Nomination Committee meetings and five Vessel Replacement and Procurement Committee meetings.

Director	Board		Audit and Risk Committee		Remuneration Committee		Vessel Replacement and Procurement Committee		Director Nomination Committee	
	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>	Attended	Held <sup>1</sup>
Mr M Grainger	14	14	5	5	4	4	5	5	2	2
Mr D Bugg	12	14	5	5	4	4	4	5	2	2
Capt. R Burgess	14	14	–	–	–	–	5	5	2	2
Ms H Galloway	14	14	4	5	–	–	–	–	2	2
Ms A McMahon	14	14	–	–	–	–	–	–	1	2
Ms Y Rundle	12	14	5	5	4	4	–	–	2	2
Mr B Dwyer <sup>2</sup>	14	14	–	–	–	–	5	5	2	2

1. The number of meetings held during the time the Director was a member of the Board or relevant committee.

2. Mr Dwyer also attended committee meetings in his capacity as CEO.

This Directors' report is signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth).

On behalf of the Directors



M Grainger, Chairman



Y Rundle, Audit and Risk Committee Chair

Hobart, 13 August 2024

# AUDITOR'S INDEPENDENCE DECLARATION



Level 2, 144 Macquarie Street, Hobart, Tasmania, 7000  
Postal Address GPO Box 851, Hobart, Tasmania, 7001  
Phone: 03 6173 0900  
Email: [admin@audit.tas.gov.au](mailto:admin@audit.tas.gov.au)  
Web: [www.audit.tas.gov.au](http://www.audit.tas.gov.au)

13 August 2024

The Board of Directors  
TT-Line Company Pty Ltd  
Esplanade  
EAST DEVONPORT TAS 7310

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 the TT-Line Company Pty Ltd for the financial year ended 30 June 2024, 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

A handwritten signature in black ink, appearing to read "S. Morrison".

Stephen Morrison  
Assistant Auditor-General  
Delegate of the Auditor-General

# INDEPENDENT AUDITOR'S REPORT



## Independent Auditor's Report

To the Members of TT-Line Company Pty Ltd

Report on the Audit of the Financial Report

### Opinion

I have audited the financial report of the TT-Line Company Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2024 and statements of profit or loss, 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 Company is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2024 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 Company 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 13 August 2024 and included in the Directors'

# INDEPENDENT AUDITOR'S REPORT

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
<b>Fair value of financial instruments not quoted in an active market</b> <i>Refer to note B3.</i>	
<p>Property, plant and equipment included vessels totalling \$165.12 million recognised at fair value. The fair value of vessels is valued based on independent market valuations performed by independent valuation experts.</p> <p>The calculation of fair values is judgemental and highly dependent on a range of assumptions and estimates. The fair value is impacted by market factors and foreign currency exchange rates. Fluctuations in vessel valuations can have a significant impact on TT-Line's results and financial position.</p>	<ul style="list-style-type: none"> <li>Assessing the expertise and independence of experts engaged by management to value the vessels.</li> <li>Evaluating the appropriateness of the valuation methodology applied to determine fair values.</li> <li>Examining the treatment of capital and maintenance expenditures and considering their impact on the vessels' valuation.</li> <li>Evaluating the adequacy and completeness of disclosures in the financial statements in accordance with the relevant Australian Accounting Standards.</li> </ul>

## 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 2024, 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.



# INDEPENDENT AUDITOR'S REPORT

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 Company'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 Company 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 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 Company'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 Company'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

# INDEPENDENT AUDITOR'S REPORT

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 Company 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.

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.



Stephen Morrison  
Assistant Auditor-General  
Delegate of the Auditor-General  
Tasmanian Audit Office


14 August 2024  
Hobart

# DIRECTORS' DECLARATION

1. In the opinion of the Directors of the Company:
  - a) the financial statements and notes that are set out on pages 13 to 61 are in accordance with the *Corporations Act 2001* (Cth), including:
    - i. giving a true and fair view of the Company's financial position as at 30 June 2024 and its performance for the financial year ended on that date; and
    - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations specified in section 295A of the Corporations Act from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2024.

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

On behalf of the Directors



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M Grainger, Chairman



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Y Rundle, Audit and Risk Committee Chair

Directors

Hobart, 13 August 2024

# STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
<b>REVENUE</b>			
Operating revenue	A1	303,677	302,208
Investment revenue and foreign currency gains	A1	2,249	1,793
Other revenue	A1	1,566	3,036
Other gains/(losses)	A1	17	44
<b>Total revenue</b>		<b>307,509</b>	<b>307,081</b>
<b>EXPENSES</b>			
Employee benefit expenses	A2	(76,936)	(72,204)
Other expenses	A2	(219,763)	(212,958)
Finance costs	A2	(18,317)	(16,009)
Asset revaluation	B3	(11,213)	6,350
<b>Total expenses</b>		<b>(326,229)</b>	<b>(294,821)</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(18,720)</b>	<b>12,260</b>
Tax-equivalent benefit/(expense)	A3	5,607	(3,691)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(13,113)</b>	<b>8,569</b>

*This statement should be read in conjunction with the accompanying notes.*



# STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(13,113)</b>	<b>8,569</b>
<b>Other comprehensive income/(expense) for the year, net of tax:</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Recognised actuarial gains/(losses)	C4	(179)	571
Tax-equivalent (expense)/benefit on items of comprehensive income	A3	54	(171)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cashflow hedging reserve gains/(losses)	D4	(6,539)	12,681
Tax-equivalent (expense)/benefit on items of comprehensive income	A3	1,962	(3,804)
<b>Total other comprehensive income/expense for the year, net of tax</b>		<b>(4,702)</b>	<b>9,277</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR</b>		<b>(17,815)</b>	<b>17,846</b>

*This statement should be read in conjunction with the accompanying notes.*

# STATEMENT OF FINANCIAL POSITION

## AT 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	B1	39,968	77,222
Trade and other receivables	B2	15,388	19,128
Inventories	B8	5,049	4,148
Income tax receivable	A3	2,098	2,098
Assets held for sale	B6	3,271	3,444
Financial assets	B2	785	9,607
Other assets	B2	8,107	6,051
<b>TOTAL CURRENT ASSETS</b>		<b>74,666</b>	<b>121,698</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	B3	1,088,843	659,373
Right-of-use assets	B4	316,399	336,380
Intangibles	B5	832	515
Deferred tax asset (net of deferred tax liability)	A3	1,543	–
Financial assets	B2	–	1,240
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,407,617</b>	<b>997,508</b>
<b>TOTAL ASSETS</b>		<b>1,482,283</b>	<b>1,119,206</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	B9	47,319	17,464
Contract liabilities	B12	40,188	40,772
Lease liability	B10	10,533	27,960
Borrowings	D2	47,205	3,575
Employee provisions	C1	16,555	16,550
Other provisions	B11	1,558	10,219
Financial liabilities	B9	2,217	5,731
Other liabilities	B9	79	141
<b>TOTAL CURRENT LIABILITIES</b>		<b>165,654</b>	<b>122,412</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability (net of deferred tax asset)	A3	–	6,079
Lease liability	B10	329,647	321,337
Borrowings	D2	535,000	200,000
Employee provisions	C1	7,085	6,708
Other provisions	B11	799	746
Financial liabilities	B9	–	11
Other liabilities	B9	23	23
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>872,554</b>	<b>534,904</b>
<b>TOTAL LIABILITIES</b>		<b>1,038,208</b>	<b>657,316</b>
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Share capital	D1	328,981	328,981
Contributed equity	D1	191,602	191,602
Cashflow hedging reserve	D4	(1,002)	3,575
Accumulated losses		(75,506)	(62,268)
<b>TOTAL EQUITY</b>		<b>444,075</b>	<b>461,890</b>

*This statement should be read in conjunction with the accompanying notes.*

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Note	Share capital		Cashflow hedging reserve \$'000	Accumulated losses \$'000	Total \$'000
		Contributed equity \$'000	Issued capital \$'000			
<b>Balance at 1 July 2022</b>		<b>150,013</b>	<b>328,981</b>	<b>(5,302)</b>	<b>(71,237)</b>	<b>402,455</b>
Profit/(loss) for the year		–	–	–	8,569	<b>8,569</b>
Other comprehensive income/(expense) for the year	D4	–	–	8,877	400	<b>9,277</b>
<b>Total comprehensive income/(expense) for the year</b>		<b>–</b>	<b>–</b>	<b>8,877</b>	<b>8,969</b>	<b>17,846</b>
Payment of dividends		–	–	–	–	–
Net equity contribution received/(returned)	D1	41,589	–	–	–	<b>41,589</b>
<b>Balance at 30 June 2023</b>		<b>191,602</b>	<b>328,981</b>	<b>3,575</b>	<b>(62,268)</b>	<b>461,890</b>
Profit/(loss) for the year		–	–	–	(13,113)	<b>(13,113)</b>
Other comprehensive income/(expense) for the year	D4	–	–	(4,577)	(125)	<b>(4,702)</b>
<b>Total comprehensive income/(expense) for the year</b>		<b>–</b>	<b>–</b>	<b>(4,577)</b>	<b>(13,238)</b>	<b>(17,815)</b>
Payment of dividends		–	–	–	–	–
Net equity contribution received/(returned)	D1	–	–	–	–	–
<b>Balance at 30 June 2024</b>		<b>191,602</b>	<b>328,981</b>	<b>(1,002)</b>	<b>(75,506)</b>	<b>444,075</b>

*This statement should be read in conjunction with the accompanying notes.*

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$'000	2023 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts in the course of operations (including GST)		368,744	370,918
Interest and foreign currency gains received		2,127	1,837
Cash payments in the course of operations (including GST)		(322,500)	(314,219)
Interest paid		(21,550)	(1,207)
Income tax paid		—	(954)
<b>Net cash from/(used by) operating activities</b>	A4	<b>26,821</b>	<b>56,375</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of property, plant and equipment		57	143
Interest paid		(6,155)	—
Interest received		1,128	—
Payments for property, plant and equipment, and major cyclical maintenance		(428,468)	(338,226)
<b>Net cash from/(used by) investing activities</b>		<b>(433,438)</b>	<b>(338,083)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net equity contribution received/(returned)		—	41,589
Proceeds of borrowings		378,630	203,575
Investments		—	20,000
Repayment of lease liabilities (excluding interest) <sup>1</sup>	A4	(9,267)	(20,562)
<b>Net cash from/(used by) financing activities</b>		<b>369,363</b>	<b>244,602</b>
Net (decrease)/increase in cash held		(37,254)	(37,106)
Cash and cash equivalents at the beginning of the financial year		77,222	114,328
<b>Cash and cash equivalents at the end of the financial year</b>		<b>39,968</b>	<b>77,222</b>

1. Current year lease interest has been reported as an operating cash flow, the prior year repayment of lease liabilities includes interest on lease repayments and has not been restated.



This statement should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

## General information

TT-Line is a proprietary company limited by shares, incorporated and operating in Australia. TT-Line's registered office and principal place of business, and phone number are:

No. 1 Berth, Esplanade

East Devonport Tasmania 7310

Telephone: (03) 6419 9000

The Company is a for-profit entity and its principal activities are providing commercial passenger, vehicle and freight shipping services between Tasmania and mainland Australia. It is a state-owned Company, the shareholders being the Tasmanian Treasurer and the Tasmanian Minister for Transport.

## Basis of preparation

These general-purpose financial statements have been prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standards Board (AASB) *Standards and Interpretations*, and they comply with other legal requirements.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company has elected not to be an early adopter of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* as these standards do not currently have an AASB equivalent.

The Directors authorised the financial statements for issue on 13 August 2024.

The financial statements have been prepared on a historical cost basis, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the notes to the financial statements. Historical cost is generally based on the fair value of the consideration given in exchange for

assets. All amounts are presented in Australian dollars, which is the Company's functional currency, unless otherwise noted.

Where appropriate, comparative figures have been amended to accord with current presentation, and material changes to comparatives have been disclosed.

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency are recognised at the prevailing exchange rate on the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the prevailing rates on that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items in a foreign currency measured in terms of historical cost are not retranslated.

The Company is of the kind referred to in ASIC's *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. In accordance with this instrument, amounts in the financial report are rounded to the nearest thousand dollars unless indicated otherwise.

## Key judgements and estimates

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors deemed appropriate. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

During the reporting period, the following were key future assumptions and other key sources of estimation or uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Note	Assumptions and estimates
B3	Determination of asset residual values and remaining useful lives
B3	Fair value measurement
B11	Other provisions (including provision for restoration)
C1	Employee provisions
C4	Post-employment benefits
D4/D5	Fair value measurement of financial instruments

## Notes to the financial statements

These notes to the financial statements include information that is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Company. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature
- it is important for understanding the results of the Company
- it helps explain the impact of significant changes in the Company
- it relates to an aspect of the Company's operations that is important to the Company's future performance.

The notes have been grouped into sections to help readers understand how the Company's strategy is reflected in its financial performance and position.

These sections comprise:

- A – Financial performance
- B – Asset platform and operating liabilities
- C – People
- D – Funding structure, financial assets and risk management
- E – Additional information.

## Significant changes in the current reporting period

The Company continues to make payments to RMC in accordance with the two executed contracts for new ship builds. These payments amounted to \$358.8 million during the reporting period, funded through borrowings.

Work has commenced on the build and transition from Berth No. 1 East to Terminal 3 in Devonport. During the reporting period, \$55.4 million was paid as part of this project, excluding borrowing costs.

The Edgewater Hotel was first reported as an asset held for sale in the prior year. The contract for sale of the property was settled on 12 July 2024.

## Events after the reporting date

In July 2024, the Company signed a contract with BMD Constructions Pty Ltd for the main works package for the Terminal 3 development in Devonport.

In the interval between the end of the reporting period and the date of this report, two payments were made to RMC in accordance with the executed contracts for new ship builds. These payments amounted to \$16.2 million and were funded through borrowings.

During this period, the contract for the sale of the Edgewater Hotel has also settled.

No other items, transactions or events of a material and unusual nature have arisen that are likely, in the opinion of the Directors, to significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

## A – Financial performance

This section provides further information with respect to the financial performance of the Company for the year ended 30 June 2024. The focus is on revenue, expenses and cash flow disclosures. Certain operational expenses, such as impairments, are disclosed in the notes, with the associated operating asset or liability disclosed in section B 'Asset platform and operating liabilities'. Employee-related expenses are disclosed in section C 'People'.

### A1 Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. A breakdown of the Company's revenue from continuing operations for the period is shown below and has been disaggregated based on the revenue source.

Disaggregation of revenue	2024 \$'000	2023 \$'000
Revenue from the provision of passenger services	186,962	184,809
Revenue from the provision of freight services	103,837	104,034
Revenue from the sale of goods on-board (including food and beverages)	12,099	12,369
Revenue from the provision of hotel services (including accommodation, food and beverages)	538	723
Revenue from rental agreements and gaming	241	273
<b>Operating revenue</b>	<b>303,677</b>	<b>302,208</b>
<b>Investment revenue and foreign currency gains<sup>1</sup></b>	<b>2,249</b>	<b>1,793</b>
<b>Other revenue<sup>2</sup></b>	<b>1,566</b>	<b>3,036</b>
<b>Other gains/(losses)<sup>3</sup></b>	<b>17</b>	<b>44</b>
<b>Total revenue</b>	<b>307,509</b>	<b>307,081</b>

1. Interest income and gains on foreign currency instruments.

2. Insurance recoveries in the current and prior year.

3. Gain/(loss) on disposal of property, plant and equipment. No other gains or losses were incurred with respect to loans and receivables or held-to-maturity investments.

### Recognition and measurement

#### *Revenue from providing passenger and freight services*

Revenue from providing shipping services is brought to account on a voyage-by-voyage basis at the date of a vessel's departure. Cash received for future voyages is treated as revenue received in advance, and is disclosed as a liability in the statement of financial position until the

date of a vessel's departure. The ageing profile of the revenue received in advance as at the reporting date is included in B12 'Contract liabilities'.

Payment terms depend on the customer contract. Bookings are either paid at the time of booking (83 per cent of bookings were paid at the time of booking, consistent with 85 per cent last year) or in arrears, and recognised as a receivable in the statement of financial position. See B2 'Receivables, and financial and other assets' for further details.

Terms and conditions (including cancellation fees and refund obligations) depend on the fare type and are available at [spiritoftasmania.com.au](http://spiritoftasmania.com.au).

#### *Revenue from the sale of goods onboard*

Revenue from on-board trading activities is recognised on a point-of-sale basis. Goods for sale include food and beverages and miscellaneous items such as Tasmanian souvenirs. Most sales take place during sailing, with limited items available for pre-purchase.

#### *Revenue from providing hotel services*

Revenue from hotel trading activities is recognised on a night-by-night basis, commencing when the guest checks in or at the date of the transaction at the point of sale. Goods and services for sale include short-term accommodation, bar and bottle shop beverages.

Payment terms depend on the customer contract. Bookings are either paid at the time of check-in or in arrears and recognised as a receivable in the statement of financial position. See B2 'Receivables, and financial and other assets' for further details.

Under the cancellation policy for hotel accommodation, customers must give notice of any cancellation at least 24 hours before the scheduled arrival time, or they are charged the full price

### **Revenue from rental agreements and gaming**

Revenue from rental agreements and gaming includes floor space rental, both on board and in the two passenger terminals, and commissions on hotel gaming.

Revenue from rental agreements and commissions on gaming is recognised on a monthly or weekly basis, in line with the reporting period.

Customer contract payment terms vary, depending on the revenue source, and are set out in signed agreements with customers.

### **Investment revenue and foreign currency gains**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Interest income is accrued over time, referring to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currency gains are recognised by the Company only when they have been realised as a result of the settlement of foreign exchange contracts.

### **Other revenue**

Revenue from insurance recoveries is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured.

## **A2 Expenses**

Profit from continuing operations was calculated after charging the following expenses.

	2024	2023
<b>Employee benefit expenses</b>	<b>\$'000</b>	<b>\$'000</b>
Defined contribution plans	7,764	7,590
Defined benefit plans	111	117
Termination benefits <sup>1</sup>	1,257	1,319
Other employee benefits	67,804	63,178
<b>Total employee benefit expenses</b>	<b>76,936</b>	<b>72,204</b>

	2024	2023
<b>Other expenses</b>	<b>\$'000</b>	<b>\$'000</b>
Depreciation	26,849	26,488
Amortisation <sup>2</sup>	828	1,412
Terminal operations	44,068	46,090
Administration	31,177	25,037
Security	4,580	4,813
Food and beverages	4,335	4,559
Consumables	7,050	6,741
Repairs and maintenance	12,272	12,098
Marine fuel and oil	73,377	70,416
Customer acquisition	15,227	15,304
<b>Total other expenses</b>	<b>219,763</b>	<b>212,958</b>

1. Annual leave, long service leave and other entitlements paid on termination.

2. Leasehold improvements and intangibles.



Finance costs	Note	2024	2023
		\$'000	\$'000
Interest cost – defined benefit superannuation plan	C4	388	382
Interest cost – leases		18,711	13,896
Interest cost – other provisions		35	78
Interest cost – borrowings		(1,335)	1,628
Interest cost – operating		518	25
<b>Total finance costs</b>		<b>18,317</b>	<b>16,009</b>

## Recognition and measurement

### Employee benefit expenses

Refer to notes C1 'Employee provisions' and C4 'Post employment benefits' for employee benefits accounting policies.

### Other expenses

Expenses are recognised in the statement of profit or loss when a decrease in future economic benefits related to a decrease in asset value or an increase in liability arises and can be reliably measured.

### Depreciation and amortisation

Refer to notes B3 'Property, plant and equipment' and B5 'Intangible assets – software' for depreciation and amortisation accounting policies, respectively.

### Interest cost – leases

Refer to notes B10 'Lease liability' for interest related to lease cost accounting policies.

### Interest cost – borrowings

Finance costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by the Company. The weighted average interest rate applicable to borrowings at the balance date is used to determine the borrowing costs to be capitalised; this was 6.53 per cent for the reporting period. Borrowing costs capitalised during the reporting period totalled \$19.940 million, including \$1.336 million relating to the prior year.

Borrowing costs include interest on short- and long-term loans, plus the guarantee fee levied under the *Government Business Enterprises Act 1995* (Tas).

### Interest cost – operating

Operating interest cost includes interest on the Tasmanian Public Finance Corporation (TASCORP) working capital account and the associated guarantee fees.

## A3 Taxation

Under instructions from the Tasmanian Treasurer, the Company is subject to the National Tax Equivalent Regime, which is broadly based on the provisions of the Commonwealth laws on income tax assessment.

Income tax expense includes the sum of the tax currently payable and deferred tax. The major components of tax expense recognised in profit for the year are shown below

	2024	2023
Tax-equivalent expense	\$'000	\$'000
Origination and reversal of temporary differences:		
(Decrease)/increase in deferred tax liability	(10,897)	15,004
(Increase)/decrease in deferred tax asset	5,290	(11,313)
Increase in provision for income tax (receivable)/payable	–	–
Increase in prior year income tax expense (30 June 2023)	–	–
<b>Total tax-equivalent (benefit)/expense</b>	<b>(5,607)</b>	<b>3,691</b>

The total tax-equivalent expense for the period that can be reconciled to the accounting profit is shown below.

	2024	2023
Current-period tax expense reconciliation	\$'000	\$'000
(Loss)/profit before tax-equivalent expense	(18,720)	12,260
<b>Prima facie tax-equivalent (benefit)/expense<sup>1</sup></b>	<b>(5,615)</b>	<b>3,678</b>
Non-deductible entertainment	8	13
Prior period under provision	–	–
<b>Tax-equivalent (benefit)/expense recognised in the current period<sup>2</sup></b>	<b>(5,607)</b>	<b>3,691</b>

1. The tax rate used for the 2024 reconciliation is the corporate tax rate of 30 per cent (2023: 30 per cent) payable by Australian corporate entities on taxable profits under Australian tax law.

2. Related to continuing operations.

The tax-equivalent benefit for the period recognised in other comprehensive income is as follows.

	2024	2023
<b>Tax recognised in other comprehensive income</b>	<b>\$'000</b>	<b>\$'000</b>
Tax-equivalent impact of actuarial (losses)/gains	(54)	171
Tax-equivalent impact of revaluation in cash flow hedging reserve	(1,962)	3,804
<b>Net tax-equivalent (benefit)/expense attributable to transactions recognised in other comprehensive income</b>	<b>(2,016)</b>	<b>3,975</b>

## Recognition and measurement

### **Current tax**

The tax currently payable/receivable is based on taxable profit/loss for the period ended 30 June 2024. Taxable profit/loss differs from profit/loss as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other periods, as well as items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were enacted or substantively enacted by the end of the reporting period.

### **Deferred tax**

Deferred tax is based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used to calculate taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used. These deferred tax

assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all, or part, of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates and laws that were enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects tax consequences that follow from the manner in which the Company expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets on a net basis.

### **Tax benefits not recognised**

Tax benefits not recognised as deferred tax assets were capital losses of \$116,000 (2023: \$116,000).

### **Income tax receivable**

Income tax receivable of \$2.1 million (2023: \$2.1 million) is made up of previous tax instalments paid in excess of tax payable for the particular year.

### Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are attributable to the following.

		Balance at 1 July 2023	Recognised in profit or loss (prior periods)	Recognised in profit or loss (movement)	Recognised in equity	Balance at 30 June 2024
2024		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets</b>	Employee provisions	6,864	–	52	–	6,916
	Right of use	6,736	–	600	–	7,336
	Other provisions	542	–	(366)	–	176
	Derivative asset – hedging	(1,532)	–	–	1,962	430
	Tax bases without an asset carrying amount <sup>1</sup>	1,167	(33)	49	–	1,183
	Tax losses	6,625	(283)	10,562	–	16,904
<b>Total deferred tax assets</b>		<b>20,402</b>	<b>(316)</b>	<b>10,897</b>	<b>1,962</b>	<b>32,945</b>
<b>Deferred tax liabilities</b>	Consumables	(640)	–	(119)	–	(759)
	Other accrual	51	–	(119)	–	(68)
	Property, plant and equipment	(25,176)	316	966	–	(23,894)
	Borrowing costs – CWIP <sup>2</sup>	–	–	(5,982)	–	(5,982)
	Prepayments	(6)	–	5	–	(1)
	Provisions	(710)	–	12	–	(698)
<b>Total deferred tax liabilities</b>		<b>(26,481)</b>	<b>316</b>	<b>(5,237)</b>	<b>–</b>	<b>(31,402)</b>
<b>Net deferred tax assets/(liabilities)</b>		<b>(6,079)</b>	<b>–</b>	<b>5,660</b>	<b>1,962</b>	<b>1,543</b>

		Balance at 1 July 2022	Recognised in profit or loss (prior periods)	Recognised in profit or loss (movement)	Recognised in equity	Balance at 30 June 2023
2023		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Deferred tax assets</b>	Employee provisions	6,946	–	(82)	–	6,864
	Right of use	2,803	–	3,933	–	6,736
	Other accruals	3	–	48	–	51
	Other provisions	500	–	42	–	542
	Derivative asset – hedging	2,272	–	–	(2,272)	–
	Vessel replacement	591	–	576	–	1,167
	Tax losses	–	–	6,625	–	6,625
<b>Total deferred tax assets</b>		<b>13,115</b>	<b>–</b>	<b>11,142</b>	<b>(2,272)</b>	<b>21,985</b>
<b>Deferred tax liabilities</b>	Consumables	(829)	–	189	–	(640)
	Property, plant and equipment	(9,597)	(102)	(15,477)	–	(25,176)
	Derivative liability – hedging	–	–	–	(1,532)	(1,532)
	Prepayments	(6)	–	–	–	(6)
	Provisions	(993)	–	283	–	(710)
<b>Total deferred tax liabilities</b>		<b>(11,425)</b>	<b>(102)</b>	<b>(15,005)</b>	<b>(1,532)</b>	<b>(28,064)</b>
<b>Net deferred</b>		<b>1,690</b>	<b>(102)</b>	<b>(3,863)</b>	<b>(3,804)</b>	<b>(6,079)</b>

1. Tax bases without an asset carrying amount include vessel replacement, Terminal 3, Geelong Port and Edgewater Hotel.

2. Capital works in progress (CWIP).

## A4 Cash flows

### Cash flows from operating activities

The reconciliation of profit for the year to net cash provided by operating activities at the reporting date is shown below.

	2024	2023
	\$'000	\$'000
<b>Cash provided by operating activities</b>		
<b>(Loss)/profit for the year</b>	<b>(13,113)</b>	<b>8,569</b>
Income tax expense/(benefit)	<b>(5,607)</b>	<b>3,691</b>
(Gain)/loss on the sale of assets	(17)	(44)
Asset fair value (increment)/decrement	11,213	(6,350)
Depreciation	6,701	6,790
Depreciation of right-of-use asset	20,148	19,698
Amortisation	828	1,412
Income tax paid/(received)	–	(954)
Interest on leases and unwinding of discount of restoration provisions	–	13,974
Movements in working capital		
(Increase)/decrease in trade and other receivables	3,740	1,913
(Increase)/decrease in inventories	(908)	496
(Increase)/decrease in prepaid expenses and other assets	(2,118)	(3,943)
Increase/(decrease) in trade and other payables	14,942	3,300
Increase/(decrease) in contract and other liabilities	(584)	7,386
Increase/(decrease) in provisions <sup>1</sup>	(8,404)	437
<b>Net cash from/(used by) operating activities</b>	<b>26,821</b>	<b>56,375</b>

1. Excluding movements in provisions through equity.

### Cash flows from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	\$'000	\$'000	\$'000
Reconciliation of liabilities 2024	Borrowings	Leases	Total
<b>Balance at 1 July</b>	<b>203,575</b>	<b>349,297</b>	<b>552,872</b>
Proceeds from borrowings	383,549	–	<b>383,549</b>
Cash repayments (excluding interest)	(4,919)	(9,267)	(14,186)
<b>Total changes from financing cash flows<sup>1</sup></b>	<b>378,630</b>	<b>(9,267)</b>	<b>369,363</b>
<b>Non-cash changes</b>			
New leases	–	190	190
Changes in fair value	–	(40)	(40)
Total liability changes	–	150	150
<b>Balance as at 30 June</b>	<b>582,205</b>	<b>340,180</b>	<b>922,385</b>

	\$'000	\$'000	\$'000
Reconciliation of liabilities 2023	Borrowings	Leases	Total
<b>Balance at 1 July</b>	<b>–</b>	<b>39,470</b>	<b>39,470</b>
Proceeds from borrowings	203,575	–	203,575
Cash repayments (excluding interest)	–	(20,562)	(20,562)
<b>Total changes from financing cash flows<sup>1</sup></b>	<b>203,575</b>	<b>(20,562)</b>	<b>183,013</b>
<b>Non-cash changes</b>			
New leases	–	316,609	316,609
Changes in fair value	–	(137)	(137)
Total liability changes	–	316,473	316,473
<b>Balance as at 30 June</b>	<b>203,575</b>	<b>349,297</b>	<b>552,872</b>

1. Does not include movements in equity or investing financing activities



## B – Asset platform and operating liabilities

This section analyses the primary elements of the asset platform used to generate the Company's financial performance and the operating liabilities incurred as a result. Employee-related liabilities are discussed in note C1 'Employee provisions', and deferred tax assets and liabilities are discussed in note A3 'Taxation'.

### B1 Cash, cash equivalents and investments

The composition of cash and cash equivalents at the reporting date was as follows.

	2024	2023
Cash and cash equivalents	\$'000	\$'000
Cash on hand	31	40
Cash at bank	39,937	77,182
<b>Total cash and cash equivalents</b>	<b>39,968</b>	<b>77,222</b>

During the reporting period further instalments totalling \$358.8 million were paid for contracts to build new vessels. The vessel replacement fund contributed \$41.6 million in the prior year.

Total unrestricted cash and cash equivalents at the reporting date were \$ 39.9 million (2023: \$77.2 million).

### Recognition and measurement

Cash and cash equivalents include cash on hand and in banks, as well as investments in short-term money market instruments (less than three months), net of outstanding bank overdrafts that are readily convertible to known amounts of cash, and are subject to an insignificant risk of change in value.

### B2 Receivables, and financial and other assets

The following table shows the composition of trade and other receivables at the reporting date.

	2024	2023
Trade and other receivables	\$'000	\$'000
Trade receivables	12,114	15,640
Allowance for expected credit losses	–	–
<b>Total trade receivables</b>	<b>12,114</b>	<b>15,640</b>
Other receivables	3,274	3,488
<b>Total trade and other receivables</b>	<b>15,388</b>	<b>19,128</b>

The trade receivable balances in the following table have been reviewed and expected credit losses (ECLs) have not been deemed to be material as a result of the Company's analysis at the reporting date.

	2024	2023
Ageing past due but not impaired	\$'000	\$'000
Not past due	12,790	13,299
0–30 days	1,739	5,626
31–60 days	319	43
>60 days	540	160
<b>Total ageing including past due but not impaired</b>	<b>15,388</b>	<b>19,128</b>

The composition of financial assets at the reporting date is shown below.

	2024	2023
Financial assets	\$'000	\$'000
Derivative asset – fuel and foreign currency hedge <sup>1</sup>	785	10,847
<b>Total financial assets</b>	<b>785</b>	<b>10,847</b>
Settled within 12 months	785	9,607
Settled greater than 12 months	–	1,240
<b>Total financial assets</b>	<b>785</b>	<b>10,847</b>

1. Refer to section D 'Funding structure, financial assets and risk management' for further details regarding derivative assets.

The composition of other assets at the reporting date is shown below.

	2024	2023
<b>Other assets</b>	<b>\$'000</b>	<b>\$'000</b>
Prepaid and other expenses	8,107	6,051
<b>Total other assets</b>	<b>8,107</b>	<b>6,051</b>
Current	8,107	6,051
Non-current	–	–
<b>Total other assets</b>	<b>8,107</b>	<b>6,051</b>

## Recognition and measurement

The Company recognises impairment allowances for ECLs on financial assets measured at cost. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, an informed credit assessment and forward-looking information.

Before accepting any new customers, the Company conducts credit and reference checks to assess the potential customer's credit quality and defines credit limits on a customer-by-customer basis. Credit limits attributed to customers are reviewed regularly. The industry has returned to pre-pandemic levels, as have customers' trading patterns and behaviours. There is an overall ageing improvement trend for trade receivables in the current year.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted to the end of the reporting period. The concentration of credit risk is limited due to the large and unrelated customer base.

At the reporting date, no material receivables were individually determined to be impaired. Additional provisions regarding extending payment timeframes have been allowed to support businesses that are working with the Company to resolve any financial challenges. As a result, there has been no material movement in the allowance for doubtful debts during the year. Accordingly, the Directors believe no further credit provision is required in excess of the allowance for impairment.

The average credit period taken on all sales of goods and services was 20 days (2023: 22 days). No interest is charged on trade receivables.

Trade and other receivables are financial assets. Refer to note D5 'Recognition and measurement of non-derivative financial instruments' for recognition and measurement criteria.

Refer to note D3 'Financial risk management objectives' for further discussion on how the Company manages its credit risk.

The recognition and measurement criteria for other assets are disclosed in section D 'Funding structure, financial assets and risk management'.

## B3 Property, plant and equipment

The reconciliation of the opening and closing balances of property, plant and equipment at 30 June 2024 is shown below.

	Vessels at fair value (Level 3)	Leasehold improvements at cost	Plant and equipment at cost	Buildings at fair value (Level 3) <sup>1</sup>	Freehold land at cost	Construction works in progress at cost	Total
<b>Property, plant and equipment</b>							
Gross book value	174,558	56,257	15,038	–	–	442,707	688,560
Accumulated depreciation	–	(15,693)	(13,494)	–	–	–	(29,187)
<b>Closing net book value at 30 June 2023</b>	<b>174,558</b>	<b>40,564</b>	<b>1,544</b>	<b>–</b>	<b>–</b>	<b>442,707</b>	<b>659,373</b>
Net book value 1 July 2022	165,332	2,350	1,705	1,997	500	155,096	326,980
Movements in net book value							
Acquisitions	1,602	39,595	888	64	–	287,611	329,760
Major cyclical maintenance	8,210	–	–	–	–	–	8,210
Disposals	–	–	(312)	–	–	–	(312)
Depreciation and amortisation	(5,955)	(1,381)	(737)	(98)	–	–	(8,171)
Reclassification as asset held for sale	–	–	–	(2,944)	(500)	–	(3,444)
Asset revaluation	5,369	–	–	981	–	–	6,350
<b>Closing net book value at 30 June 2023</b>	<b>174,558</b>	<b>40,564</b>	<b>1,544</b>	<b>–</b>	<b>–</b>	<b>442,707</b>	<b>659,373</b>
<b>Property, plant and equipment</b>							
Gross book value	165,116	48,959	17,866	–	–	880,251	1,112,192
Accumulated depreciation	–	(9,235)	(14,114)	–	–	–	(23,349)
<b>Closing net book value at 30 June 2024</b>	<b>165,116</b>	<b>39,724</b>	<b>3,752</b>	<b>–</b>	<b>–</b>	<b>880,251</b>	<b>1,088,843</b>
Net book value 1 July 2023	174,558	40,564	1,544	–	–	442,707	659,373
Movements in net book value							
Acquisitions	671	830	2,974	26	–	437,544	442,045
Major cyclical maintenance	5,870	–	–	–	–	–	5,870
Disposals	–	(8,128)	(146)	–	–	–	(8,274)
Depreciation and amortisation	(4,969)	6,458	(620)	–	–	–	869
Reclassification as asset held for sale	–	–	–	(26)	–	–	(26)
Asset revaluation	(11,014)	–	–	–	–	–	(11,014)
<b>Closing net book value at 30 June 2024</b>	<b>165,116</b>	<b>39,724</b>	<b>3,752</b>	<b>–</b>	<b>–</b>	<b>880,251</b>	<b>1,088,843</b>

1. Buildings include buildings and equipment held at the Edgewater Hotel for the prior year. As at 30 June 2023 the Edgewater Hotel and its building and equipment were reclassified as assets held for sale.

## Recognition and measurement

The Company's property, plant and equipment classifications and the measurement method used for each are as follows.

### *Fair value:*

- vessels
- buildings

### *Cost:*

- leasehold improvements
- plant and equipment
- freehold land
- construction works in progress.

### **Fair value**

Fair value of an asset or liability (including property plant and equipment) is determined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability, takes place either in the principal market or, in the absence of a principal market, in the most advantageous market.

For property, plant and equipment, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of property, plant and equipment, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows.

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities the Company can access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the property, plant and equipment, either directly or indirectly.
- **Level 3:** Unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Vessels and buildings are recorded in the statement of financial position at fair value under AASB 13 *Fair Value Measurement*. To maintain the currency of these asset valuations, vessels are revalued every year.

For the year ending 30 June 2024, the fair value of the vessels has been determined with reference to valuations provided by third-party valuers. The Company engaged independent valuers to undertake vessel valuations.

In estimating the fair value of these assets, the Company uses observable market data to the extent that it is available. Where observable market data is not available, the Company engages qualified third-party valuers to perform valuations. The Company works closely with the qualified external valuers to establish the appropriate valuation techniques and significant observable inputs into the valuation model.

A decrease in the carrying amount arising on revaluation is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

A revaluation increase is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss. In that case, the increase is credited to profit or loss to the extent of the decrease previously expensed. In this regard, \$111.4 million of impairment expense has been recognised in profit or loss in previous years relating to the current vessels and Edgewater Hotel. This may be credited to profit in future periods should the fair value of the vessels exceed the carrying amount as at the date of measurement for future reporting.

Depreciation on revalued assets is recognised in profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.



## Current valuations

### Vessels

Mason Shipbrokers Limited and Simsonship AB provided independent valuations of the vessels at 30 June 2024. As the prevailing market for these types of vessels is predominantly in Europe, the valuation is provided in euros and translated at the prevailing exchange rate at the date when the fair value was measured. No allowance was made for transport costs as these cannot be reliably determined.

The valuation of each vessel, in Australian dollars, decreased from \$87.3 million to \$82.6 million between 2023 and 2024. The value in euros has decreased from €53.5 million to €51.5 million. The \$9.4 million decrease in the fair value of both vessels was the result of an unfavourable movement in the Australian dollar and euro exchange rate and a decrease in the valuation. In addition to the \$9.4 million decrease in fair value for both vessels during the year, the vessels were depreciated \$5.0 million during the year and underwent \$6.5 million worth of improvements and periodic maintenance. The result of these movements was an \$11.0 million vessel revaluation decrement, which is recognised in the statement of profit or loss.

If the vessels plus any additions (excluding periodic maintenance) had been carried at cost, the depreciated carrying value of both vessels would be \$178.2 million.

### Buildings

The Edgewater Hotel land, building and equipment assets were reclassified as assets held for sale when the Board approved the sale of Edgewater Hotel in June 2023.

An agreement to sell Edgewater Hotel was signed in early 2024 with a settlement date of 30 June 2024. Edgewater Hotel and its associated buildings and equipment are reported as assets held for sale and reported at market value. Settlement was delayed until 12 July 2024.

Asset revaluation recognised in profit or loss	2024 \$'000	2023 \$'000
<i>Vessels</i>		
Increase/(decrease) in fair value	(9,442)	9,226
Improvements and periodic maintenance	(6,541)	(9,812)
<b>Gross revaluation (decrement)</b>	<b>(15,983)</b>	<b>(586)</b>
Depreciation	4,969	5,955
Vessel revaluation recognised in profit or loss	–	–
<b>Asset revaluation</b>	<b>(11,014)</b>	<b>5,369</b>
<i>Buildings</i>		
Increase in fair value	–	743
Improvements	–	(141)
<b>Gross revaluation (decrement)/increment</b>	<b>–</b>	<b>602</b>
Depreciation	–	380
<b>Building revaluation recognised in profit or loss</b>	<b>–</b>	<b>981</b>
<i>Assets held for sale</i>		
Increase in fair value	(173)	–
<i>Additions</i>	(26)	–
<b>Gross revaluation (decrement)/increment</b>	<b>(199)</b>	<b>–</b>
<b>Total asset revaluation recognised in profit or loss</b>	<b>(11,213)</b>	<b>6,350</b>

### Construction works in progress

Construction works in progress reflects cost incurred to date for the new vessel build and port infrastructure projects.

Contract progress payments incurred to date for the vessel build have been classified as construction works in progress (CWIP) assets, along with other capital expenditure associated with planning and building the vessels.

Under the contract for construction of the vessels, legal ownership remains with RMC until the Company has verified that the vessels are fit for purpose. Notwithstanding RMC's retention of ownership, the Company has recognised payments made to date as CWIP, on the basis that the Company intends to take ownership of the vessels when construction is complete.

CWIP for vessels has been recognised on the basis of instalments paid, which may not reflect the actual percentage of construction as at the reporting date.

Payments for the planning, design and development of port infrastructure in Devonport have been classified as CWIP assets. Once complete and operational, these assets will be recognised as leasehold improvements.

### **Depreciation**

Depreciation is recognised to write off the cost or valuation of assets (other than freehold land and properties under construction that are not depreciated), less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and the effect of any change is recognised on a prospective basis.

Each vessel undergoes major cyclical maintenance in alternate years. In accordance with the Company's depreciation policy, the total cyclical maintenance costs are capitalised and depreciated 50 per cent in the year incurred and 50 percent the following year.

The following useful lives are used to calculate depreciation in both the current and prior years.

Leasehold improvements	12–40 years
Buildings	30 years
Vessels	28 years
Plant and equipment	3–10 years

### **Estimations**

Estimations of the vessels' useful lives and residual value are key judgements in the financial statements.

The residual value of the vessels has also been revised with consideration for their current market value and remaining useful life. The estimated residual value has decreased from \$85.3 million to \$82.4 million per vessel.

A 10 per cent increase in the residual value of the vessels would result in nil depreciation in the statement of profit or loss, and no change in the carrying value of property, plant and equipment in the statement of financial position, as the residual value would have increased to an amount greater than the carrying amount of the vessels. A 10 per cent decrease in the residual value of the vessels would result in an \$8.5 million increase in depreciation in the statement of profit or loss and a corresponding \$8.5 million decrease in the carrying value of property, plant and equipment in the statement of financial position.

A one-year increase or decrease in the vessels' remaining estimated economic life would result in a

\$0.6 million decrease or \$1.9 million increase in depreciation in the statement of profit or loss, and a corresponding \$0.6 million increase or \$1.9 million decrease in the carrying value of property, plant and equipment in the statement of financial position.

### **Derecognition of property, plant and equipment**

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising from the disposal or retirement of an item of property, plant or equipment is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in profit or loss.

### **Capital expenditure**

As at the reporting date, the Company had committed capital expenditure for the vessels' new build and port infrastructure projects of \$186.3 million (2023: \$501.1 million on dry docking and new build).

### **B4 Right-of-use assets**

The Company has operating leases that relate to the dock areas at its Devonport and Geelong terminals, its satellite office in Melbourne, and its information technology (IT) hardware and gym equipment. All leases are non-cancellable. The weighted average remaining lease term is 26 years.

The reconciliation of the opening and closing balances of right of use assets at the reporting date is shown below.

	Land and buildings \$'000	Equip- ment \$'000	Total \$'000
<b>Right-of-use assets</b>			
Balance at 1 July 2023	333,919	2,461	336,380
Depreciation and amortisation charge for the year	(19,562)	(585)	(20,147)
Additions to right-of-use assets	–	190	190
Re-measurement of assets	(24)	–	(24)
<b>Balance at 30 June 2024</b>	<b>314,333</b>	<b>2,066</b>	<b>316,399</b>

	Land and buildings \$'000	Equip- ment \$'000	Total \$'000
<b>Right-of-use assets</b>			
Balance at 1 July 2022	38,999	15	39,014
Depreciation and amortisation charge for the year	(19,562)	(136)	(19,698)
Additions to right-of-use assets	313,818	2,582	316,400
Re-measurement of assets	664	–	664
<b>Balance at 30 June 2023</b>	<b>333,919</b>	<b>2,461</b>	<b>336,380</b>

## Recognition and measurement

Right-of-use assets comprise the initial measurement of the corresponding lease liability plus lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or the useful life of the underlying asset, whichever period is shorter. Depreciation starts at the commencement date of the lease.

### B5 Intangible assets – software

The reconciliation of the opening and closing balances of intangible assets at the reporting date is shown below.

	2024 \$'000	2023 \$'000
<b>Intangible assets – software</b>		
Gross book value	9,556	8,927
Accumulated amortisation	(8,724)	(8,412)

Closing net book value at 30 June	832	515
<b>Opening net book value at 1 July</b>	515	75
Acquisitions	629	471
Amortisation	(312)	(31)
<b>Closing net book value at 30 June</b>	<b>832</b>	<b>515</b>

## Recognition and measurement

### Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost, less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life of these assets. The estimated useful life and amortisation method are reviewed at the end of each reporting period, and the effect of any changes in the estimate is accounted for on a prospective basis.

The Company does not recognise a separate intangible asset for software as a service agreements, as the agreements do not allow the Company to control the software. Because control of the software remains with the software provider, the Company recognises software as a service as a prepayment and expenses this over the contract term.

### Useful life

The calculation for amortisation of software is based on a useful life of 3–10 years.

### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

### B6 Assets held for sale

During the prior reporting period, the Board decided to sell Edgewater Hotel, including its land, buildings and equipment. Following an expression of interest process, a contract was negotiated during the current reporting period, with a settlement date of 30 June 2024. The land, buildings and equipment were revalued to fair value at 30 June 2024. Settlement was delayed until 12 July 2024.

## Recognition and measurement

A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and the fair value less costs to sell, and is not subject to depreciation. Non-current assets, disposal groups and related liabilities are treated as current, and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset sale (or disposal group sale) is expected to be completed within 12 months of the date of classification.

	2024	2023
Asset held for sale	\$'000	\$'000
Opening assets held for sale at 1 July	3,444	–
Internal transfer from land	–	500
Internal transfer from buildings and equipment	26	2,944
Asset revaluation	(199)	–
<b>Total assets held for sale at 30 June</b>	<b>3,271</b>	<b>3,444</b>

## B7 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets for indications that they have suffered an impairment loss. If there is any such indication, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or are otherwise allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of the fair value and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is

recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see note B3 'Property, plant and equipment').

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. However, it is done in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

An impairment assessment for construction work in progress had been completed for the value at the reporting date, with no impairment indicators identified.

## B8 Inventories

The composition of inventories at the reporting date is shown below.

	2024	2023
Inventories	\$'000	\$'000
Marine fuel	2,531	2,135
Maintenance stock	1,922	1,354
Food and beverage stock	596	659
<b>Total inventories</b>	<b>5,049</b>	<b>4,148</b>

## Recognition and measurement

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories, less all estimated completion costs and necessary costs to make the sale.

Inventory costs are determined on a first-in, first-out basis.

The cost of inventories recognised as an expense during the period in respect of continuing operations was \$101.7 million (2023: \$91.2 million).



## B9 Payables, and financial and other liabilities

The composition of trade and other payables and financial and other liabilities at the reporting date is shown below.

	2024	2023
	\$'000	\$'000
<b>Trade and other payables</b>		
Trade and other payables	47,319	17,464

	2024	2023
	\$'000	\$'000
<b>Financial and other liabilities</b>		
Financial liabilities (hedging instruments)	2,217	5,742
Other liabilities	102	164
<b>Total financial and other liabilities</b>	<b>2,319</b>	<b>5,906</b>
Current	2,296	5,872
Non-current	23	34
<b>Total financial and other liabilities</b>	<b>2,319</b>	<b>5,906</b>

### Recognition and measurement

Trade payables are carried at the amount owing to counterparties for goods and services provided, which is the invoice amount that remains unpaid. It includes domestic and international non-interest-bearing creditors.

The average credit period received on purchases of goods and services was 29 days (2023: 22 days). The Company has financial risk management policies in place to ensure payables are paid within pre-arranged credit terms where practical.

The recognition and measurement criteria for derivative financial instruments are disclosed as part of section D 'Funding structure, financial assets and risk management'.

## B10 Lease liability

At the inception of a contract, the Company assesses whether the contract is or contains a lease. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (leases with terms of less than 12 months) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The Company has operating leases that relate to the dock areas at the Company's Devonport and Geelong terminals, its satellite office in Melbourne, and its IT hardware and gym equipment. All leases are non-cancellable. The weighted average remaining lease term is 26 years

	2024	2023
	\$'000	\$'000
<b>Amounts recognised in statement of cash flows</b>		
Total cash outflow for leases	9,267	20,562

	Under 1 year	1-5 years	After 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>Minimum lease payments</b>				
As at 30 June 2024				
Lease payments	29,043	85,050	586,245	700,338
Finance charges	(18,510)	(68,963)	(272,685)	(360,158)
<b>Net present value</b>	<b>10,533</b>	<b>16,087</b>	<b>313,560</b>	<b>340,180</b>

	Under 1 year	1-5 years	After 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>Minimum lease payments</b>				
As at 30 June 2023				
Lease payments	27,960	95,562	604,009	727,531
Finance charges	(18,707)	(70,380)	(289,147)	(378,234)
<b>Net present value</b>	<b>9,253</b>	<b>25,182</b>	<b>314,862</b>	<b>349,297</b>

	2024	2023
	\$'000	\$'000
<b>Lease liabilities</b>		
<b>Total lease liabilities</b>	<b>340,180</b>	<b>349,297</b>
Current lease liabilities <sup>1</sup>	10,533	27,960
Non-current lease liabilities	329,647	321,337
<b>Total lease liabilities</b>	<b>340,180</b>	<b>349,297</b>

1. Current year lease liability represents the present value of instalments due in the next 12 months, this is a change in measurement from the prior year where the current liability was represented by lease payments due in the next 12 months.

### Recognition and measurement

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16 Leases.

#### The Company as lessor

The Company leases space at the Geelong Terminal to a third party for the operation of a cafe. This is considered a low value lease.

### **The Company as lessee**

At the commencement, or on the modification, of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for property leases, the Company has elected not to separate non-lease components, but to instead account for the lease and non-lease components as a single lease component.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from TASCORP, the financing arm of the Tasmanian Government, and adjusting for the interest margin the Company would expect to pay to borrow for a similar term, secured against a similar class of asset in a similar economic environment.

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

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Company is reasonably certain it will exercise; lease payments in an optional renewal period if the Company is reasonably certain it will exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain it will not terminate

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in

an index or rate; if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; if the Company changes its assessment of whether it will exercise a purchase, extension or termination option; or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### **Extension options**

Some property and equipment leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. At the lease commencement date, the Company assesses whether it is reasonably certain it will exercise the extension options. If there is a significant event or significant changes in circumstances within its control, the Company reassesses whether it is reasonably certain it will exercise the options.

### **Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including some IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Information about leases for which the Company is a lessee is presented below.

	2024	2023
<b>Amounts recognised in profit or loss relating to lease liabilities</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Leases under AASB 16</b>		
Interest on lease liabilities	18,711	13,896
Expenses relating to short-term leases	163	411
Expenses relating to leases of low-value assets, excluding short-term leases of low value	294	338
<b>Expenses from leasing activities</b>	<b>19,168</b>	<b>14,645</b>

## B11 Other provisions

### Restoration

Provisions for the costs to restore leased plant and property assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at Managements' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

A provision has been recognised in respect of the restoration of the TasPorts Devonport Berth No. 1 East site in accordance with the lease agreement. The provision is an estimate, based on management's judgement, of the expected outflow of economic benefits at the conclusion of the lease. The TasPorts lease for this site expires in June 2026.

In accordance with the lease agreement no restoration provision has been recognised for the Geelong Port site.

A provision has been recognised in respect of payroll tax and workers compensation insurance. The provision is an estimate of the payroll tax and workers compensation insurance payable in respect of employee annual leave and long service leave taking into account relevant inflation, discount and probability rates.

	2024	2023
<b>Restoration provision</b>	<b>\$'000</b>	<b>\$'000</b>
Discounted balance at 1 July	9,537	8,888
Additions to restoration provision	–	400
Re-measurement of liability	–	41
Interest/unwinding of discount charge for the year	35	208
Restoration provision settled	(8,900)	–
<b>Balance at 30 June</b>	<b>672</b>	<b>9,537</b>

## Employee on-costs

Provision for employee on-costs includes the estimate of future employment costs associated with employee leave provisions including payroll tax and workers compensation. These estimates are reviewed regularly and aligned, where appropriate, with probability and discount factors associated with employee leave provisions.

	2024	2023
<b>Employee on-costs</b>	<b>\$'000</b>	<b>\$'000</b>
Discounted balance at 1 July	1,428	–
Additions to on-cost provisions	257	1,428
<b>Balance at 30 June</b>	<b>1,685</b>	<b>1,428</b>

	2024	2023
<b>Other provisions</b>	<b>\$'000</b>	<b>\$'000</b>
Restoration	672	9,537
Employee on-costs	1,685	1,428
<b>Total other provisions</b>	<b>2,357</b>	<b>10,965</b>
Current	1,558	10,219
Non-current	799	746
<b>Total other provisions</b>	<b>2,357</b>	<b>10,965</b>

## B12 Contract liabilities

Revenue received in advance occurs when payment for services has been received from an external party, but the associated service have not yet been performed.

Revenue has been received in advance for 36,634 bookings (2023: 38,482) for future sailings and the ageing profile at the reporting date is shown below.

	2024	2023
<b>Revenue received in advance</b>	<b>\$'000</b>	<b>\$'000</b>
Ageing profile		
Overpaid	14	29
1–3 months	14,585	14,591
4–6 months	13,627	14,687
6–12 months	11,962	11,465
>12 months	–	–
<b>Total revenue in advance</b>	<b>40,188</b>	<b>40,772</b>

Revenue received in advance and reported at 30 June 2024 has either been recognised as revenue or refunded according to the Company's agreed terms and conditions

## C – People

This section describes a range of employment and post-employment benefits provided to our people.

### C1 Employee provisions

The components of employee provisions at the reporting date are shown below.

	2024	2023
Provisions	\$'000	\$'000
Workers compensation <sup>1</sup>	587	1,805
Long service leave	8,589	8,240
Annual leave	8,281	7,547
Defined benefit obligation <sup>2</sup>	6,183	5,666
<b>Total provisions</b>	<b>23,640</b>	<b>23,258</b>
Current	16,555	16,550
Non-current	7,085	6,708
<b>Total provisions</b>	<b>23,640</b>	<b>23,258</b>

1. The provision for workers compensation represents the best estimate of the future outflows relating to workers compensation claims. The estimate is based on information received at the end of the reporting period.

2. See note C4 'Post-employment benefits'.

3. On-costs for payroll tax and workers compensation were not included in the Company's employee benefits provision. The closing balances for 2023 have been restated.

### Recognition and measurement

Provisions are recognised when the Company has a present obligation, legal or constructive, due to a past event; when it is probable that the Company will be required to settle the obligation; and when the amount of the obligation can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the

obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Benefits accruing to employees in respect of wages and salaries, annual leave and long service leave are recognised as liabilities when it is probable that settlement will be required, and the benefits are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their current values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows the Company will make in respect of services provided by employees up to the reporting date.

Payments to defined contribution retirement plans are expensed when employees have rendered service entitling them to these contributions. Further details of recognition, measurement and key estimates are provided in note C4 'Post-employment benefits', regarding provision for defined benefit contributions.



## C2 Director and key management personnel compensation

The aggregate compensation made to Directors and other key management personnel is shown below.

	Director remuneration <sup>1</sup>		Executive remuneration <sup>2</sup>		Total	
	2024	2023	2024	2023	2024	2023
Director and key management personnel compensation	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	328	317	3,718	3,544	4,046	3,861
Post-employment benefits	34	32	309	280	343	312
Long-term benefits	–	–	133	20	133	20
Termination benefits	–	–	–	216	–	216
<b>Total</b>	<b>362</b>	<b>349</b>	<b>4,160</b>	<b>4,060</b>	<b>4,522</b>	<b>4,409</b>

1. Director remuneration short-term employee benefits include Directors' fees and committee fees. No other benefits were paid during the current or prior year. Post-employment benefits represent superannuation contributions.

2. Executive remuneration short-term employee benefits include base salary, incentive payments, vehicles, other benefits and other non-monetary benefits. Post-employment benefits represent superannuation contributions and other long-term employee benefits, including leave movements. Termination benefits include all forms of benefits paid or accrued as a consequence of termination.

### Remuneration principles

No key management personnel appointed during the period received a payment as part of their consideration for agreeing to hold the position.

#### Non-executive Directors

Non-executive Directors are appointed by the Tasmanian Treasurer and the Tasmanian Minister for Transport. Each instrument of appointment prescribes a maximum period of three years and the relevant remuneration provisions. Directors can be reappointed.

The level of fees paid to Directors is administered by the Tasmanian Government's Department of Premier and Cabinet, as are additional fees paid for Directors' 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 by, or paid to, Directors. Directors are entitled to reimbursement of expenses incurred while attending to Board business.

Directors' remuneration is reviewed periodically, and any increases are subject to approval by the Treasurer and the Minister for Transport.

#### Key management personnel

The Company has a Board-endorsed remuneration policy that is consistent with the Tasmanian Department of Treasury and Finance's guidelines for Director and executive remuneration dated June 2021. Under these

guidelines, the remuneration band for the CEO is determined by the Treasurer. 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 CEO's remuneration.

The CEO is appointed by the Board. The Board consults with the Treasurer when determining the CEO's remuneration package.

The employment terms and conditions of senior executives are contained in individual employment contracts and prescribe total remuneration, superannuation, annual and long service leave, non-cash benefits and vehicle provisions.

Standard terms of employment for new senior executives include termination clauses that require the senior executive to provide a three-month notice period with the Company to provide a minimum six-month notice period before terminating the contract.

The performance and remuneration package of each senior executive, including the CEO, is reviewed annually.

### **Incentive payments**

The CEO and executive-level employees are eligible for a short-term incentive payment subject to meeting agreed key performance indicators. These indicators are set by the Board with individual performance objectives identified through the TT4Me process. Individual objectives are aligned to the Company's strategic objectives and business performance results across a mix of corporate and individual measures.

Short-term incentive payments are those that depend on achieving specified performance goals within specified timeframes. These payments are non-recurrent and are capped at a percentage of annual base salary that is approved by the Company's Board Remuneration Committee. This cap was 15 per cent for the 2023/24 financial year.

The CEO conducts annual formal performance appraisals of all direct-reporting senior executive team members, the outcomes of which support any incentive payment.

The following short-term incentive payments were awarded during the current year for performance in the previous reporting year.

<b>Short-term incentives</b>	<b>2024</b>	<b>2023</b>
Mr D Collett	–	26,858
Mr N Harriman	33,509	37,126
Ms K Holandsjo	27,520	27,441
Ms A Johnson	22,221	23,135
Mr S Maycock	21,632	–
Mr J McGrath	19,851	41,117
Mr R Hall	36,683	40,600
Ms E Panos	21,227	20,515
Ms K Sayers	42,863	44,851
Mr M Stanton	23,497	–
Mr I Whitechurch	24,305	24,401

### **Termination benefits**

There were no termination payments made in the current financial year.

A termination payment of \$203,000 was made to Mr Davis during the prior financial year. Mr Davis ceased employment in November 2022. The termination payment represented the balance of accrued leave entitlements of \$86,000 and 6 months' pay in lieu of notice per existing Employment Agreement of \$117,000.

A termination payment of \$13,000 was made to Mr Collett during the prior financial year. Mr Collett ceased employment in January 2023. The termination payment represented the balance of accrued leave entitlements.

### **Acting arrangements**

When key management personnel are unable to fulfil their duties, consideration is given to appointing another senior staff member to their position during their absence.

Individuals are considered key management personnel when acting arrangements are in place for a period of more than one month, and the role has been fully delegated to the individual.

## Directors' remuneration

The remuneration details for each person who acted as a Director during the current and previous financial years are shown below.

<b>2024 Director remuneration<sup>1</sup></b>	<b>Period</b>	<b>Directors' fees \$'000</b>	<b>Committee fees \$'000</b>	<b>Superannuation<sup>2</sup> \$'000</b>	<b>Total \$'000</b>
<b>Non-executive Directors</b>					
Mr M Grainger – Chairman	Full term	85	5	10	100
Mr D Bugg	Full term	43	11	6	60
Capt R Burgess	Full term	43	–	4	47
Ms H Galloway	Full term	43	5	5	53
Ms A McMahon	Full term	43	–	4	47
Ms Y Rundle	Full term	43	7	5	55
<b>Executive Director<sup>3</sup></b>					
Mr B Dwyer – CEO	Full year	–	–	–	–
<b>Total</b>		<b>300</b>	<b>28</b>	<b>34</b>	<b>362</b>

<b>2023 Director remuneration<sup>1</sup></b>	<b>Period</b>	<b>Directors' fees \$'000</b>	<b>Committee fees \$'000</b>	<b>Superannuation<sup>2</sup> \$'000</b>	<b>Total \$'000</b>
<b>Non-executive Directors</b>					
Mr M Grainger – Chairman	Full term	85	5	10	100
Mr D Bugg	Full term	43	–	4	47
Capt R Burgess	Full term	43	–	4	47
Ms H Galloway	Full term	43	5	5	53
Ms A McMahon	Full term	43	–	4	47
Ms Y Rundle	Full term	43	7	5	55
<b>Executive Director<sup>3</sup></b>					
Mr B Dwyer – CEO	Full year	–	–	–	–
<b>Total</b>		<b>300</b>	<b>17</b>	<b>32</b>	<b>349</b>

1. Amounts are all forms of consideration paid, payable or provided by the Company –disclosure is made on an accrual basis at 30 June.

2. Superannuation means the contribution to the individual's superannuation fund.

3. The CEO does not receive additional remuneration in his capacity as an Executive Director.

## Executive remuneration

The remuneration details for each person who acted as a senior executive during the current and previous financial years are shown below.

	Base salary <sup>2</sup>	Incentive payments <sup>3</sup>	Superannuation <sup>4</sup>	Vehicles <sup>5</sup>	Other monetary benefits <sup>6</sup>	Other non-monetary benefits <sup>7</sup>	Total remuneration	Termination benefits <sup>8</sup>	Other long-term benefits <sup>9</sup>	Total
2024 executive remuneration <sup>1</sup>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Mr B Dwyer CEO (full year)	477	–	27	35	2	–	541	–	47	588
Mr N Bailey Chief Information Officer (full year)	200	–	23	30	–	–	253	–	21	274
Capt R Hall General Manager Marine Operations (full year)	294	37	29	44	1	–	405	–	17	422
Mr N Harriman General Manager Retail and Hospitality (full year)	262	34	29	19	1	4	349	–	13	362
Ms K Holandsjo <sup>10</sup> General Manager Passenger Sales (full year) with acting arrangements	234	28	27	22	1	25	337	–	9	346
Ms A Johnson General Manager Port Operations (full year)	189	22	23	28	1	–	263	–	(24)	239
Mr S Maycock General Counsel/Company Secretary (full year)	180	21	23	30	1	2	257	–	(2)	255
Mr J McGrath <sup>11</sup> Chief Operating Officer (full year)	331	20	27	7	1	1	387	–	27	414
Ms E Panos General Manager Marketing (full year)	193	21	24	27	–	–	265	–	(14)	251
Ms K Sayers Chief Financial Officer (full year) <sup>12</sup>	317	43	29	36	1	–	426	–	12	438
Mr M Stanton <sup>13</sup> General Manager Human Resources (full year)	188	24	23	19	–	–	254	–	17	271
Mr I Whitechurch General Manager Freight Sales (full year)	207	24	25	31	1	2	290	–	10	300
<b>Total</b>	<b>3,072</b>	<b>274</b>	<b>309</b>	<b>328</b>	<b>10</b>	<b>34</b>	<b>4,027</b>	<b>–</b>	<b>133</b>	<b>4,160</b>



	Base salary <sup>2</sup>	Incentive payments <sup>3</sup>	Superannuation <sup>4</sup>	Vehicles <sup>5</sup>	Other monetary benefits <sup>6</sup>	Other non-monetary benefits <sup>7</sup>	Total remuneration	Termination benefits <sup>8</sup>	Other long-term benefits <sup>9</sup>	Total
<b>2023 executive remuneration<sup>1</sup></b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Mr B Dwyer CEO (full year)	464	—	25	35	1	—	525	—	40	565
Mr N Bailey Chief Information Officer (from May 2023)	19	—	2	3	—	—	24	—	2	26
Mr D Collett Chief Information Officer (to January 2023)	124	27	16	25	—	5	197	13	(18)	192
Mr P Davis Head of Strategic Projects (to November 2022)	66	—	19	10	—	41	136	203	(98)	241
Capt R Hall General Manager Marine Operations (full year)	285	41	25	44	1	—	396	—	6	402
Mr N Harriman General Manager Retail and Hospitality (full year)	255	37	25	16	5	3	341	—	22	363
Ms K Holandsjo <sup>10</sup> General Manager Passenger Sales (full year)	204	27	24	12	1	—	268	—	6	274
Ms A Johnson General Manager Port Operations (full year)	184	23	22	28	1	—	258	—	17	275
Mr S Maycock General Counsel/Company Secretary (full year)	175	—	18	29	—	1	223	—	9	232
Mr J McGrath <sup>11</sup> General Manager Human Resources (to February 2023) Chief Operating Officer (from March 2023)	309	41	25	33	1	1	410	—	(6)	404
Ms E Panos General Manager Marketing (full year)	187	20	22	27	1	—	257	—	8	265
Ms K Sayers Chief Financial Officer (full year)	308	45	25	36	1	—	415	—	10	425
Mr M Stanton General Manager Human Resources (from February 2023)	72	—	8	18	—	1	99	—	4	103
Mr I Whitechurch General Manager Freight Sales (full year)	201	24	24	25	1	—	275	—	18	293
<b>Total</b>	<b>2,853</b>	<b>285</b>	<b>280</b>	<b>341</b>	<b>13</b>	<b>52</b>	<b>3,824</b>	<b>216</b>	<b>20</b>	<b>4,060</b>

1. Amounts are all forms of consideration paid, payable or provided by the Company; disclosure is made on an accrual basis and includes all accrued benefits as at 30 June.

2. Base salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

3. Incentive payments are paid in cash and are short term incentives. Short-term incentive payments are non-recurrent payments that depend on the employee achieving specified performance goals within specified timeframes. Short-term incentive payments are capped at 15 per cent of total remuneration.

4. Superannuation means a contribution to the individual's superannuation fund.

5. Vehicle benefits include the personal use of motor vehicles (calculated as the fringe benefits tax (FBT) taxable value of the personal use component plus the FBT paid) and any vehicle allowance paid to an employee. The current year benefit is calculated using an estimate for financial year costs, the prior year is based on the actual 23/24 FBT year. The timing change has not resulted in a material difference and the prior year was not restated.

6. Other monetary benefits includes all other forms of employment allowances (excluding expense reimbursements) and other compensation paid and payable, including living away from home allowance and salary continuance insurance.

7. Other non-monetary benefits includes all other benefits that are part of the total remuneration package for the purposes of assessing compliance with the remuneration guidelines plus the FBT expense paid in relation to the benefits provided.

8. Termination benefits includes all forms of benefit paid or accrued as a consequence of termination.

9. Other long-term benefits includes annual leave and long service leave provision movements. Negative movements in non-monetary benefits are

### C3 Related-party transactions

Except for the details disclosed in this note, no key management personnel entered into a material contract with the Company during the reporting period and there were no material contracts involving Directors' interests at the end of the reporting period.

Transactions with related parties are on normal commercial terms and conditions are no more favourable than those available to other parties.

During the reporting period, the Company paid \$90,000 (2023: \$90,000) in sponsorship to the Tourism Industry Council Tasmania. Mr Bernard Dwyer, a Director of the Company, is also a Director of the Tourism Industry Council Tasmania, for which he received no remuneration.

During the reporting period, the company paid \$19,500 for Mrs D Grainger to attend the launch of Spirit of Tasmanian IV in the official capacity of Godmother of the Vessel. Mrs D Grainger is a related party of the Company's Chairman, Mr M Grainger.

a result of employee provisions being used or no longer required due to an employee's departure. Prior year movements included estimates for workers compensation and payroll tax which are not employee benefits. Current year opening balances have been restated, the impact on total remuneration for the prior year was not material and the balances have not been restated.

10. Ms K Holandsjo was key management personnel for the full year. She worked part time in the previous reporting period.

Ms Holandsjo was acting Chief Operating Officer from March 2024 to May 2024 while Mr McGrath was on extended leave. Ms Holandsjo was General Manager of Marketing from May 2024 to the reporting date, and continues in this role, while Ms Rojas is on extended leave

11. Mr J McGrath acted in the temporary role of Chief Operating officer for the full year while the Company completed key strategic projects.

12. Ms K Sayers' substantive role is Chief Financial Officer, but is also joint Company Secretary and performs these functions when required to cover periods of leave.

13. Mr M Stanton acted as General Manager of Human Resources while Mr J McGrath was Interim Chief Operations Officer.

During the previous reporting period, the Company paid \$384,840 for the provision of goods to Liferaft Systems Australia Pty Ltd. Mr Michael Grainger, a Director of the Company, is also a Director and Shareholder of Liferaft Systems Australia Pty Ltd, for which he received remuneration. The Company did not make any payments to Liferaft Systems Australia Pty Ltd during the current reporting period.

## C4 Post-employment benefits

The Company has employees who belong to the Retirement Benefits Fund (RBF). The RBF provides defined benefits based on years of service and final average salary. No other post-retirement benefits are provided to these employees.

The components of net defined benefit liability at the reporting date are shown below.

	2024	2023
<b>Reconciliation of the net defined benefit liability</b>	<b>\$'000</b>	<b>\$'000</b>
Defined benefit obligation	7,299	6,926
Fair value of scheme assets	(1,116)	(1,260)
<b>Net defined benefit liability</b>	<b>6,183</b>	<b>5,666</b>
Current	375	180
Non-current	5,808	5,486
<b>Net defined benefit liability</b>	<b>6,183</b>	<b>5,666</b>

	2024	2023
<b>Reconciliation of the defined benefit obligation</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Present value of defined benefit obligation at the beginning of the period</b>	<b>6,926</b>	<b>7,202</b>
Current service cost	111	117
Interest cost	388	382
Contributions by plan participants	37	36
Actuarial (gains)/losses arising from changes in demographic assumptions	–	(25)
Actuarial (gains)/losses arising from changes in financial assumptions	133	(298)
Actuarial (gains)/losses arising from liability experience	(180)	(334)
Benefits paid	(114)	(153)
Estimated taxes, premiums and expenses paid	(2)	(1)
<b>Present value of defined benefit obligation at the end of the period</b>	<b>7,299</b>	<b>6,926</b>

	2024	2023
<b>Reconciliation of the fair value of scheme assets</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Fair value of fund assets at the beginning of the period</b>	<b>1,260</b>	<b>1,289</b>
Interest income	71	69
Actual return on plan assets less interest income	(226)	(86)
Employer contributions	90	106
Contributions by plan participants	37	36
Benefits paid	(114)	(153)
Taxes, premiums and expenses paid	(2)	(1)
<b>Fair value of fund assets at the end of the period</b>	<b>1,116</b>	<b>1,260</b>

	2024	2023
<b>Reconciliation of the net defined benefit liability</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Net defined benefit liability at the beginning of the period</b>	<b>5,666</b>	<b>5,913</b>
Current service cost	111	117
Net interest	317	313
Actual return on plan assets less interest income	226	86
Actuarial (gains)/losses arising from changes in demographic assumptions	–	(25)
Actuarial (gains)/losses arising from changes in financial assumptions	133	(298)
Actuarial (gains)/losses arising from liability experience	(180)	(334)
Employer contributions	(90)	(106)
<b>Present value of defined benefit obligation at the end of the period</b>	<b>6,183</b>	<b>5,666</b>

## Plan information

Members of the Contributory Scheme receive lump-sum or pension benefits on retirement, death, invalidity or reaching preservation age after resignation. The Contributory Scheme is closed to new members.

## Regulatory framework

The RBF Scheme (the Scheme) operates under the *Public Sector Superannuation Reform Act 2016* (Tas) and the *Public Sector Superannuation Reform Regulations 2017* (Tas) as amended from time to time.

Although the Scheme is not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Tasmanian Government has undertaken (in a Heads of Government Agreement) to operate the Scheme in accordance with the spirit of the SIS legislation, as far as practicable.

As an exempt public sector superannuation scheme (as defined in the SIS legislation), the Scheme is not subject to any minimum funding requirements.

The RBF is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* (Cth) such that the RBF's taxable income is taxed at a concessional rate of 15 per cent. However, the RBF is also a public sector superannuation scheme, which means that employer contributions may not be subject to the 15 per cent tax (if the Tasmanian Government and RBF elect) up to the amount of 'untaxed' benefits paid to members in the year.

## Governance responsibilities

The Superannuation Commission has fiduciary responsibility for, and oversees the administration of, the Scheme. The day-to-day running of the Scheme is managed by the Office of the Superannuation Commission, within the Tasmanian Department of Treasury and Finance.

## Recognition and measurement

### Valuation techniques

The Company uses valuation techniques to determine the defined benefit obligation.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations carried out at the end of each annual reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest) is reflected immediately in the statement of financial position, with a charge or credit recognised in other comprehensive income

in the period in which it occurs. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not to be reclassified to profit or loss.

Past service costs are recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as:

- service costs (including current and past service costs, as well as the effect of settlements and/or curtailments, if any, during the year)
- net interest (notional interest on the Scheme's assets and liabilities)
- remeasurement.

<b>Components of defined benefit costs recognised in profit or loss</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Current service	111	117
Net interest	317	313
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>428</b>	<b>430</b>

The Company presents the above two components of defined benefit costs in profit or loss in the line items 'employee benefit expenses', 'finance costs' and 'investment revenue and foreign currency gains'. Curtailment gains and losses are accounted for as past service costs.

The Company presents the following components in other comprehensive income.

<b>Components recognised in other comprehensive income</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Actuarial (gains)/losses arising from changes in demographic assumptions	–	(25)
Actuarial (gains)/losses arising from changes in financial assumptions	133	(298)
Actuarial (gains)/losses arising from liability experience	(180)	(334)
Actual return on plan assets less interest income	226	86
<b>Components of defined (benefit)/cost recognised in other comprehensive income</b>	<b>179</b>	<b>(571)</b>

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### **Risks**

The Scheme exposes the Company to several risks. The more significant risks relating to the defined benefits are:

- **investment risk** – the risk that investment returns will be lower than assumed, and employers will need to increase contributions to offset this shortfall over the long term
- **salary growth risk** – the risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and the associated employer contributions over the long term

- **inflation risk** – the risk that inflation will be higher than anticipated, increasing pension payments and the associated employer contributions over the long term
- **benefit options risk** – the risk that a greater proportion of members who joined before 1 July 1994 will elect the pension option, which is generally more costly than the alternative lump-sum option
- **pensioner mortality risk** – the risk that pensioner mortality rates will be lower than expected, resulting in pensioners being paid for a longer period
- **legislative risk** – the risk that legislative changes will increase the cost of providing the defined benefits.

### **Significant events**

There were no Scheme amendments affecting the defined benefits payable, or curtailments or settlements, during the year.



### **Fair value of fund assets**

The fair value of fund assets does not include amounts relating to:

- the Company's own financial instruments
- property occupied, or other assets used, by the Company.

Assets are not held separately for each reporting entity, such as TT-Line, but are held for the fund as a whole. The fair value of Scheme assets for each reporting entity was estimated by allocating the total fund assets in proportion to the value of each reporting entity's funded liabilities, calculated using the assumptions outlined in the report prepared by the State's actuary (Mercer), dated 15 July 2024, with the exception of the discount rate. For the purposes of allocating assets to each reporting entity, the State's actuary has used the government bond yield of 4.55 per cent, to be consistent with the allocation of assets reported to the Tasmanian Department of Treasury and Finance.

### **Fair value of Scheme assets**

The table below summarises the fair value of funds' assets attributable to the Company's obligation and the basis upon which those assets have been valued.

	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant observable inputs (Level 2)</b>	<b>Unobservable inputs (Level 3)</b>	<b>Total</b>
<b>2024<sup>1</sup></b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Asset category</b>				
Cash and cash equivalents	–	–	–	–
Equity instruments (Australia)	–	195	–	195
Equity instruments (international)	–	242	–	242
Infrastructure	–	45	131	176
Diversified fixed interest	–	249	–	249
Property	–	18	156	174
Alternative investments	–	80	–	80
<b>Total</b>	<b>–</b>	<b>829</b>	<b>287</b>	<b>1,116</b>

1. Estimated based on assets allocated to the Company at 30 June 2024 and asset allocation of the Contributory Scheme at 30 June 2023.

### Significant actuarial assumptions at the reporting date

The following assumptions were used to determine the defined benefit obligations.

Assumptions to determine defined benefit cost and start of year defined benefit obligation	2024	2023
	%	%
Discount rate (active members)	5.70	5.35
Discount rate (pensioners)	5.70	5.35
Expected salary increase rate	3.50	3.50
Expected compulsory preserved amount increase rate	3.50	5.50
Expected pension increase rate	3.50 <sup>1</sup>	5.50

1. Expected rate is 3.50 per cent for 30 June 2024 and 30 June 2025, 3.0 per cent for 30 June 2026, and then 2.5 per cent per annum.

Assumptions to determine end of year defined benefit obligation	2024	2023
	%	%
Discount rate (active members)	5.55	5.70
Discount rate (pensioners)	5.55	5.70
Expected salary increase rate	3.50	3.50
Expected compulsory preserved amount increase rate	3.50	3.50
Expected pension increase rate	3.50 <sup>1</sup>	3.50

1. Expected rate is 3.50 per cent for 30 June 2024, 3.0 per cent for 30 June 2025 and then 2.50 per cent per annum.

### Sensitivity analysis

The defined benefit obligation at 30 June 2024 is presented below under several scenarios. Scenarios A and B relate to discount rate sensitivity, while scenarios C and D relate to expected pension increase rate sensitivity. They are:

- Scenario A: 1.00 per cent per annum lower discount rate assumption
- Scenario B: 1.00 per cent per annum higher discount rate assumption
- Scenario C: 1.00 per cent per annum lower expected pension increase rate assumption
- Scenario D: 1.00 per cent per annum higher expected pension increase rate assumption.

	Discount rate % pa	Pension increase rate % pa	Defined benefit obligation \$'000
Base case	5.55	2.50	7,299
Scenario A	4.55	2.50	8,306
Scenario B	6.55	2.50	6,486
Scenario C	5.55	1.50	6,695
Scenario D	5.55	3.50	8,026

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, while retaining all other assumptions.

The pension increase assumptions in the above table are long term pension increase assumptions. Higher rates are assumed for the next two years. In scenarios C and D, both the short term and long term assumptions have been adjusted.

### Asset and liability matching strategies

The Company is not aware of any asset and liability matching strategies adopted by the RBF.

### Funding arrangements

The employer contributes a percentage of each lump sum or pension benefit payment. This percentage may be amended by the assigned Minister on the advice of the State's actuary.

	2025
<b>Expected employer contributions</b>	<b>\$'000</b>
Expected employer contributions in 2025	375

### Maturity profile of the defined benefit obligation

The weighted average duration of the defined benefit obligation for the Company is 13.8 years.

### Reconciliation of the effect of the asset ceiling

The asset ceiling has no impact on the net defined benefit liability.

## D – Funding structure, financial assets and risk management

Due to the nature of its operations, the Company is exposed to multiple forms of risk. This section sets out the nature and size of the financial risks and their management. It also sets out the strategies and practices the Company uses to minimise its exposure to these risks.

### D1 Capital management

The Company's capital structure at the reporting date consists of net cash (cash and cash equivalents and investments) and the equity of the Company (comprising issued capital, contributed capital, reserves and retained earnings), with a net equity position at the reporting date of \$444.1 million (2023: \$461.9 million).

The Company has an unlimited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and a right to dividends.

	2024	2023
Share capital	\$'000	\$'000
<b>Ordinary shares</b>		
fully paid 328,981,119	328,981	328,981
<b>(2023: 328,981,119)</b>		

There were no equity contributions in the current year. In the prior year the Company received \$41.6 million contributed equity from the legislated vessel replacement fund. No additional voting rights were issued.

	2024	2023
Contributed equity	\$'000	\$'000
Contributed equity 1 July	191,602	150,013
Equity contributions	–	41,589
<b>Total contributed equity 30 June</b>	<b>191,602</b>	<b>191,602</b>

The Company manages its capital to ensure it will be able to continue as a going concern while maximising the benefit to stakeholders. The Company's overall strategy remains unchanged from 2023.

The Company is not subject to any externally imposed capital requirements.

### D2 Borrowings

All borrowings (excluding credit card facilities) have been transacted through TASCORP and are secured by a floating charge on all present and future trade and other receivables.

### Master loan facility agreement

The Company has a master loan facility agreement (MLFA) with TASCORP. This agreement covers a number of borrowing covenants the Company must operate within including interest ratio limits, non TASCORP permitted third party debt limits and asset movements.

All MLFA covenants are closely monitored. The interest coverage ratio was breached in June 2024. TASCORP and the Directors were advised of the breach.

	2024	2023
Borrowings	\$'000	\$'000
Overnight	–	–
Borrowings	582,205	203,575
<b>Total borrowings</b>	<b>582,205</b>	<b>203,575</b>
Current	47,205	3,575
Non-current	535,000	200,000
<b>Total financial and other liabilities</b>	<b>582,205</b>	<b>203,575</b>

### Unused borrowing facilities at balance date

	Limit	Drawn	Un-drawn
2023	\$'000	\$'000	\$'000
TASCORP working capital facility	45,000	–	45,000
TASCORP master loan facility	700,000	203,575	496,425
Credit card facilities	124	33	91
<b>2024</b>			
TASCORP working capital account	45,000	–	45,000
TASCORP master loan facility	990,000	582,205	407,795
Credit card facilities	124	39	85

## Recognition and measurement

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Non-current borrowings are those borrowings with a maturity beyond one year of the reporting date. All borrowings that are not non-current borrowings are current borrowings.

Interest is expensed or capitalised as it accrues. There have been no defaults or breaches of the loan agreement during the period.

On 8 January 2024, the Treasurer signed a Deed of Guarantee in relation to the borrowings of the Company from the Tasmanian Public Finance Corporation. The Guarantee supports borrowings of \$990 million for the vessel replacement and infrastructure projects and \$45 million to support ongoing operations.

Total interest capitalised in relation to infrastructure projects for the year was \$19,940 million at a capitalisation rate of 6.53 per cent (including the Tasmanian Treasury guarantee fee and net of interest received). An adjustment was made to capitalise prior year interest of \$1.336 million and the same capitalisation rate, this has been reflected in the current year results.

### D3 Financial risk management objectives

The Company is exposed to financial risks including market risk (such as marine fuel price risk), foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Company seeks to minimise the effect of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's Board-approved policy, which provides written principles on foreign currency exchange risk, interest rate risk, marine fuel price risk, credit risk, the use of financial derivatives and non-financial derivative instruments, and the investment of excess liquidity.

Internal auditors review compliance with the policy and exposure limits on a planned basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company's treasury function provides services to the business co-ordinates access to financial markets and monitors and manages the financial risks relating to the Company's operations, through internal risk reports that analyse exposures by degree and magnitude of risk. Treasury reports regularly to the Board.

## Market risk management

The Company is exposed to market risk in the areas of foreign exchange and marine fuel price. The Company is exposed to cash flow variability in operating expenditure attributable to the purchase price of marine fuel. This variability is mainly caused by movements in the:

- price of marine fuel (denominated in US dollars)
- US and Australian dollar foreign exchange rate.

In line with the Board-approved hedging strategy to manage the risks associated with fluctuations in the price of marine fuel, the Company enters into marine fuel swaps to exchange the US dollar-denominated floating price, which is based on the Mean of Platts Singapore Gasoil 10ppm index, into an Australian dollar-denominated fixed price.

The Company has contracted for the construction of two replacement vessels, which is payable in euros and is therefore exposed to market risk arising due to foreign exchange rates. The Company has entered into forward contract arrangements with TASCORP to manage the risks associated with fluctuations in foreign currency exchange rates.

During the reporting period, there was no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

### Fuel price sensitivity analysis

The table below summarises the potential impact of reasonably possible changes in the US dollar price of marine fuel on net profit and equity for the period ended 30 June 2024. This only reflects the impact on the financial instrument and does not reflect the cost change of marine fuel as a whole.

The sensitivity analysis assumes a 10 per cent increase or decrease in the price of marine fuel, holding all other variables (such as exchange rates, designations and hedge effectiveness testing results) constant.

Marine fuel price	Net profit		Equity	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
10% increase (favourable)	4,052	3,209	2,938	3,517
10% decrease (unfavourable)	(4,049)	(3,209)	(2,938)	(3,517)

### Exchange rate sensitivity analysis

The following table summarises the potential impact of reasonably possible changes in foreign currency exchange rates on net profit and equity for the period ended 30 June 2024 and comparative period. This analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a change in foreign currency rates only.

The sensitivity analysis assumes a 10 per cent increase or decrease in the currency units against the relevant foreign currencies, holding all other variables (such as fuel price, designations and hedge effectiveness testing results) constant.

US\$/A\$ exchange rate	Net profit		Equity	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
10% increase (unfavourable)	(3,681)	(2,918)	(2,672)	(3,197)
10% decrease (favourable)	4,502	3,566	3,265	3,908

€/A\$ exchange rate	Net profit		Equity	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
10% increase (unfavourable)	(35,376)	(23,473)	(15,791)	(67,230)
10% decrease (favourable)	43,157	28,689	15,142	20,015

### Foreign currency risk management

In addition to the market risk regarding foreign currency risk on marine fuel purchases, the Company also undertakes certain transactions denominated in foreign currencies, which result in exposure to exchange rate fluctuations.

In accordance with its treasury policy, the Company enters into forward exchange contracts to manage its exposure to exchange rate fluctuations.

### Interest rate risk management

Interest rate risk for the Company is the risk of a reduction in earnings and/or net present value of the Company due to adverse movements in interest rates.

The Company has an approved borrowings facility with TASCORP to support the new build and port

infrastructure projects. Drawdowns on this facility are aligned with projected contractual payments. Interest rate risk is being managed primarily by varying maturity dates and repayment profiles, and locking in rates for these periods.

### Interest rate sensitivity analysis

The sensitivity to movements in interest rates has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis is prepared assuming the amount of cash at the end of the reporting period was applicable for the whole year. An increase or decrease of 50 basis points (bp) is used when reporting interest rate risk internally to key management personnel, representing Management's assessment of the reasonably possible change in interest rates.

If deposit interest rates had been 50 bp higher or lower and all other variables were held constant, the Company's profit for the reporting period would have increased or decreased by \$0.3 million (2023 increased or decreased by \$0.5 million). This is mainly attributable to the Company's exposure to interest rates on variable rate cash deposits.

If borrowing interest rates had been 50 bp higher or lower and all other variables were held constant, the Company's borrowing costs for the reporting period would have increased or decreased by \$1.9 million (2023 increased or decreased by \$0.2 million). This is attributable to the Company's exposure to the treasury guarantee fee and floating and fixed borrowings.

	Borrowings	50 bp increase	50 bp decrease
	\$'000	\$'000	\$'000
2024 borrowings and interest sensitivity	580,000	(1,881)	1,881
2023 borrowings and interest sensitivity	203,575	(161)	161

### Credit risk management

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations, resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continually monitored, and the aggregate values of concluded transactions are spread among approved counterparties.



Refer to note B2 'Receivables, and financial and other assets' for details of the Company's policies relating to the impairment of receivables. The Company has assessed the debts that are past due and determined that a loss allowance for ECL is not necessary at the reporting date.

The Company has entered contracts for the construction of two replacement vessels and has made instalment payments under these contracts. Under the contract terms, in the event that the supplier breaches its obligations, instalments made will become refundable to the Company. The Company is exposed to credit risk whereby the supplier may be unable to make refund payments to the Company to the value of instalments made. To mitigate this risk, the supplier is contractually required to issue refund guarantees from a highly rated institution to guarantee a refund for any instalments made where the supplier is in breach of its contractual obligations.

Credit risk relating specifically to hedging is mitigated by restricting dealings to highly rated Australian and international banks and/or marine fuel suppliers. Each quarter, a review confirms that counterparties' credit standings have not deteriorated in a way that might impact their ability to meet their obligations under their agreement. A similar review is undertaken before entering into any new agreement.

To the extent that it becomes probable that a counterparty will default, the hedge relationship is no longer expected to be highly effective and hedge accounting would be discontinued.

Trade receivables involve a large number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. The Company does not have significant credit risk with any single counterparty.

The credit risk related to liquid funds is limited, as the counterparties are Australian banks with high credit ratings.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking into account the value of any collateral obtained.

The Company further reduces the risk associated with financial assets by holding marine fuel hedges with more than one counterparty .

## Liquidity risk management

The Board has ultimate responsibility for liquidity risk management. It has established an appropriate liquidity risk management framework for managing the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and by continually monitoring forecast and actual cash flows and matching the maturing profiles of financial assets and liabilities.

## D4 Using derivatives to hedge risk

The Company uses derivative financial instruments to manage its exposure to marine fuel and foreign currency risks.

The table below shows the Company's derivative financial instruments designated as cashflow hedges relating to future marine fuel purchases and foreign currency forward exchange contracts at the reporting date.

	2024	2023
<b>Derivative financial assets</b>	<b>\$'000</b>	<b>\$'000</b>
Marine fuel hedge	785	28
Foreign currency hedge	–	10,819
<b>Total derivative financial assets</b>	<b>785</b>	<b>10,847</b>

	2024	2023
<b>Derivative financial liabilities</b>	<b>\$'000</b>	<b>\$'000</b>
Marine fuel hedge	370	5,742
Foreign currency hedge	1,847	–
<b>Total derivative financial liabilities</b>	<b>2,217</b>	<b>5,742</b>

The table below identifies the impact of these cash flow hedges on equity during the reporting period.

	2024	2023
<b>Cash flow hedging reserve</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at the beginning of the period	3,575	(5,302)
Effective portion of changes in fair value of cash flow hedge	(12,254)	4,894
Ineffective portion of changes in fair value of cash flow hedge recognised in the statement of profit or loss	–	–
Transfer of hedge reserve to the statement of profit or loss and comprehensive income	5,715	7,787
<b>Net impact on equity before tax</b>	<b>(6,539)</b>	<b>12,681</b>
Deferred tax liability arising on market valuation	1,962	(3,804)
<b>Net impact on equity after tax</b>	<b>(4,577)</b>	<b>8,877</b>
<b>Balance at the end of the period</b>	<b>(1,002)</b>	<b>3,575</b>

## Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into. They are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is immediately recognised in profit or loss, unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives are classified as financial assets or financial liabilities at fair value through profit or loss (FVTPL).

### Hedge accounting

The Company designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives in respect of foreign currency and marine fuel risk as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with the Company's risk management objectives and strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument used in a hedging relationship is effective in offsetting changes in the fair values or cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and is accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'other gains' or 'other losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the statement of profit or loss as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship because the hedging instrument has expired, or when the hedging instrument is sold, terminated or exercised, or it no longer qualifies for hedge accounting. Any gain or loss in other income

and accumulated in equity at that time remains in equity and is acknowledged when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

To reduce the risk of hedge ineffectiveness occurring the Company only hedges the fuel type to be consumed and consumption volumes that are approved based on the future sailing strategy (noting that treasury threshold limits are also in place). Foreign currency hedges are only entered into when signed contracts are in place and the currency hedged is the currency designated in the contract.

### **Valuation**

The fair value of marine fuel hedging instruments is based on mark-to-market valuation reports provided by relevant counterparties. The difference between the contractual forward price and the mid-market settlement rate at the close of trade on the relevant day determines the

respective cash flows for the relevant periods. These cash flows are discounted to determine the mark-to-market value for each period.

The fair value of foreign currency forward exchange contracts is based on the mark-to-market valuation of these contracts. Future cash flow estimates are based on the difference between forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates.

Derivative instruments are carried at fair value.

The following tables provide an analysis of the derivative financial instruments measured subsequent to initial recognition at fair value, grouped into three levels based on the degree to which the fair value is observable.

	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs	Total
<b>2024</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Financial assets at FVTPL</i>				
Marine fuel hedge	–	785	–	785
Foreign currency hedge	–	–	–	–
<b>Total financial assets at FVTPL</b>	<b>–</b>	<b>785</b>	<b>–</b>	<b>785</b>
<i>Financial liabilities at FVTPL</i>				
Marine fuel hedge	–	(370)	–	(370)
Foreign currency hedge	–	(1,847)	–	(1,847)
<b>Total financial liabilities at FVTPL</b>	<b>–</b>	<b>(2,217)</b>	<b>–</b>	<b>(2,217)</b>

	Quoted prices in active markets for identical assets	Significant observable inputs	Unobservable inputs	Total
<b>2023</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Financial assets at FVTPL</i>				
Marine fuel hedge	–	28	–	28
Foreign currency hedge	–	10,819	–	10,819
<b>Total financial assets at FVTPL</b>	<b>–</b>	<b>10,847</b>	<b>–</b>	<b>10,847</b>
<i>Financial liabilities at FVTPL</i>				
Marine fuel hedge	–	(5,742)	–	(5,742)
Foreign currency hedge	–	–	–	–
<b>Total financial liabilities at FVTPL</b>	<b>–</b>	<b>(5,742)</b>	<b>–</b>	<b>(5,742)</b>

There were no transfers between levels during the reporting period.

## Derivative financial instruments

For hedges of highly probable forecast purchases, with the critical terms (the notional amount, life and timing) of marine fuel and foreign exchange forward contracts and their corresponding hedged items being the same, the Company performs a qualitative assessment of effectiveness. It is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to movements in the underlying rates.

The liquidity of the fuel hedging and foreign currency forward exchange instruments is assessed at each effectiveness measurement date. Changes in the fair value of the fuel hedging instrument arising from any deterioration in its liquidity will be incorporated into the effectiveness testing based on the hypothetical derivative method. Any resulting ineffectiveness will be immediately recorded in the statement of profit or loss. In this respect, the hypothetical derivative will be a highly liquid instrument.

Counterparty risk was considered when measuring the effectiveness of the hedging instruments at 30 June 2024. The Company's policies regarding credit and liquidity risk management have ensured that the effect of counterparty risk is immaterial.

The following tables indicate the periods in which cash flows associated with derivatives that are used as cash flow hedges are expected to occur.

		Under 1 year	1–5 years	More than 5 years	Total
2024 – Expected cash flows	Average rate	\$'000	\$'000	\$'000	\$'000
<b>Marine fuel hedge</b>					
Assets (\$ per metric tonne)	\$1,107	785	–	–	785
Liabilities ( \$ per metric tonne)	\$1,107	(370)	–	–	(370)
<b>Forward exchange contract</b>					
Assets (A\$/€)	–	–	–	–	–
Liabilities (A\$/€)	\$0.6106	(1,847)	–	–	(1,847)

		Under 1 year	1–5 years	More than 5 years	Total
2023 – Expected cash flows	Average rate	\$'000	\$'000	\$'000	\$'000
<b>Marine fuel hedge</b>					
Assets (\$ per metric tonne)	\$1,052	28	–	–	28
Liabilities ( \$ per metric tonne)	\$1,052	(5,73)	(11)	–	(5,74)
<b>Forward exchange contract</b>					
Assets (A\$/€)	\$0.6214	9,579	1,240	–	10,819
Liabilities (A\$/€)	–	–	–	–	–



## D5 Recognition and measurement of non-derivative financial instruments

The Company's non-derivative financial instruments at the reporting date are shown below.

	2024	2023
<b>Financial assets</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	39,968	77,222
Trade and other receivables	15,388	19,128
<b>Total financial assets</b>	<b>55,356</b>	<b>96,350</b>

	2024	2023
<b>Financial liabilities</b>	<b>\$'000</b>	<b>\$'000</b>
Trade and other payables	47,319	17,464
Borrowings	582,205	203,575
<b>Total financial liabilities</b>	<b>629,524</b>	<b>221,039</b>

### Recognition and measurement

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at FVTPL are recognised immediately in profit or loss.

#### **Financial assets**

Financial assets are classified as financial assets at FVTPL, as financial assets at other comprehensive income or as amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognised and derecognised on a trade-date basis.

The effective interest method is a way of calculating the amortised cost of debt instruments and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the debt instrument (or a shorter period, where appropriate) to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis for debt instruments, other than those financial assets classified at FVTPL.

Financial assets classified as amortised cost include trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets, other than those classified at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises and makes allowances for ECLs for all debt financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows and the cash flows the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, the Company applies a simplified approach in calculating ECLs recognising a loss allowance based on lifetime ECLs at each reporting date. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, an informed credit assessment and forward-looking information.

The carrying amount of the financial assets is directly reduced the impairment loss for all financial assets, except for trade receivables, where the carrying amount is reduced by using an allowance account. When the trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### **Financial liabilities and equity instruments**

Debt and equity instruments are classified as either financial liabilities or equity, in accordance with the substance of the contractual arrangement.

Financial liabilities are classified as subsequently measured at amortised cost or FVTPL.

Financial liabilities subsequently measured at amortised cost are measured using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a way of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability (or a shorter period, where appropriate) to the net carrying amount on initial recognition.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

The Company derecognises financial liabilities when, and only when, its obligations are discharged or cancelled, or they expire. The difference between the carrying amount of the derecognised financial liability and the consideration paid and payable is recognised in profit or loss.

The fair value and net fair value of financial assets and financial liabilities are determined as follows.

- The fair value of financial assets and financial liabilities with standard terms and conditions that are traded on active liquid markets is determined with reference to quoted market prices
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices from observable current market transactions.

The Directors believe the valuation techniques and assumptions used are appropriate for determining the fair value of the Company's financial instruments.

At the reporting date, the carrying amount of non-derivative financial instruments was equal to the fair value.

## Non-derivative financial instruments

The following tables detail the remaining contractual maturities for the Company's non-derivative financial instruments, together with agreed repayment periods. These tables are based on the undiscounted principal cash flows of financial assets and liabilities and the earliest date on which the Company or counterparty can be required to pay.

	Floating interest rate	Under 1 year	1–5 years	More than 5 years	Non-interest bearing	Total
2024 – Interest rate maturity	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Non-derivative financial assets</i>						
Cash and cash equivalents	39,912	–	–	–	56	39,968
Trade and other receivables	–	–	–	–	15,388	15,388
<b>Total non-derivative financial assets</b>	<b>39,912</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15,444</b>	<b>55,356</b>
<i>Non-derivative financial liabilities</i>						
Trade and other payables	–	–	–	–	47,319	47,319
Borrowings	–	47,205	–	535,000	–	582,205
<b>Total non-derivative financial liabilities</b>	<b>–</b>	<b>47,205</b>	<b>–</b>	<b>535,000</b>	<b>47,319</b>	<b>629,524</b>

	Floating interest rate	Under 1 year	1–5 years	More than 5 years	Non-interest bearing	Total
2023 – Interest rate maturity	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Non-derivative financial assets</i>						
Cash and cash equivalents	77,182	–	–	–	40	77,222
Trade and other receivables	–	–	–	–	19,128	19,128
<b>Total non-derivative financial assets</b>	<b>77,182</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>19,168</b>	<b>96,350</b>
<i>Non-derivative financial liabilities</i>						
Trade and other payables	–	–	–	–	17,464	17,464
Borrowings	–	3,575	–	200,000	–	203,575
<b>Total non-derivative financial liabilities</b>	<b>–</b>	<b>3,575</b>	<b>–</b>	<b>200,000</b>	<b>17,449</b>	<b>221,039</b>

## **E – Additional information**

This section includes additional information that is required under accounting standards.

### **E1 Auditor's remuneration**

The auditor of the Company is the Tasmanian Audit Office. Fees charged for auditing the current year's financial report were \$100,000 (2023: \$90,000).

### **E2 Contingent assets and liabilities**

The Company does not have any material contingent assets or liabilities as at 30 June 2024.

Prior-year matters were resolved during the reporting period.

### **E3 Other accounting policies**

#### **Accounting for goods and services tax**

Revenues, expenses and assets are recognised net of goods and services tax (GST), except:

- where the GST incurred is not recoverable from the taxation authority, which is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- for receivables and payables, which are recognised as including GST.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

#### **Current/non-current classification**

Assets are disclosed as current when they are expected to be converted to cash or receivable within 12 months of the close of the reporting period.

Liabilities are disclosed as current when they are due within 12 months of the close of the reporting period.

## Adoption of new and revised Australian Accounting Standards

The Company has adopted all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related Assets and Liabilities arising from a Single Transaction
- AASB 2022-7 Editorial corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

The adoption of the new and revised Standards and amendments does not have a material impact on the financial statements of the Company.

## New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective that are relevant to the Company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<i>AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current</i>	1 July 2024	30 June 2025
<i>AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date</i>		
<i>AASB 2022-6 Amendments of Australia Accounting Standards – Non-current Liabilities with Covenants</i>		

The potential impact of the revised Standards and Interpretations on the Company's financial statements has not yet been determined.

In addition, at the date of authorisation of the financial statements the following IFRS Accounting Standards and IFRS Interpretations Committee Interpretations were on issue but not yet effective and equivalent Australian Standards and Interpretations have not yet been issued:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<i>IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information</i>	1 January 2024	30 June 2025
<i>IFRS S2 Climate-related Disclosures</i>	1 January 2024	30 June 2025

The potential impact on the Company's financial statements of IFRS S1 and S2 has not yet been determined. The impact will be assessed in conjunction with the Company's review of the Australian Sustainability Reporting Standards (ASRS) that is currently being developed.



