Delivering for Queensland

Annual Report
2019/2020

Gladstone Ports Corporation

Growth, prosperity, community.

Contents

Welcome to **our year in review**

INDIGENOUS ACKNOWLEDGEMENT

Gladstone Ports Corporation acknowledges Australia's Aboriginal and Torres Strait Islander communities and their rich cultures and pays respect to their Elders past, present and emerging. We acknowledge Aboriginal and Torres Strait Islander peoples as Australia's first peoples and as the Traditional Owners and custodians of the land and water on which we rely.

We acknowledge and pay respect to the First Nations people of the Gladstone, Rockhampton and Bundaberg regions — the Byellee (Bailai), Gurang, Gooreng Gooreng, and Taribelang Bunda peoples.

We recognise and value the ongoing contribution of Aboriginal and Torres Strait Islander peoples and communities to Australian life and how this enriches us. We embrace the spirit of reconciliation, working towards equality of outcomes and ensuring an equal voice.

ABOUT THIS REPORT

Gladstone Ports Corporation (GPC) is a Government Owned Corporation under the *Government Owned Corporations Act 1993* (QLD) (GOC Act).

Our Annual Report summarises the operations, activities and performance of our three ports — Port of Gladstone, Port of Bundaberg and Port of Rockhampton — over the past year (2019/20) and our financial position as at 30 June 2020. This is communicated in a clear and transparent manner, while adhering to the legislative requirements of the G*overnment Owned Corporations Act 1993* and the *Financial Accountability Act 2009* (Qld).

Our Annual Report reflects our sustainability journey and the progress we have made to ensure we are more economically, environmentally and socially sustainable, while safeguarding prosperity for our community, customers and shareholders. Our strong performance is possible due to the continual innovation and commitment to performance demonstrated by the entire organisation. Our report is themed by our values of growth, prosperity and community.

GPC has adopted the Annual Report Requirements for Queensland Government agencies (2019/20 reporting period) for this Annual Report as part of the Queensland Government cost savings initiative.

Port **profile**

VISION, MISSION, VALUES

During 2019/20, we continued to implement our revised corporate vision and mission, our values and our eight guiding principles. This strategic direction represents who we are and who we aspire to be. During 2020/21, we will continue to embed this strategic direction in GPC through a range of communication and education initiatives.

Our vision

To be Australia's premier multi-commodity port.

Our mission

To responsibly manage, develop and facilitate the prosperity of others through operating our port facilities and services in an economically, environmentally and socially sustainable manner.

Our values

Growth – We are absolute in our resolve to make a difference. Better people and brighter prospects for future generations. We are not content to rest — we encourage high performance. Challenge with respect and courage in our endeavour to maximise our ports' contribution. We will always find a way.

Prosperity – We are focused on facilitating prosperity for others that trade through our ports. Through our efforts, our customers, shareholders and ourselves will benefit. We will not take for granted what has been created, we will not let it slip, we are united in maximising the region's prosperity. We are proud people.

Community – We are family. We look out for each other. We are respectful neighbours and contribute to our region. We treat our visitors and customers like we do ourselves. We empower people and avoid harm. We demonstrate humility and strive for our communities' implicit trust. We acknowledge all communities.

Our guiding principles

- We support our customers and shareholders and meet their needs.
- We will ensure efficient and effective port services across our three port precincts.
- We will focus on the future.
- We operate with respect, humility, accountability and transparency.
- We sustain our environments.
- We ensure the safety of all employees, contractors and the community.
- We support and enhance our community.
- We empower our workforce to innovate and improve.

OUR PORTFOLIO

GPC is Australia's premier multi-commodity ports corporation. In 2019/20 our 760 employees focused on promoting, facilitating and developing prosperity for the Central Queensland and Wide Bay Burnett regions.

Our portfolio of assets across three regional locations facilitated trade import and export of raw and finished products from major industries safely and efficiently.

Our ports in Gladstone, Bundaberg and Rockhampton play a distinctive and vital role in facilitating trade, jobs and prosperity for Queensland.

With our deep water harbour in Gladstone, unique three port footprint, significant landholdings and proximity to Asia we are positioning Queensland for a strong future.

Port of Gladstone

Located 525 kilometres (km) north of Brisbane, the Port of Gladstone covers 4,448 hectares (ha) of land — equivalent to more than 6,500 football fields, including more than 700ha of reclaimed land. There are eight main wharf centres, comprising 20 berths.

1. RG Tanna Coal Terminal (RGTCT) — four berths GPC owned and operated.
2. Barney Point Terminal (BPT) — one berth GPC owned and operated.
3. Auckland Point Terminal — four berths GPC owned and operated by others.
4. Fisherman's Landing — four berths operated by multiple companies.
5. South Trees — two berths operated by Queensland Aluminium Limited (QAL).
6. Boyne Wharf — one berth owned by GPC and operated by Boyne Smelters Limited (BSL).
7. Curtis Island LNG Precinct — three berths, separately owned and operated by three Liquefied Natural Gas (LNG) companies:
    a. Australia Pacific LNG (APLNG)
    b. Queensland Curtis LNG (QCLNG)
    c. Gladstone LNG (GLNG)
8. Wiggins Island Coal Terminal — one berth operated by Wiggins Island Coal Export Terminal Pty Ltd (WICET).

Port of Bundaberg

Located 184km south of Gladstone and 377km north of Brisbane, the Port of Bundaberg covers 507ha of land and comprises two wharves.

1. Sir Thomas Hiley Wharf — owned and operated by Sugar Terminals Ltd (STL), handles sugar, gypsum, wood pellets, bulk liquids, molasses and silica sand.
2. John T. Fisher Wharf — handles molasses imports.

Port of Rockhampton

Located 62km south-east of Rockhampton, 597km north of Brisbane and within the Fitzroy River Delta, the Port of Rockhampton covers 5,812ha of land. It comprises two wharf facilities.

1. Berths 1 and 2 — suitable for general cargo operations.
2. Berth 3 — dedicated to tallow, fuel and other cargoes.

PERFORMANCE SNAPSHOT

Table 1: Two-year performance

Indicators	2018/19	2019/20	% Change 2018/19 to 2019/20	Target	% Variance actual to target
Tonnage throughput (Mt)	124.8	122.5	-1.84%	127.8	-4.13%
Lost Time Injury Frequency Rate (LTIFR)	0.82	2.52	+207.32%	0	N/A
Total number of injuries	39	34	-12.82%	0	N/A
Environmental exceedances	3	1	(67)	<10	(90)
Total revenue ($M)	476.4	513.1	7.72%	499.3	2.76%
Earnings Before Interest and Tax (EBIT) ($M)	126.0	152.6	21.11%	139.5	9.38%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) ($M)	221.8	240.3	8.34%	245.6	-2.15%
Total assets ($M)	2,482.3	2,493.1	0.44%	2,689.6	-7.31%
Return on assets (%)	5.1	6.1	20.58%	5.2	18.00%
Capital investment ($M)	70.0	110.4	57.83%	192.6	-42.65%
Dividends ($M)	73.8	79.6	7.76%	72.6	9.53%
Taxes paid to all	42.1	57.1	35.60%	41.8	36.60%

Summary of Statement **of Corporate Intent**

GPC's Statement of Corporate Intent (SCI) is underpinned by strategic risks and opportunities that set our priorities and guide our responses. These key strategic priorities align priorities with responses through a hierarchy of programs, projects and measures underpinning assurance and governance.

We have set a path towards a high-performance culture that will ensure growth, deliver prosperity and support the communities in which we operate.

The sustainable ports mind-set drives everything we do. Our strategy is anchored by strategic pillars of economic, environmental and social sustainability.

2019/20 MAJOR INITIATIVES

Zero harm

- Design and embed safety through the Safety Management Framework | *COMPLETED*
- Adopt high performance and accountability focus for GPC workforce | *ON TARGET*
- Develop an environmental offset strategy and portfolio | *ON TARGET*
- Implement the Corporate Governance Framework | *COMPLETED*
- Implement a revised Enterprise Risk Management Framework | *COMPLETED*

Performance and principles-focused culture

- Corporate leadership development program — high performance focus | *ON TARGET*
- Enterprise agreement (EA20) planned and commenced | *ON TARGET*

Customer experience

- Lead and facilitate effective supply chain relationships and improvement initiatives work beyond the port boundaries | *IN PROGRESS*
- Customer experience and engagement having deliberate ownership in the Corporation | *IN PROGRESS*

Port waterways management – harbours and channels

- Introduce port-wide vetting for all commercial shipping | *IN PROGRESS*
- Establish an integrated Port Management Information System (PMIS) for all three port precincts | *IN PROGRESS*
- Successful completion of the Gatcombe Golding Channel Duplication Environmental Impact Statement | *COMPLETED*
- Deliver the Clinton Vessel Interaction Project (CVIP) | *ON TARGET*
- Successfully map a path for establishment of Targinie Channel dredging | *ON TARGET*

Sustainability

- Adopt GPC Sustainability Strategy 'Pathway to a Sustainable Future' consistent with the United Nations 17 Sustainable Development Goals | *ON TARGET*
- East Shores Stage 1B and Masterplan for future stages | *ON TARGET*

Economic development

- Adaptation program for alternate trades integrated into development plans, aligned to published Port Precinct Development Plans | *IN PROGRESS*
- Lead a regional economic coordination and marketing function beyond just the port, with full stakeholder support | *COMPLETED*
- Port of Gladstone's Land Use Plan | *ON TARGET*
- Auckland Point Cruise Terminal and East Shores precinct infrastructure to promote tourism in the region | *ON TARGET*
- Finalise Cargo Handling and Port Services Agreements for Coal Trade | *ON TARGET*
- Implement a Sustainable Finance Management Strategy | *ON TARGET*

Systems

- Enhance the capabilities of existing enterprise platforms within the business through targeted, strategic Information Systems (IS) projects | *IN PROGRESS*
- Successful delivery of Human Resources Information System (HRIS) | *ON TARGET*
- Finalise scope and program priorities for IS projects in response to cyber security risks | *ON TARGET*

Intergenerational planning

- Alignment and support from Federal and State governments for Development Precinct plans | *ONGOING*
- Publish the 50 Year Strategic Plan | *IN PROGRESS*
- Develop and implement an Asset Management System (AMS) aligned to ISO 55000 | *ON TARGET*

2020/21 STRATEGIC PRIORITIES

Overview of Strategic Priorities

Strategic Priority		Description
1	Zero Harm	The safety and wellbeing of our employees, contractors and community takes priority over every other matter.
2	Performance and Values based culture	Empower our people to do their jobs within a future fit environment aspiring to high performance, safely within our values.
3	Stakeholder Engagement and Experience	Continue to strengthen and build relations with all stakeholders through proactive anticipation and response to their needs. Anticipate better than others, with a signature brand.
4	Cargo Handling and Port Operations	Ensure we have prudent and efficient cargo handling activities. We have a responsibility to protect, preserve and promote the inherent value of the Ports' harbours and channels for future generations.
5	Economic Future	Facilitate opportunities to develop, expand commercially sustainable trade, optimise prosperity and deliver increasing financial returns for the region and State. Enhanced return on assets will be key to financial security.
6	Systems Development and Adoption	Operate with unified enterprise systems and processes that are integrated and standardised. A sustainable pace of development and adoption essential for GPC and its stakeholders.
7	Intergenerational Planning and Enabling	Embed planning for the long term into all that we do. Commence planning now for the future opportunity. Ready the State of Queensland to capture the trade opportunities from emerging and yet unknown markets.

2020/21 STRATEGIC PROGRAMS

Deliverable for 2020/21.

Zero harm

- Deliver and execute enterprise wide plan to implement and embed safety through the Safety Management Framework
- Progress environmental approvals to facilitate major projects - Targinnie, Gatcombe, Port Central
- Environmental Offset Strategy.

Performance and values based culture

- Develop a blueprint of organisational culture and utilise the Organisational Culture Inventory (OCI) for assessment
- Enterprise agreement strategy to align to shared performance outcomes.

Stakeholder engagement and experience

- Lead and facilitate effective supply chain relationships and growth/enhancement initiatives - beyond the Port boundaries.

Cargo handling and port operations

- Establish an integrated Port Management Information System (PMIS) for all three port precincts
- Promote Harbour health through transparent and proactive initiatives
- Optimised tactical approach and economic contribution articulation for blending capability at RGTCT
- Development of a technological roadmap for the automation of high risk tasks - blueprinting tacit operational knowledge and execution processes
- Close out the Clinton Vessel Interaction Project (CVIP).

Economic Future

- Develop an Economic Contribution Value Map to the extent of GPC's impact on the economy (local/state/federal/global)
- Active program developed to grow our customer base and top line revenue
- Regional economic coordination and marketing function beyond the port - inland rail, coastal freight shipping, road network
- Revise and synchronise GPC's 20 Year financial model, RGTCT Capacity Model, Port of Gladstone Capacity Model
- Recovery planning and adaption from COVID-19
- Financial Strategy to maintain the Corporation’s minimum investment grade credit rating
- Develop an Asset Rehabilitation Strategy and Plan
- Develop strategy and reconfiguration tactics underway to upgrade port contracts.

Systems development and action

- Delivery of Human Resources Information System (HRIS) including review of business processes and education for employees
- Implement Cyber Security Plan.

Intergenerational planning and enabling

- Optimisation and reconfiguration of Port of Bundaberg key infrastructure
- Undertake operating mode studies and plans for Port Central and Fisherman's Landing
- Implement an Asset Management System aligned to ISO 55000
- Revise GPC's 50 year Strategic Plan
- Land Use Plans and Development Assessment Improvement
- Develop a Corporate Social Responsibility (CSR) commitment that supports GPC's values and obligations
- Develop risk, outlook and adaption plans that contemplate impacts to GPC and by GPC.

Board **review**

A MESSAGE FROM THE CHAIR

Delivering for Queensland is the theme of our annual report and this year I'm pleased to report GPC is delivering a record operating dividend to our shareholding Ministers and the State of Queensland.

The wellbeing of our people, and the communities in which we operate continues to be our top priority and this was proven with our response to the unforeseen COVID-19 health pandemic. Our early response and the combined collegiate effort saw our team rise to the challenge. Our "can-do" culture, and our unwavering spirit was at the fore and we have learnt much to take forward.

With one in four jobs in regional Queensland reliant on trade – and 92 per cent of the world's trade via the oceans and through ports such as ours – GPC is a true gateway to the world. Our unique three port footprint, our proximity to our customers and steadfast track record of over 106 years of reliable operations, has allowed us to be at the forefront of facilitating new opportunities and creating success for Queensland.

Our reputation as Australia's premier multi-commodity port continued to grow as we developed new relationships with potential new trade partners and diversified trade opportunities at our three precincts. We acknowledge the past successes of our ports and we continue to invest in the future with key development programs and projects reaching significant milestones this year.

At GPC we have a long term vision for the future. With trade through our ports contributing to 111,000 jobs and $40 billion of imports and exports, we are well aware of our role in building a sustainable and prosperous future for Queensland and Australia. As part of this we released the Port of Bundaberg Precinct Outlook in September of last year — a 50 year strategic vision and long term outlook for the future of the port, only further cementing our implicit belief that the port will continue to go from strength to strength. This will be followed in the coming year with similar Precinct Outlooks for our other port precincts – the Port of Rockhampton and Port of Gladstone. We are resolute in ensuring sustainability and growth for the benefit of future generations.

The communities we support have been an important focus for us and this year we partnered with the Central Queensland Regional Organisation of Councils to develop aligned infrastructure and economic priorities with the Reef to Red Ridge infrastructure agenda. The GPC board and executive team also visited each of our port cities and engaged with key stakeholders and customers enhancing our bond for the success of their region and businesses.

From an environmental perspective GPC continued to perform well, ensuring sensitivity to the environments in and around our ports.

I would like to acknowledge the wonderful staff who adapted so professionally to all that unfolded this year. The commitment of our team at GPC is abundantly clear with 79 employees celebrating long service ranging from 10 to 45 years with the corporation. This longevity reinforces the value of GPC's culture which offers many opportunities for progression. The safety and wellbeing of our people remains an utmost priority for the board and we continue to support our team to work toward a strong, and uncompromising culture of safety.

I would like to thank and acknowledge our shareholding Ministers and our board of directors for their ongoing commitment and diligence in relation to GPC. I would also like to commend Craig Walker, our Acting CEO. Craig has resolutely led his team with unwavering strength, future-focused leadership and determination through an unprecedented and challenging time to deliver an outstanding result not only for GPC but for Queensland.

In the future we are looking forward to establishing new trades and energy transition opportunities as we position the region and our state for a seat at the global trade table. It has been another year of privilege to serve as chair of the corporation and we never underestimate the responsibility we have to the people in our region and our state.

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Peter Corones AM | Chair of the Board

ACTING CEO'S REVIEW

I am pleased to report sound financial outcomes for our business and ultimately for the people of Queensland. We continue year on year to improve results across our business, with the scorecard demonstrating our resolve and focus on creating success for our communities, the state and nation. Our focus on safety continues to be front of mind, ensuring that all members of our GPC family are staying safe for the moments that matter. We are not content in this area and will increase our efforts towards being a zero-harm workplace in the coming year.

The COVID-19 health pandemic tested our culture and resilience, demonstrating GPC's strength and capability to learn, respond and adapt in unprecedented times. Our response, initiated in January 2020, has been recognised among our peers, stakeholders and customers as leading the way. Tenacious in our resolve, our team's adaptability and achievement in such an uncertain time is a credit to the professional men and women that make up our organisation.

While the full economic impact of COVID-19 remains uncertain; due to global contraction, our trade volumes were under plan by three per cent. However, with our dynamic approach and longstanding relationships, we progressed the renewal of new long-term contractual arrangements with our customers that provide security and assurance for the next 15 to 20 years. The balance of both the economy and environment is very important to us. As custodians of one of Queensland's most valuable economic assets our ports are bordered by one of our nation's most valuable environmental assets, the Great Barrier Reef. As such it was humbling to see results from James Cook University validating that the work we are doing in our environment is making a positive contribution to the overall health of the ecosystems with the report indicating our seagrasses are in the best shape of the past 10 years.

With our Indigenous Land Use Agreement (ILUA) recognised as a benchmark in Australia, we continue to be proud of the work we are doing together with our Traditional Owners. We released our third Reconciliation Action Plan to recommit GPC to an authentic agreement focused on reconciliation with, and enrichment of, our Traditional Owners – the Byellee (Bailai), Gooreng, Gurang and Taribelang Bunda peoples.

Aside from delivering a record dividend to the Queensland Government, the hallmarks of GPC's success this year has been highlighted by the delivery of several significant programs of work including:

- Clinton Vessel Interaction Project — 80 per cent of this $80 million project occurred this year, improving the safe movement of shipping by widening the Clinton navigational channel by 100 metres. The project created 55 local jobs with works being undertaken by a Queensland company utilising local businesses.
- Completing the business case and approvals processes for a new shiploader for the RG Tanna Coal Terminal (RGTCT). The project is an end-of-life replacement for RGTCT's first machine. It will set a new benchmark in terms of technology and innovation.
- The East Shores 1B parklands will provide uninterrupted views of the harbour, six acres of green space, a café, outdoor cinema, new walkways and a new cruise terminal for our community. The parkland significantly extends direct waterfront access for locals and visitors.
- Completing and submitting the Gatcombe Golding Channel Duplication EIS. Strategic planning for this project commenced in 2012 and this year was a significant milestone in enabling the economic development of the port and region for future generations.
- Contribution of $2 million towards new recreational boat ramps at the Port of Rockhampton.
- Finalisation of the business case for new common user export infrastructure for the Port of Bundaberg, and significant road upgrades in partnership with the Bundaberg Regional Council.
- Developing and undertaking community consultation on the Port of Bundaberg Land Use Plan.

While acknowledging our history and these significant projects, delivering for Queensland means we have maintained our strategic focus on the future. We are positioning GPC as the most expandable deep water sheltered port in the southern hemisphere, unconstrained by urbanisation, offering a unique and an uncontended value proposition. Key future-focused initiatives achieved in 2019/20 include:

- Consultation and publication of the Port of Bundaberg Precinct Outlook — a 50 year strategic vision and masterplan for the port. This sets the precedent for 50 year Precinct Outlooks for our other port precincts in the coming year.

- Collaboration with Central Queensland Regional Organisation of Councils on the Reef to Red Ridge project. This identifies the key value proposition for the region and the port gateway to secure regional Queensland's future.
- Partnering with Central Queensland University with a Memorandum of Understanding for research and development to enhance education prospects and future management of our lands and waterways.
- Energy transition and diversification of our ports and trade, green energy, container freight and intra-state shipping opportunities.

Resolute on creating success for the communities in which we operate, our wonderful Community Investment Program saw us distribute $205,812 to more than 29 recipients throughout the Rockhampton, Gladstone and Bundaberg regions. We also enhanced community infrastructure and public spaces with an additional 8,500m^2 of green spaces, extended our seven kilometres of walkways by four kilometres and enhanced our playground facilities.

During the COVID-19 pandemic we offered support to many of our tenants through financial and non-financial support. This is likely to continue, and we will not leave those in need without our support.

It has been a privilege to serve GPC, our communities and our state as an Acting CEO this past year. We have achieved great things in challenging circumstances, and this is a reflection of the hard-working and caring executive staff and all employees at GPC. I thank them and encourage them to continue their great work, professionalism and unwavering support in unprecedented times.

The board of directors have guided and governed our business with a steadfast resolve to improve our reputation and continually seek higher performance in serving customers, community, the region and state. I would like to thank our Chair, Peter Corones AM and his team for their commitment and culture-setting leadership.

I acknowledge our wonderful customers and community for the spirit in which we have worked together to achieve prosperity and enrichment for us all. Our relationships and our culture will continue to set us apart.

It is with great pride I present the 2020 annual report for Australia's premier multi-commodity port and gateway to Australian trade, jobs and prosperity.

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Craig Walker | Acting CEO

Growth

As Australia's premier multi-commodity port, we're delivering for Queensland through investment in our three port precincts to harness opportunities and secure our region's economic prosperity.

TRADE BREAKDOWN

GPC's trade performance remained strong during 2019/20, despite challenging conditions. In total, the Corporation's three port precincts handled more than 122.5 million tonnes (Mt) of product, 2.2Mt less than 2018/19 (124.7Mt).

The Port of Gladstone recorded a throughput of 121.9Mt, led by coal, LNG and aluminium and associated products. Despite the challenging time, 71.7Mt of coal exports were facilitated by the port, predominately through RGTCT. The LNG trade also showed steady growth recording 22.1Mt, again exceeding GPC's anticipated forecast for the year. Other products handled included cement, petroleum and timber.

The Port of Bundaberg recorded a throughput of 391.9 kilotonne (kt) during 2019/20. Whilst sugar exports declined due to impacts of COVID-19, the molasses trade showed an increase of 10.5 per cent and wood pellets remained steady.

The Port of Rockhampton recorded 150.8kt of product during 2019/20. Ammonium nitrate showed a decline in trade of 40 per cent. Tallow throughput increased to 24.4kt. Other products handled at the precinct included explosives and general cargo.

KEY COMMODITIES

Coal

In 2019/20 the coal industry accounted for 58.5 per cent of GPC's total throughput, with total exports of 71.7Mt.

Throughput volumes remained relatively stable however, were impacted due to a combined effect from weather disruptions and supply chain challenges including reduced demand during COVID-19.

Coal tonnage throughput for 2020/21 is anticipated to be approximately 74.9Mt, with metallurgical and thermal coal remaining consistent.

LNG Exports

Gladstone remains on track to become one of the world's largest LNG ports, as the three Curtis Island plants continue to ramp up production.

LNG exports totalled 22.1Mt in 2019/20, compared to 21.6Mt in 2018/19. GPC anticipates shipping for 2020/21 will be 20.9Mt.

Bulk liquids (other than LNG)

GPC handled a variety of bulk liquid products during the financial year, including petroleum (bunker fuel and diesel), liquefied petroleum gas, liquid ammonia, caustic soda, sulphuric acid and tallow.

Petroleum trade imports again increased to 1.1Mt a 5.9 per cent increase on the previous year's trade, while sulphuric acid and tallow also showed significant growth. Liquid ammonia imports increased slightly over the 12 month period to 242.1kt.

Dry bulk (other than coal)

Aluminium, alumina, bauxite, calcite, cement, grain, sugar, petroleum coke, fly ash, gypsum, limestone, silica sand, wood pallets are among the dry bulk products handled across GPC's port precincts during 2019/20.

Aluminium and associated products alone accounted for 24Mt of GPC's exports, maintaining its position as the Corporation's second largest trade.

Cement products handled at Fisherman's Landing remained steady with 1.9Mt, while Silica Sand increased by 71.6 per cent (51.4kt) from 2018/19.

General cargo

General cargo product handled by GPC included explosives, scrap metal, heavy equipment, machinery, forestry products and breakbulk (bagged products).

Scrap metal exports declined in 2019/20 by 48.8 per cent to 38.2kt, ammonium nitrate exports totalled 100kt, while log exports decreased to 388kt.

GPC anticipates that general cargo trade will increase over the coming financial year with the development of potential new trade links.

Container trade

The Port of Gladstone and Rockhampton together handled 3,467 containers in 2019/20, down from 7,153 in 2018/19.

GPC remains committed to diversifying trade with ongoing facilitation of interest in containerised trade throughout the year.

Cruise ships

In addition to the import and export of various products, the Port of Gladstone is also home to a growing cruise ship industry.

With the finalisation of East Shores Stage 1B and the development of a new Cruise Terminal facility, GPC is looking forward to welcoming Cruise Ships back to Auckland Point post the COVID-19 restrictions.

PORT TRADE GROWTH

GPC will continue to focus on diversifying trade across the three Ports by working closely with representatives from new industries.

At the Port of Gladstone, precinct planning is underway to enable the 50 years' vision and government's Priority Port Master Plan. In 2020/21 the focus will be on enabling renewables, increasing containerized trade and bringing additional dry bulk export into Barney Point. The Port of Gladstone is forecast to handle more than 125Mt of cargo in 2020/21.

In 2020/21 it is expected that the throughput for the Port of Bundaberg will continue to grow with the ongoing development of the silica sand, gypsum and wood pellet markets. GPC continues to explore other opportunities for future trade and expects to see an increase in dry bulk throughput with key asset development. The Port of Bundaberg is forecast for 576kt in 2020/21.

The Port of Rockhampton continues to focus on sustaining support for the explosives trade. While other general cargo continues, growth will be optimistic in 2020/21. The Port of Rockhampton trade is forecast to remain stable and achieve 203Kt in 2020/21.

SPOTLIGHT

RG Tanna Coal Terminal celebrates 40 years with big plans for the future

GPC celebrated a historic milestone in May 2020, reaching 40 years of operations at our RG Tanna Coal Terminal (RGTCT).

Foresight, planning and continual development has allowed us to increase our trade throughput, and become one of Queensland's largest and most respected coal exporters. It has cemented our standing as a gateway for Australian jobs, trade and prosperity.

Originally known as the Clinton Coal Facility, the terminal was officially opened on 7 May 1980 by Sir James McNeill, Chairman of BHP and the honourable Joh Bjelke-Petersen, Premier of Queensland.

The first coal shipment was loaded on Sunday, 20 April 1980, aboard the MV Iron Capricorn that sailed with 26,196 tonnes destined for Port Pirie in South Australia. In the last four decades, RGTCT has shipped more than one billion tonnes in throughput.

In 1994 the terminal was renamed after Mr Reg Tanna for his outstanding visionary leadership and commitment to the port's growth. Reg was the general manager of the Gladstone Harbour Board and the Gladstone Port Authority for over 34 years.

RGTCT has experienced incredible growth, including two major expansions, and now boasts 85 stockpiles, 25 D11 dozers and a four-berth wharf that operates 365 days a year.

Remarkably, 17 of our employees across shipping, maintenance, rail and supply operations also celebrated 40 or more years of service this year. We see this as an outstanding achievement and are proud that our people have found such great opportunity and longevity as part of the GPC family.

Plans for the future: Shiploader 1 replacement

In June 2020, we welcomed the Queensland Government's approval of the multi-million dollar Shiploader 1 replacement project at RGTCT.

The new shiploader will see us continue to deliver for Queensland by securing the loading capacity of the terminal for the next 25 years.

The replacement project will take three to four years, from design through to commissioning. It is estimated the project will support approximately 200 jobs.

Having graced the port skyline for 40 years, it will be an iconic moment in Gladstone's history to see it replaced over the coming years. Since 1980 Shiploader 1 has seen three expansions of the wharf, including the development of two other shiploaders.

Precinct Outlooks

Targeting GPC's growth wharf centres — Port Central, Fisherman's Landing, Port of Rockhampton and Port of Bundaberg — our Precinct Outlooks demonstrate how we plan to take full advantage of the next wave of globalisation, new energy and new technology to deliver for Queensland through continued growth and diversity of trade.

Each Precinct Outlook is a strategic masterplan for the next 50 years of each of our four wharf precincts.

The outlooks consider global economic mega trends, our geographical and trade offerings, and the importance of economic, environmental and social sustainability to ensure long-term prosperity.

As global circumstances shifted this year, our Precinct Outlooks were further refined to maximise our future thinking, and plan for opportunities and challenges.

These vital outlook documents inform the short, medium and long-term development, reconfiguration, asset maximisation, investment decisions and initiatives for our Corporate Plan and Statement of Corporate Intent.

The Port Central, Fisherman's Landing and Port of Rockhampton Precinct Outlooks will be made available in 2020/21.

Taking this long-term view with a focus on the systematic and sustainable development of our port precincts is critical to ensure we harness every opportunity and future-proof the regions in which we operate.

Port of Bundaberg: Development pipeline delivering for Bundaberg

The future looks bright for the Port of Bundaberg following significant investment in several key infrastructure projects throughout 2019/20, demonstrating GPC's confidence in our port's economic potential.

Notably, GPC partnered with Australian Bauxite Limited and entered into a Memorandum of Understanding in September 2019 to investigate the feasibility of constructing and operating a 1Mpta bauxite facility at the port. As an emerging Australian bauxite producer with a pipeline for development, the proposed new facility will bring new trade to the region.

Other key projects included:

- Detailed business case for Common User Infrastructure in partnership with Sugar Terminals Limited (STL). This will consider the design and construction of infrastructure to diversify and future-proof port operations.
- Acquisition of the decommissioned Stolthaven fuel terminal to facilitate the future development of bulk storage and handling facilities.

- Long-term lease agreement with Pacific Marine Base Bundaberg and its parent company Pacific Tug Group to develop the marine industry in the areas of marine maintenance and repair operations, break bulk handling, and cargo and stores handling.
- Progression of the impact assessment for the Gateway Marina Development at Burnett Heads Boat Harbour to develop a world-class marina with residential, tourism and commercial facilities.
- $2.82 million in road and drainage updates being managed by Bundaberg Regional Council. Additional funds of $2.51 million are being provided by the Australian Government's Heavy Vehicle Safety and Productivity Program to enable safer transit of heavy vehicles through the port precinct.
- Completion of the Mangrove Boardwalk Stage Two in partnership with Gidarjil Development Corporation.
- Upgrade of our port administration building and surrounds.

GPC is planning for the long term now to capitalise on opportunities, maximising the regions prosperity.

Port of Bundaberg Strategic Precinct Outlook

The Port of Bundaberg Strategic Precinct Outlook reflects a joint study with the Bundaberg Regional Council and the Wide Bay Burnett Regional Organisation of Councils, into the region's trade potential.

Growing urbanisation and wealth in Asia, combined with rising food security, will continue to drive demand for agriculture, natural resources, tourism and other new, value-added products through the Port of Bundaberg — key opportunities highlighted in the Precinct Outlook.

Released in September 2019, the Port of Bundaberg Precinct Outlook was circulated to key stakeholders and the community so they could comment on the proposed long-term future direction of the port.

Port of Bundaberg Land Use Plan

We commenced community consultation on the plan through a new, online engagement platform in June 2020. The Land Use Plan is a statutory instrument used to regulate development. A new plan is prepared every eight years under the provisions of the *Transport Infrastructure Act 1994*.

The Land Use Plan identifies strategic port land to be used for port and related industry development, and provides a framework for us to assess and approve development on the land under the *Planning Act 2017*.

Following community consultation, the draft Land Use Plan will be reviewed and finalised before release in late 2020.

Our continued commitment to the Bundaberg and Wide Bay regions is helped along by our invaluable community support, allowing us to grow with domestic trends and global shifts. The new Land Use Plan further demonstrates our commitment to facilitating growth and prosperity at the Port of Bundaberg.

Port of Bundaberg Common User Infrastructure

Our commitment to taking the Port of Bundaberg from strength to strength continued this year with our detailed business case for the design and construction of Common User Infrastructure developed in partnership with Sugar Terminals Limited (STL).

The Common User Infrastructure was identified as a key infrastructure requirement to further develop trade in the Wide Bay Burnett region. This infrastructure will help us increase diversification, prepare our port operations for the future, and create more income and job opportunities.

GPC and STL signed a Memorandum of Understanding in September 2019. This was an important first step in investigating the options to add new linkages into existing infrastructure.

It is proposed the Common User Infrastructure would make use of the existing STL owned Sir Thomas Hiley Wharf and shiploading facilities to diversify the current sugar industry resources.

Gatcombe and Golding Cutting Channel Duplication

With future-proofing the regions in which we operate top of mind, we were pleased to receive conditional approval on the Environmental Impact Statement (EIS) from the Coordinator-General for the proposed Gatcombe and Golding Cutting Channel Duplication project.

The project involves deepening the outer Gladstone Harbour channel so fully laden vessels can safely pass each other. This is vital to allow us to expand and facilitate the future increase in port throughput.

While the timing, scale and volume of Queensland's trade growth in the short-term is likely to be modest, medium- and longer-term growth in trade requires extensive planning in readying Queensland for the future. After stakeholder engagement in 2018/19, the project's EIS was finalised and lodged with the Office of the Coordinator-General in September 2019 in accordance with the *State Development and Public Works Organisation Act 1971*. It was also submitted to the Department of Agriculture, Water and the Environment under the *Environment Protection and Biodiversity Conservation Act 1999*.

In June 2020, officers from the Office of the Coordinator-General finalised their assessment and recommendation for the Coordinator-General to approve.

We also commenced the procurement process for geotechnical and detailed design works for the project. These early works will take approximately 12 months to complete.

Auckland Point shiploader decommission works

As part of our commitment put back into our Gladstone community and enhance the region's liveability, decommissioning commenced on the two shiploaders at Auckland Point Berth 1 to make way for the new East Shores 1B Cruise Terminal.

The Berth 1 shiploaders were designed in the mid-1960s and boast more than 100 years' service between them. Commodities including coal, woodchip and calcite were originally loaded through Berth 1, before moving across to GPC's Barney Point Terminal. As part of East Shores Stage 1B, a new cruise terminal will take pride of place on the old calcite stockpiles, with existing infrastructure a key design feature to highlight our rich history.

Auckland Point Berth 1 is located immediately adjacent to the new precinct, providing excellent access to the heart of Gladstone and the region's tourist attractions. The vision for Berth 1 is largely cruise ships, but it will also have capacity to accommodate clean break bulk products and roll-on roll-off trade.

To allow larger cruise ships to visit our port, wharf fender upgrades will be commenced in 2020/21, followed by wharf strengthening.

These works complement several improvement projects to enhance Gladstone's tourism industry, and to support the industry's recovery efforts once it is safe to welcome passengers post COVID-19.

Port of Rockhampton: A strategic asset for Australia

As Australia's largest facilitator of dangerous goods and explosives, GPC's Port of Rockhampton is uniquely positioned to capitalise on future growth opportunities across the country's mining, construction and defence sectors.

In 2019/20 alone, the Port of Rockhampton safely and efficiently facilitated more than 110,120 tonnes of dangerous cargo, including 100,053 tonnes of ammonium nitrate — one of the largest volumes of ammonium nitrate ever shipped via an Australian port.

Port of Rockhampton ammonia nitrate trade is conducted to the highest safety standards and is subject to regulatory compliance. Importantly, no ammonia nitrate is stored at the port, rather it is transported directly from the port to its destination.

The port's remote location, robust marine infrastructure and isolated staging areas facilitates the safe transport and handling of dangerous goods. As the national hub for dangerous cargo, the Port of Rockhampton is a strategic asset for Queensland and Australia.

With the ability to service growing industry demand in the trade of dangerous goods and explosives, the port is of national security significance and is a critical link in the value chain.

We are committed to building on the existing trade and supporting new trade of dangerous goods and explosives so we can continue to service domestic trends and address global shifts.

KEY PROJECTS

Gangway innovation: GPC teamwork in action

Our RG Tanna Coal Terminal operations team — involving employees from across the terminal — worked to modify the traditional ship access gangway design to improve manual handling, ergonomics and reduce damage.

The team involved our highly experienced operators, working together to improve the way in which gangways are designed and manoeuvred — a truly grassroots effort, from idea through to completion.

By adding a four-wheeled pivot trolley to the wharf end of the 15 metre gangway, the platform can be easily manoeuvred into place while suspended from a mobile crane.

Unlike the current gangways which are fixed into position, the addition of the pivot trolley allows the gangway to move freely in line with tidal conditions and vessel movements along the berth. This will reduce potential damage to the overall structure and save significant time and money on repairs. Eased manual handling significantly lowers the risk of potential injuries.

While the team is still trialling and refining the new gangway design, we are already seeing improvements from an ergonomic, safety and maintenance perspective.

Once proven successful, GPC will look to duplicate the new gangway design across each of its berths in Gladstone, to streamline the passenger boarding and off-boarding process.

We are extremely proud of the ingenuity and practicality of our team to solve problems like these. We are proud to share this innovation with other ports as our aspiration is to make the access on and off ships safer everywhere.

Auckland Point Berth 4 mooring dolphin

Larger container ships will now be able to berth thanks to the construction of our new mooring dolphin at Auckland Point Berth 4 this year.

This new mooring dolphin is one more example of GPC's commitment to delivering for Queensland.

Works included pile driving and the installation of precast heavy lift components with barge assistance.

Stage Two of the container hardstand began in May 2020 and involves laying new pavement which will complement the berth to handle increased container capacity. It is expected the $6 million two stage project will be completed by the end of 2020.

KEY DEVELOPMENTS

Brand refresh

With a new decade comes new opportunities. We are determined to recognise GPC's rich history, strong performance and our unique competitive advantage as one of Australia's premier multi-commodity ports.

In 2019 we embarked on a brand refresh to reinforce our value to Queensland and to clearly articulate our future aspirations to our stakeholders and communities.

In consultation with our leadership and employees, we developed a brand blueprint that draws on our vision and mission, and reinforces our values of growth, prosperity and community, to highlight the unique benefits of our three-port footprint.

Our new look and feel, which includes a refresh of our logo, is a reflection of our tenacity and visionary focus as we ready Queensland to take full advantage of future opportunities. We will continue to roll out the brand blueprint across the business in 2020/21.

Nurturing our future leaders

GPC introduced our second Strategic Leadership Development Program (SLDP) this year, giving our current and future GPC leaders opportunities for career growth and development.

Performance and leadership potential were central for nominations of the 10 SLDP members by our Executive Management Team.

The group took part in a five-day intensive professional development program of self-reflection and leadership, before participating in an organisation-wide project. This year's project focused on communicating GPC's Strategic Framework and the application of our values, vision, mission and guiding principles.

The SLDP recognised the importance of values-based leadership and the critical role leaders play in driving a positive organisational culture.

GPC's Core Leadership Development Program (CLDP) was also rolled out this year for all leaders to assist them in their daily leadership duties.

The SLDP and CLDP are part of GPC's Leadership Development Framework that offers our leaders guidance, support and further development opportunities.

The future of renewables trade

GPC commenced preparing a five year strategy to grow the trade of renewables through Fisherman's Landing and into the state development area by re-assessing Targinnie Channel logistics capability in the Port of Gladstone.

As the premier renewables precinct, Fisherman's Landing can be expanded to accommodate a new heavy-lift berth, new hydrogen and bulk liquids berth — key infrastructure projects that would enable renewable energy growth in regional Queensland.

As a result, our work identifies and proposes to extend and deepen the Targinnie Channel to accommodate these new facilities. This will ensure we are ready to support this growing market as trade volumes increase. Initial hydrogen projects will likely include ammonia exports through the existing common use facility at Fisherman's Landing 5.

We have assisted enquiries for the import of wind turbine components over the past 12 months. Early projects will be supported through Port Central however, with technology development, turbine blades are now exceeding 100 metres in length and generator modules are approaching 250 tonnes. Fisherman's Landing is ideally suited for these oversized items and provides a long-term solution as the renewables trade continues to grow.

Port Central container terminal

Port Central continues to demonstrate enormous potential to grow as a container terminal, creating significant logistical efficiencies for Central Queensland.

Over the past 12 months, we have been working to secure a mobile harbour crane to achieve loading rates approximately three times that of the current practice of using ship cranes. Permanent portal cranes will be installed as demand increases and new wharves are developed, bringing loading rates in line with international benchmarks. The freight network to and from the port continues to be at the forefront of planning to ensure supply chains are optimised in their entirety.

With a refocused Strategic Precinct Outlook for Port Central, we will continue to target the development of foundation assets and seek investors with an aligned vision for a major logistics hub. The vision for Port Central includes the development of a further two berths, distribution warehouses and an intermodal interface for rail, road and sea.

The next 12 months will see the completion of the Auckland Point 4 staging pad and we will also seek approval to commence early work on new berth developments.

Strategic partnerships

At GPC we're investing beyond our port boundaries and forging strong partnerships and vital connections across our region, Australia and globally.

Our key strategic partnerships this year included the Reef to Red Ridge initiative with Central Queensland Regional Organisation of Councils or CQROC and a Memorandum of Understanding with Central Queensland University.

At GPC, we see these game-changing partnerships with local, state and federal bodies are vital to progress nation building capacity that will provide jobs and prosperity for future generations.

Reef to Red Ridge

With a mandate to create jobs, maximise trade, boost tourism and build prosperity, CQROC and GPC developed 'Reef to Red Ridge' — a powerful infrastructure and regional development agenda that brings together the portfolios of each shire and their collective drive to see regional Queensland flourish.

Focusing on eight strategic programs, the 'Reef to Red Ridge' plan will create new road and rail corridors, develop vital trade hubs and links, rejuvenate tourism and event opportunities, secure regional water supply and facilitate Commonwealth Financial Assistance Grants.

This is a first-time collaboration for GPC, as we help to break new and revolutionary ground in regional development. This unprecedented alliance breaks with the traditional north-south development focus. It is an east-west masterplan for sustainable development that will take full advantage of GPC's flexible and dynamic trade gateway across our three-port footprint that spans the length of the region's coastline.

Memorandum of Understanding with Central Queensland University

GPC is delighted to have partnered with Gladstone's Central Queensland University in a Memorandum of Understanding (MOU) for research and development. The MOU will enhance education prospects and future management of our lands and waterways. Our region is rich in opportunity and we know working collaboratively will deliver better outcomes for all.

Prosperity

We're the gateway for Australian trade, jobs and prosperity — one in four jobs in regional Queensland relies on trade.

SUSTAINABILITY

Our sustainability journey

At GPC, our mission is to responsibly manage, develop and facilitate the prosperity of others by operating our port facilities and services in an economically, environmentally and socially sustainable manner. In 2019/20 we progressed a number of projects guided by our Sustainability Strategy. Our strategy is comprised of five key elements:

- Our Business: New business opportunities, drive efficiencies, maintain strong corporate governance structures, protect critical supply chains and partner with industry to increase economic value.
- Our People: Safety of our people, culturally appropriate work environment, and support their growth through ongoing learning and development.
- Our Environment: Lead through robust identification of issues, active environmental management, impact avoidance and strong protection of environmental values.
- Our Community: Support, engage and enhance partnerships with our community including Aboriginal, Torres Strait Islander and South Sea Islander peoples and their communities.
- Our Future: Think long-term, adapt critical infrastructure to be resilient to climate change, encourage innovation and promote positive, continuous improvement through our business.

A Strategic Sustainability Plan is in progress to supplement the Strategy and inform future reporting. This will acknowledge our past and present achievements and capture future actions.

Expanding our renewable energy mix

In 2019/20, GPC continued to explore renewable energy options. In April, a 30 kilowatt rooftop solar system was commissioned at the Port of Bundaberg workshop. This is the second rooftop solar panel system for GPC and will generate enough electricity for the workshop's requirements. We are looking to install more solar systems in appropriate locations at all three ports.

ENVIRONMENT

Our environmental compliance

Our ongoing environmental commitment and innovation is demonstrated by GPC's Environment team who continue to ensure our environmental compliance obligations are met and managed responsibly. Our success in 2019/20 is demonstrated through the delivery of the environmental management components of the Clinton Vessel Interaction Project, along with many other GPC projects and initiatives.

Key 2019/20 highlights include:

- Waste Management Strategy aligned to the Queensland Waste Management and Resource Recovery Strategy. This is our first step in what will eventually become a Waste Reduction Action Plan, which will set tangible waste reduction targets and implement the strategies to achieve them.
- Environment Communications Strategy developed to ensure we meet our commitment to raise awareness of the importance of environmental responsibility to both internal and external stakeholders. This strategy is being rolled out to help guide our education.

- Maintenance Dredging Framework developed to identify efficiencies in various dredging processes. The Environment team will roadshow the framework to other Australian ports as leading best practice management.

GPC's Environmental Communications and Values

Education and awareness are an integral part of our environment program, which aims to effectively promote our environmental activities to our stakeholders and communities. This year, we demonstrated a high level of stewardship with a detailed Environmental Communications Strategy.

This strategy guides how we communicate GPC's Environmental Values (EVs), subjects we would like to raise awareness on, project updates, key environmental dates, audits and other environmental concerns or subjects of interest.

Our key EVs include air, land, water, biodiversity and resources. We continually monitor and implement controls to mitigate any risks posed by our operations to these EVs.

Land and marine areas within and surrounding our ports include EVs of national and state importance which are recognised and protected through various Australian and state legislation.

Ambient water quality monitoring

We continue to monitor the ambient water quality in the Port of Gladstone following upgrades to the wharf-mounted water quality analysers at Clinton, Fisherman's Landing and Boyne Wharf centres during the year. The real-time monitoring further demonstrates our commitment to high-quality environmental performance and sustainability.

Monitoring tidal wetlands

The monitoring and assessment of mangroves and tidal wetlands continues in the Port Curtis and Port Alma regions under the Ecosystem Research and Monitoring Program (ERMP). The study looks to quantify environmental changes from a variety of sources such as climate change on factors like mangrove distributions. To date, the data shows that mangroves are retreating along the coastal areas with the causes for the retreat under investigation.

This monitoring program will be finalised next year.

Turtle health

This year we continued to play an active role in supporting turtle monitoring in the Gladstone and Bundaberg regions.

In 2019/20 we:

- Funded flatback turtle nesting studies by the Queensland Department of Environment and Science (DES) at Curtis, Avoid and Peak Islands under the Ecosystem Research and Monitoring Program (ERMP).
- Monitored the health of green turtles foraging in Port Curtis under the ERMP.
- Supported turtle nesting studies undertaken by DES along the Woongarra Coast, which includes Mon Repos Beach.
- Provided sand to Oaks Beach at Burnett Heads to help protect marine turtles and encourage nesting and hatching success.

Shorebird monitoring

Comprehensive monitoring of migratory shorebirds commenced in 2019 and has continued throughout 2020 under the Ecosystem Research and Monitoring program. Around 15 to 19 species of migratory shorebirds used the Port Curtis and Port Alma intertidal habitats during the monitoring period.

Environmentally friendly moorings

A benthic survey was conducted after environmentally friendly moorings were installed at Pancake Creek this year. The data showed marginal increases in seagrass at one location and no evidence of anchor damage to the seabed.

Pancake Creek was chosen as the preferred location as it supports a wide range of habitats including mangroves, seagrass, tidal flats and coral reefs. The estuarine system is also home to migratory shorebirds, marine turtles, dugongs and numerous fish species — all of which are part of Gladstone's Big6 (an education and awareness program celebrating the iconic species of the Gladstone bioregion and their habitats identified as the "Big6" – Shorebirds, Turtles, Dugongs, Dolphins, Cetaceans, Crustaceans).

Marine pests

Our Marine Pest Pilot Program, introduced in October 2019 in partnership with the Department of Agriculture and Fisheries, focuses on the early detection of invasive marine pests. These are defined as animals and plants introduced to waters outside their natural range, which have the potential to establish and spread, resulting in economic or environmental harm.

The new surveillance program will help detect introduced marine pests when they are still scarce and immature, before they cause damage to the environment, industry or infrastructure.

The program involves the deployment of metal frames, known as settlement arrays, from four wharves within the Port of Gladstone and plankton tows to identify the presence of any introduced marine pests. Settlement arrays were deployed from Boyne Smelter Wharf, Barney Point Wharf, Fisherman's Landing Wharf and in the Gladstone Marina. This approach acts as an early warning system and uses novel molecular diagnostics to detect the introduced marine pests within Gladstone Harbour.

Weed control: Facing Island

We partnered with the Gidarjil Development Corporation, which undertook weed management activities on Facing Island during June 2020. With the support of 10 Gidarjil Rangers, the program used traditional Indigenous land management techniques to conduct controlled burns and herbicide spraying on the island.

Traditional fire burning techniques have been used by the First Australians to manage land in a holistic manner for over 60,000 years. As Facing Island is home to many native species, including nesting flatback turtles, it is important that invasive pest plants are managed to preserve these vital natural ecosystems.

Best seagrass results in past 10 years

Gladstone's port seagrass was found to be in the best condition of the past decade according to a monitoring program by James Cook University's (JCU) Centre for Tropical Water and Aquatic Ecosystem Research (TropWATER).

Seagrasses in Port Curtis and Rodds Bay are surveyed every year as part of a long-term annual monitoring program started in 2002 by the JCU TropWATER team. Monitoring occurs every October to November during the peak growing season. Helicopters, boats and underwater camera systems are used to assess the seagrass meadows for biomass, area and species composition.

For the first time since 2008, all three Rodds Bay seagrass meadows monitored were found to be in very good condition, matching the improved conditions of seagrass throughout the Port Curtis area.

The entire region was last surveyed in 2014 and since that time the seagrass area has increased by 26 per cent.

At GPC, environmental sustainability underpins everything we do and we are committed to continuing our constant monitoring to ensure the health of our waterways.

The results will inform the Gladstone Harbour Report Card developed by the Gladstone Healthy Harbour Partnership.

PROJECTS

Clinton Vessel Interaction Project (CVIP)

The $80 million CVIP project is all about safety in our harbour and providing a permanent solution to the close passing of vessels in the Clinton Channel.

The Clinton Channel in the Port of Gladstone was required to be widened due to larger cape size vessels using the channel in recent years. When these vessels pass the RG Tanna Coal Terminal (RGTCT) Wharf facility, they come within approximately 80 metres of berthed vessels. This means displaced water from the passing vessels can create strong forces on the berthed vessels, which could potentially cause their mooring lines to break.

Widening the Clinton Channel by approximately 100 metres will give passing vessels more distance and reduce the potential for impact and damage while vessels are berthed at RGTCT.

GPC worked with industry specialists and key stakeholders to investigate different delivery options. Following detailed planning, investigations and community engagement, the CVIP project was approved by the shareholding Ministers in December 2019. Removal of material in the Clinton Channel commenced in March 2020.

This project was delivered under stringent environmental guidelines, with a number of our environmental monitoring and due diligence results available live on our website.

The project scope of the Clinton channel widening and land beneficial re-use area is due for completion prior to the end of 2020. Approximately 800,000m^3 of material was removed to widen the existing Clinton shipping channel and has been placed into the existing approved reclamation area in accordance with the *Sustainable Ports Development Act 2015*.

Material removal was completed on schedule despite COVID-19. Further earthworks, environmental monitoring and the installation of new navigational aids will follow.

The CVIP project has generated 55 jobs for locals in the Gladstone community, while another 21 Gladstone businesses secured work providing services such as local fuel supply, local equipment maintenance and hire, and local transport and delivery.

We are proud to be the gateway to trade, jobs and prosperity in Central Queensland, and the CVIP project further demonstrates our commitment to ensuring our region is ready to take advantage of future opportunities.

Wharf Environment Management Capture System

Our new Wharf Environment Management Capture System will ensure GPC's infrastructure is ready for the next 20 years.

This coal collection and pumping system on the RG Tanna Coal Terminal (RGTCT) Wharf is a welcome upgrade, improving our ability to collect material from the wharf. It will reduce environmental risk, improve wharf housekeeping and reduce manual labour tasks for some of our operators.

The system consists of material sizers, pumps, two large tanks and over one kilometre of pipe to return coal spillage, sample plant wash down and conveyor carry back to the RGTCT settling ponds.

In 2019/20, GPC completed the design, tender and fabrication, and began the installation of the Stream One and Two systems. The installation will continue until October 2020, when it will be commissioned.

Following the success of Stage One (the Stream Three System) in 2015, this project will continue to improve the environmental conditions for all three loading streams.

We are looking forward to the final stage of the upgrade project, which is planned for completion in 2023 and will complete the system.

Sustainable Sediment Management Project

GPC's Sustainable Sediment Management Project is helping us develop a robust, long-term solution for the management of maintenance dredging sediment.

After completing conceptual studies and stakeholder engagement in 2018/19, in 2019/20 we progressed through Stages Three and Four to understand what our research means for GPC's maintenance dredging and to conduct feasibility studies.

Four feasibility study reports were developed — sustainable in-channel relocation (one for Jacobs Channel and one for the Marina), offshore beach nourishment, and habitat restoration/creation. We also began planning for the trials. These trials will allow us to undertake monitoring into where the sediment travels, including tracer testing. We are working towards approval for the initial trial in the first quarter of 2020/21.

We have been implementing versions of the Sustainable Sediment Management Project at the Port of Rockhampton and Port of Bundaberg. These projects have progressed through the conceptual stage and we are now engaging with stakeholders.

We signed an agreement with Central Queensland University which facilitates two PhD students to work on a new project investigating seawall design. One option involves designing rock walled reclamation areas using engineering. The second option involves working with natural concepts to improve biodiversity by potentially growing or enhancing seagrass, mangroves or oysters.

FACILITATING PROSPERITY

Gladstone Marina

Gladstone Marina received a new lease of life this year with essential maintenance works, upgrades to amenities, the appointment of a new superintendent, a new fee structure and a reduction in single-use plastics.

The essential maintenance works started in May 2020 to future-proof the long-term sustainability of the marina.

Works involved pylon replacements and maintenance dredging to allow for easy and safe vessel access, particularly for deep-draft vessels.

Other upgrades underway at the marina include three new playgrounds, new pathways and the painting of marina buildings. The addition of a new café in the marina complex also improved the marina's offering.

Following customer feedback, a new fee structure for moorings was rolled out and has been well-received to date.

As a Clean Marina accredited by the Marina Industries Association, we will continue to follow best practice environmental management. Under the same program, we have pledged to eliminate single-use plastics within the marina, and we are working towards a Fish-Friendly accreditation to improve fish habitats.

We were also pleased to support our commercial fleet and tenants through rent relief options during COVID-19.

Gladstone Marine Pilot Services (GMPS)

GPC is one of Australia's premier pilotage services for safety, complexity and variability of pilotage movements. Our GMPS pilots work cohesively to move ships as safely as possible and assist the ports to maximise throughput for our customers. In 2019/20, GMPS and its 36 pilots undertook 4,958 pilot movements — 4,766 in Gladstone, 146 in Rockhampton and 46 in Bundaberg.

We are continuing in our efforts to encourage and support future generations to enter the industry. This is done though a strategic engagement program to attract and retain pilots for the region, in line with GPC's values of growth and community.

In 2019/20, we welcomed three new recruits to the team. One of our new recruits Mitchel Williams attended school in Agnes Water and had always wanted to go to sea. In 10 years, he worked his way up to becoming a ship's captain and sailed the world. He is now pleased to have a professional career much closer to home as a GMPS Marine Pilot.

Under our commitment to fostering the Australian Maritime Industry, all our GMPS pilots undertake a world-class continuous professional development program. This year, we have drawn on the expertise of our Senior Marine Pilots and added an emergency ship simulation package to the program. The simulation replicates the Port of Gladstone and is designed to prepare our pilots for any situation.

We have continued to look for new and improved ways to ensure the safety of our pilots. This year, we collaborated with an external firm to design new state-of-the-art lifejackets. When pilots are transferring from a helicopter or launch vessel to a ship, these lifejackets provide functionality to support the transfer method without compromising safety. It is designed to comply with the latest standards and has been approved by the marine and aviation regulators. GMPS is looking forward to the manufacture and delivery of these lifejackets in late 2020.

Our COVID-19 response

GPC was extremely proactive in our COVID-19 response. We are conscious of our role in balancing the economic and health threats of the situation — particularly the welfare of essential port workers, seafarers, our tenants and service providers.

We activated our Crisis Management Team (CMT) in late January 2020 and brought in representatives from our most at-risk business units to provide their expertise and perspective and ensure we undertook the proper due diligence.

Between the first meeting in January and Easter, the team met seven days per week, often twice daily. Post Easter, the CMT continued to meet a minimum of twice per week. To ensure the safety and wellbeing of our people and community, we collaborated and operated under directives from the Department of Health, the Queensland Government and Maritime Safety Queensland, and worked closely with the District Disaster Coordinator, the Local District Disaster Group, Department of Agriculture, and Australian Border Force.

Key to our response was a three-phase pandemic plan which detailed our response to any COVID-19 spread and/or outbreaks within GPC and the wider Gladstone community.

GPC teams undertook risk assessments and developed business continuity plans (BCPs). These plans were constantly updated in response to the ever-changing events of COVID-19. Many of the BCPs have since been tested through desktop exercises to ensure they remain current and fit-for-purpose.

Staff and contractors have strict guidelines for maintaining hygiene, physical distancing, and work spaces have been reconfigured to allow for this.

Our early action was critical in ensuring the continuity of our business and we are proud of the minimal disruption caused by the pandemic and associated restrictions. We retained all of our staff and continued operations with minimal impact, in the safest way possible. Many of the strategies implemented during this time were highly effective and will be retained post-COVID-19.

Community

We are committed to working in partnership with community, government, customers and industry to enhance the economic and social prosperity of the regions in which we operate.

OUR PEOPLE

Our workforce	
Number of employees	760 *(738.56 full-time equivalent)*
% full-time	**94.3%**
% part-time and casual	**5.7%**
% male employees	**80.4%**
% female employees	**19.6%**
% staff turnover rate	**7.5%**
% voluntary turnover rate	**5.53%**
% identify as Aboriginal and Torres Strait Islander People or Australian South Sea Islander People	**3.82%**
Number of apprentices and trainees	**53**
Average age of employee	**44.76**

OUR COMMUNITY INVESTMENT

Community Investment Program

GPC' Community Investment Program (CIP) contributes to a sustainable future for our regions, with $205,812 provided through two funding rounds. The program supported 29 initiatives during 2019/20 in our three operational areas of Gladstone, Rockhampton and Bundaberg. Activities are assessed against GPC's investment criteria, which include values, strategic alignment, corporate reputation, community reach, impact, and value for money.

East Shores Stage 1B

GPC made excellent progress on our East Shores Stage 1B development — a $20 million expansion of our multi-award winning, waterfront recreational precinct, with the facilities being made available to the public in 2020.

Key community facilities completed this year as part of Stage 1B include the Auckland House waterfront café, big-screen outdoor theatre, natural amphitheatre, Patsy Lee Place fishing platform, outdoor boot camp area, cruise terminal and the installation of maritime artefacts.

We also upgraded the entry to the precinct via Flinders Parade with beautification works and new shaded carparks to improve visitor access.

In a nod to the site's industrial history, a D6 Dozer dating back to 1947 has taken pride of place within East Shores — a reminder of the bulldozers that were used at the Auckland Point Coal Terminal during the 1950s.

Further works include the completion of a half-court basketball court in Stage 1A.

The East Shores 1B development will open in the first quarter of 2020/21, and the new Gladstone Maritime Museum will open on site in the second quarter of 2020/21.

East Shores has been designed to reflect a sustainable industrial city and generate local pride for the people of Gladstone. We acknowledge the previous leaders of GPC for their vision and contribution, acknowledge those current and encourage those yet to come to continue the developing of community spaces.

Auckland House: Exciting amenities for Gladstone

Gladstone has an exciting, new dining experience with the new harbour-front Auckland House café and restaurant completed as part of East Shores 1B development.

This new 150-seat harbour side venue will also have a brand new microbrewery — a first for Gladstone.

As the only café and restaurant in the East Shores precinct, Auckland House will generate 50 new jobs for locals and bring the waterfront destination to life.

Gladstone Maritime Museum

The East Shores 1B precinct includes the redevelopment of the Gladstone Maritime Museum, showcasing Gladstone's proud maritime history.

Previously located in the George Young Building within GPC's industrial precinct, the museum redevelopment was commenced during the year and will relocate the facility to the East Shores offices.

The museum's new home is located alongside the iconic HMAS Gladstone II, making it easier to host tours and educate tourists and locals alike.

The Gladstone Maritime History Society (trading as Gladstone Maritime Museum) will continue to operate and maintain the museum, and has additional access to a storage facility and workshop at GPC's Flinders Parade building. GPC retirees are involved in volunteering at the museum.

The museum is expected to open to the public in the second quarter of 2020/21.

10th Botanic to Bridge FunD Run

The 10th anniversary of the annual Botanic to Bridge (B2B) FunD Run was a sell-out year, with a huge 3,909 registrations across the three-kilometre and eight-kilometre events.

As GPC's major community engagement initiative, we were proud to donate $20,000 to the 2019 community beneficiary Give Me 5 for Kids on behalf of the Gladstone Hospital Children's Ward.

A further $26,000 was awarded across 27 local schools whose students registered for B2B, enabling them to purchase new educational resources, sporting equipment and updated facilities.

Since the inaugural B2B in 2010, we have contributed more than $415,000 to local schools and community groups.

The 2020 B2B event was cancelled due to COVID-19 restrictions, however we announced our online Active August campaign to encourage healthy lifestyles and instil community spirit, while still financially supporting local schools and a local community beneficiary.

OUR GPC COMMUNITY

Reconciliation in action

In December 2019 we were extremely proud to present our third STRETCH Reconciliation Action Plan (RAP): 2019-2022, as we continue to grow relationships built on trust and respect with the Traditional Owners of the region — the Byellee (Bailai), Gooreng Gooreng, Gurang and Taribelang Bunda peoples.

The RAP will ensure we deliver on our commitment to our Aboriginal, Torres Strait Islander and Australian South Sea Islander peoples in our communities, guided by four key pillars: relationships, respect, opportunities and accountability.

As Australia's first port authority to develop a RAP, we are determined to deliver real outcomes, particularly when it involves our workforce.

As of June 2020, of our 760 strong workforce, 29 employees (3.82 per cent) self-identified as Aboriginal, Torres Strait Islander or Australian South Sea Islander peoples. This target has now been increased to 5 per cent by 2022.

Key achievements in line with our RAP during the year include:

- Investment in 30 local school students through our Talent Today, Talent Tomorrow Bursary program to support education pathways.
- Investment in one university student through our Talent Today, Talent Tomorrow University Scholarship program to provide financial support for undergraduate studies.
- Recruitment of five trainees through the Cross Industry Operations Traineeship program to advance skills in Administration, Warehouse Operations, Building Services, Parks and Recreation and Marine Operations.
- Commencement of a dedicated secondment program with Gadens Lawyers, providing six monthly secondments to graduate lawyers looking for experience in the port sector.
- Production of Indigenous-designed uniform shirt for all GPC employees as part of the corporate uniform. This supports our local Aboriginal, Torres Strait Islander and Australian South Sea Islander community by publicly demonstrating our engagement with their culture and art.

Women leading our ports

This year we focused on celebrating the women in our organisation and developing female leaders. We have seen these leaders excel in their roles and pave the way for other up-and-coming women at our ports. At GPC, we believe in giving everyone a fair go and ensuring we create a diverse and balanced workforce.

Our dedicated Indigenous traineeship program is 100 per cent female comprised and our Board is gender balanced.

While we acknowledge we have a way to go, we are committed to shifting a historically male-oriented industry. Examples of our women in leadership at GPC:-

Rowen Winsor | People, Community & Sustainability General Manager

Rowen has been an integral member of our Executive team for almost five years. Rowen has 20 years' experience as a senior executive across a range of industries and utilises her extensive knowledge and skills to contribute greatly to the success of GPC.

Liné Corfixen | Port Services and Performance Principal

Liné provides custodianship for port performance and operations (Non-Stevedoring), trade customer experience, marine pilots, towage services, channels and shipping of the Ports of Gladstone, Rockhampton and Bundaberg. Liné has driven efficiency improvements and growth throughout GPC's port areas through effective planning and engagement strategies with stakeholders.

Kylee Lockwood | Environment Superintendent

Kylee has been with GPC for almost 12 years. In her current role, Kylie heads up the Environment team, supervising seven employees to successfully manage the extensive environmental requirements and commitments for all three ports.

Amanda Croker | Quarry Specialist

Amanda is a Civil Engineer who came on board to help GPC review the operational processes of our quarry in Gladstone. Amanda is working with our quarry business to ensure it meets compliance with the relevant legislation.

OUR HEALTH AND SAFETY

COMPASS safety initiatives

GPC's COMPASS safety initiative evolved during the year, with six programs to enhance leadership, culture and overall safety performance.

Our Leader as Coach program has inspired visible leadership through weekly safety inspections and interactions with crew members on-site. These regular engagements have seen improvements in regimes during maintenance shutdowns and have enhanced our safety monitoring system and incident investigations.

We have introduced daily Tier 2 meetings involving superintendents and supervisors as part of our Operational Management Systems program, to reinforce health, safety, environment and operational information, and support key operational decisions as a collective.

In 2019/20, we were proud to call out and positively recognised 30 GPC individuals under our Life Saving Commitments program for their achievements in safety and operational excellence.

Injury and illness management

Influenza vaccinations were made freely available to all GPC employees in 2019/20. A record number of employees (346 in total) took up the offer and attended Fluvax clinics for influenza vaccinations at the Gladstone and Bundaberg sites. GPC's Health and Wellbeing team continued with their Face Fit testing program, with 141 employees tested. COVID-19 had a substantial impact on both the programs during this financial year. The number of employees receiving Fluvax increased significantly and the number of Face Fit testing was reduced as the program was placed on hold in the early stages of the pandemic.

This year, GPC recorded a decrease in total injuries compared to 2018/19. Lost time injuries increased by two from in the previous reporting period. GPC remains absolutely committed to a zero harm culture, and will continue to focus on the importance of safety in every facet of our operations.

Assurance **and governance**

OUR BOARD OF DIRECTORS

PETER CORONES AM

MAICD

Chair

Member — Finance, Investment, Commercial and Audit Committee

Member — Governance, Risk and Compliance Committee

Member — People, Performance and Culture Committee

Peter’s professional experience spans 43 years of extensive commercial and community experience. Over the past three decades he has been a member of, or served in, executive and non-executive roles on a number of key boards and authorities in the region. His current roles include Chair of Gladstone Area Group Apprentices Limited and Governor in Council appointee to the CQ University Council. Peter served on the City of Gladstone Council for more than 20 years, was Mayor for 14 years and is a past Director of GPC. Gladstone born, Peter has significant knowledge of the region’s economic and industry development, ports, tourism, promotion, administration, project and community facilitation and understands the characteristics and challenges of the region. Peter was awarded a Centenary Medal for distinguished service to local government (2001) and a Medal of the Order of Australia (2009) for service to the Gladstone Region community.

First Appointed July 1994

Current term 1 October 2018–30 September 2021

GAIL DAVIDSON

FAICD

Director

Chair — People, Performance and Culture Committee

Gail has held management roles in a number of sectors for more than 42 years and until July 2016 was the Executive General Manager Disability and Community Services for Endeavour Foundation. She has been involved in the disability sector for over 28 years, having previously worked in the hospitality and health sectors. Gail has been a member of the Gladstone Foundation Board of Advice, the Disability Council of Queensland, the Gambling Community Benefit Fund, and worked for the Complaints Management Quality Committee advising the Minister. She was the Inaugural Chair of the Regional Disability Council of Central Queensland, as well as a Queensland Representative on Policy advice in ‘Accommodation and Community Inclusion’ for the National Disability Service in Canberra. She is a member on the Mission, People and Culture Sub-Committee of the Board at Mercy Community Services in Brisbane. Gail has qualifications in management and is a Fellow of the Australian Institute of Company Directors.

First appointed October 2008

Current term 12 October 2017–30 September 2020

GRANT CASSIDY OAM

FAICD

Director

Member — Finance, Investment, Commercial and Audit Committee

Chair — Governance, Risk and Compliance Committee

Grant is an experienced Company Director and a long-term resident and business owner in Central Queensland. For the past 18 years, Grant has been Managing Director of his private businesses, operated under the Cassidy Hospitality Group banner. Grant's previous 15-year career in the media industry has provided him with an in-depth knowledge of sales, marketing and media management. As a very active and long-term contributor to the area's community organisations, Grant was Chair of Capricorn Enterprise (the region's peak Tourism and Economic Development organisation) for 10 years, as well as a former serving Board Director at Tourism Queensland, where he also chaired their Audit and Risk Committee. He also served on the boards of CQ University and Rockhampton Girls Grammar School. Grant is the current Chair of Regional Development Australia — Fitzroy Central West Region, Vice Chair of Beef Australia, Chair of the Rockhampton Salvation Army Red Shield Business Appeal and Chair of Capricorn Business Advisory Alliance. He is also a member of the Rockhampton Regional Council Advance Rockhampton Committee and a Fellow of the Australian Institute of Company Directors.

First appointed October 2015

Current term 1 October 2018–30 September 2022

PETA JAMIESON | BA (Hons), MScEnvMgt

GAICD

Director

Member — Governance, Risk and Compliance Committee

Member — People, Performance and Culture Committee

Peta has extensive experience in Queensland State Government, Brisbane City Council, the Local Government Association of Queensland, and is the director of her own management consultancy. She has extensive executive and operational experience and a clear understanding of how government and its policies and processes work. Peta is a strong advocate for the Bundaberg and Wide Bay Burnett Region. She is actively involved with community, commercial and government bodies such as the Wide Bay Burnett Regional Organisation of Councils on local and regional projects and initiatives. She is also Chair of the Wide Bay Hospital and Health Board and member of its Finance Committee, Executive Committee, Audit and Risk Committee and Safety and Quality Committee.

First appointed October 2015

Current term 1 October 2018–30 September 2022

STEWART BUTEL | BSc, Graduate Diploma of Business Studies

GAICD

Director

Member — Finance, Investment, Commercial and Audit Committee

Member — Governance, Risk and Compliance Committee

Stewart has more than 40 years' experience in the Australian resources industry. He joined Wesfarmers Limited in June 2000, was appointed Managing Director of Wesfarmers Resources in September 2006 and successfully led the company until his retirement in August 2016. Stewart has a strong track record in the Queensland Resources industry, having been President of Queensland Resources Council (QRC), the peak industry body for the resources industry in Queensland and awarded the QRC Medal in 2016 for services to the sector. He was also past Chair of the Australian Coal Association and its low emissions technology fund ACALET. Stewart was also a Non-Executive Director of the ASX listed companies such as Duet Group and RPM Global Holdings Limited, and was Chairman of Stanmore Coal Limited.

First appointed October 2017

Current term 12 October 2017–30 September 2020

ADRIENNE WARD

MAICD

Director

Chair — Finance, Investment, Commercial and Audit Committee

Member — People, Performance and Culture Committee

Adrienne Ward has an extensive background in corporate and government strategy, as well as working in high-risk and dynamic environments. Along with her husband, she currently owns a number of businesses in Gladstone and has previously worked in state and national roles within organisations such as Accenture, Westpac Banking Corporation and Leighton Contractors. Adrienne is a passionate advocate and contributor to both Gladstone and Queensland. Her current roles include Chair of the Gladstone Airport Corporation, Member of The Public Transport Fares Advisory Panel Qld, Committee Member of the Regional Arts Development Fund Gladstone and ambassador and judge for the Women in Business Awards of Australia. Adrienne is a former Telstra Business Woman of the Year and was also awarded The Centenary Medal in 2003 for distinguished service and achievement in business and commerce.

First appointed October 2018

Current term 1 October 2018–30 September 2021

OUR EXECUTIVE MANAGEMENT TEAM

Current executives

CRAIG WALKER

Acting Chief Executive Officer

Craig is an experienced senior executive having a strong background in commercial and operational settings, with proven successes in mergers and acquisitions, public and private sector transformations, regulated and non-regulated business in Australia and overseas. Craig commenced as Gladstone Ports Corporation's (GPC) Acting Chief Executive Officer in December 2018. Craig has more than 20 years of senior executive experience in the ports, rail, manufacturing, resources, infrastructure and consulting sectors, specialising in strategic environments.

ROWEN WINSOR

People, Community and Sustainability General Manager

Rowen is GPC's People, Community and Sustainability General Manager and has been a key member of the Executive team since October 2015. Rowen has more than 20 years' experience as a senior executive across a range of industries including the mining, energy, rail, aviation, and tourism sectors. Rowen is a member of the GPC and PCCC Indigenous Land Use Agreement (ILUA) Implementation Committee and a member of the GPC People Performance and Culture Committee.

GERARD MELROSE

Acting Operations & Asset Management and Project Services General Manager

Gerard was appointed as Acting Operations General Manager in May 2019 and has since taken on the Acting Asset Management and Project Services General Manger role after the departure of Benjamin Hayden in March 2020. His substantive role is as Logistics Manager, which he commenced in March 2016. Gerard has worked for GPC for more than 11 years across a number of areas including business development, risk, insurance, and human resources.

RUFUS GANDHI

General Counsel and Company Secretary

Rufus Gandhi was engaged as the General Counsel at GPC from 5 August 2019. Rufus oversees legal, governance and enterprise risk management at the Corporation. Admitted by the Law Society of England and Wales, the Queensland Law Society, the Supreme Court of Victoria and as a Registered Practitioner of the High Court of Australia, Rufus is an experienced senior lawyer with a demonstrated history of working in corporate, oil and gas and ports industries. He has over 20 years of experience in negotiation, international law, mergers and acquisitions, private equity, oil and gas law, port operations, dispute resolution and strategy. Rufus was appointed as Company Secretary on 21 February 2020.

Previous management

JASON COONEY

Commercial General Manager

Jason started with GPC in October 2018 as Commercial General Manager, having more than 15 years' experience with multinational logistics/transportation and engineering service companies with specialisation in commercial development, financial information management and company secretary duties. GPC fare welled Jason on 6 March 2020.

BENJAMIN HAYDEN

Acting Asset Management and Project Services General Manager

Benjamin was appointed as Acting Asset Management and Project Services General Manager in May 2019. Benjamin's substantive role is as Operations General Manager, which he commenced in March 2018. GPC fare welled Benjamin on 27 March 2020.

CORPORATE GOVERNANCE

On 13 March 2008, Central Queensland Port Authority (CQPA) was renamed Gladstone Ports Corporation. On 1 July 2007, Gladstone Ports Corporation converted to a Government Owned Corporation (GOC), constituted under the provision of the *Government Owned Corporations Act 1993* (Qld) (GOC Act) and became Gladstone Ports Corporation Limited (GPC) as part of this process. Port Alma also assumed a new trading name, Port Alma Shipping Terminal. On 1 November 2009, the Port of Bundaberg was transferred to GPC, having been a wholly owned subsidiary of the Port of Brisbane Corporation.

GPC is a public company incorporated under the *Corporations Act 2001* (Cth) and subject to the requirements of the GOC Act. Gladstone Marine Pilot Services Pty Ltd (GMPS) is a company incorporated under the *Corporations Act 2001* (Cth) and is also subject to the GOC Act as wholly owned subsidiaries of a GOC.

The former GPC subsidiary company Gladstone WICET Operations Pty Ltd (GWO) was deregistered on 13 June 2018. GPC owns all the shares in GMPS.

The Queensland Government is the owner of all shares in GPC. These shares are held by two shareholding Ministers:

- Treasurer, Minister for Infrastructure and Planning, the Hon. Cameron Dick MP.
- Minister for Transport and Main Roads, the Hon. Mark Bailey MP.

GPC is committed to adopting leading practices in sustaining its economic, environmental and socially focused operations. As a Government Owned Corporation, GPC subscribes to a corporate governance framework designed to incorporate the following eight ASX Corporate Governance Principles 4th Edition.

CORPORATE GOVERNANCE PRINCIPLE	DESCRIPTION — GOVERNANCE COMMITMENT
Lay solid foundations for management and oversight	Through its organisational design, policies and procedures, GPC clearly delineates the respective roles and responsibilities of its board and management and discloses how their performance is monitored and evaluated.
Structure the Board to be effective and add value	The Board consists of an appropriate size, composition, skills, commitment and knowledge of the organisation and the industry within which GPC operates, to enable it to discharge its duties effectively and to add value.
Instil a culture of acting lawfully, ethically and responsibly	GPC instils and continually reinforces a culture across the organisation of acting lawfully, ethically and in a socially responsible manner.
Safeguard the integrity of corporate reports	GPC establishes formal and rigorous processes to validate the quality and integrity of its corporate reporting.
Make timely and balanced disclosure	GPC makes timely and balanced disclosure of all matters that have a material effect on the way in which it conducts its operations.
Respect the rights of security holders	GPC provides its shareholders with appropriate information and facilities to allow them to exercise their rights as owners effectively.
Recognise and manage risk	GPC establishes a sound risk management framework and periodically reviews the effectiveness of that framework.
Remunerate fairly and responsibly	GPC designs a remuneration model to attract, retain and motivate high-quality senior executives and employees and to align their interests with the creation of value for shareholders over the short, medium and longer term.

Through its corporate governance framework, GPC is committed to demonstrating effective leadership and accountability in delivering prudent and efficient outcomes aligned to its corporate objectives. Sound and effective governance at GPC will be underpinned by the foundations of:

- Solid corporate performance — our governance framework helps to achieve our corporate performance objectives across all focus areas of the Corporation.
- Accountability — we are held to account under our governance framework, for regulatory and policy compliance, enterprise risk management and corporate conduct based on transparency and integrity.

The GPC Enterprise Risk Management Framework is guided by the principles of ISO 31000 (Risk Management). The framework focuses on the adoption of an enterprise wide system and establishes a standard consistent with ISO 31000 and Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management-Integrating with Strategy and Performance 2017.

Our strategy setting and business planning cycle engages its Board and Executive Management Team on a cyclical basis to review the strengths, weaknesses, opportunities and threats affecting, or likely to affect, GPC. This process is supported by an ongoing process of reviewing and setting GPC's risk appetite.

GPC's extensive and comprehensive risk management framework has been developed to guide decision-making, to allocate resources to the level of risk which is considered acceptable and the requirements for escalation and reporting. The Risk Appetite Statement is a 'trigger for decision-making, escalation and reporting (as applicable) versus being a 'rule-based parameter'

Principle 1: Lay solid foundations for management and oversight

Chairperson: Peter Corones AM

Current members: Grant Cassidy OAM, Adrienne Ward, Gail Davidson, Peta Jamieson and Stewart Butel

Secretary: Rufus Gandhi (General Counsel & Company Secretary)

Our directors are appointed by the Governor-in-Council, pursuant to the GOC Act. GPC is required to have a minimum of three directors and any director may be removed at any time by the Governor-in-Council. No director is subject to retirement by rotation. The Board is supported by three sub committees (Governance Risk and Compliance, People Performance and Culture and Finance, Investment, Commercial and Audit).

The criteria for Board membership are in accordance with the GOC Act. This states that in appointing a person as a director, the Governor-in-Council must have regard to that person's ability to make a contribution to the statutory GOC's commercial performance and implementation of its Statement of Corporate Intent (SCI).

All directors are non-executive directors. GPC is committed to ensuring that all new members of the Board receive an effective induction to their Board and Committee responsibilities as well as an overview of our structure, operations, policies and processes. Directors are generally appointed for a term of three years, but may be reappointed after that time.

Roles and responsibilities of the Board

The Board provides leadership and sets the strategic objectives of GPC. The Board assumes overall responsibility for corporate governance practices within GPC and monitors the performance of the corporation, its management and employees. The Board, in conjunction with the CEO, establishes and implements GPC's operational, financial and strategic direction as outlined in the one year (SCI 2019–2020), five years (Corporate Plan 2019–2024) and long-term (50-year Strategic Plan 2012–2062) plans. Ongoing Government, customer, community and employee consultation assists the Board to enact the corporate objectives defined in these plans.

Induction of new members and continuing professional development

A comprehensive directors' induction is carried out for new directors appointed to the Board. This includes a site visit to familiarise them with our operations. As part of the induction process, information and briefings are also provided. These cover enabling legislation, corporate planning documents, relevant policies and detail of Board administrative arrangements.

Directors are kept advised of relevant industry related seminars and conferences available to update their skills and knowledge. Directors are also encouraged to attend workshops and seminars as part of a continuing professional development policy to enable them to undertake their role effectively.

Our Organisation

The organisational structure is the framework within which GPC makes responsible, accountable decisions, supported by expert advice and the assurance provided by internal and external audit services. The CEO leads the management team and is responsible for GPC's organisational structure. The structure is approved by the Board. The CEO is directly responsible to the Board for the administration of the organisation.

CEO Performance Review

In accordance with GPC's Corporate Governance Framework, the Board, supported by the People, Performance and Culture Committee, conducts an annual CEO and senior executive performance review. Performance plans are reviewed periodically throughout the year and a final assessment is conducted at year end.

PRINCIPLE 2: Structure the Board to be effective and add value

Board meetings

The Chairman and CEO discuss and finalise the agenda for each meeting; standing items include:

- Apologies, declarations of interest or pecuniary interest and minutes of previous meetings.
- Board action list.
- Workplace, health and safety report.
- Commercial and governance decisions requiring resolutions for adoption.
- Committee reports.
- Monthly reports on GPC's strategy, performance, risks, projects and new infrastructure (through a CEO's report detailing the activities of each department).
- Correspondence.
- Corporate governance report.
- Corporate strategy report.

Meetings may include presentations by GPC employees or invited guests. Board papers are circulated in digital format one week before the meeting to provide sufficient time for review of agenda items and enable directors to request additional information to support them in their decision-making.

Board committees

The Board may delegate its powers to a committee of directors. GPC has three committees: The Governance, Risk and Compliance, People Performance and Culture and Finance, Investment, Commercial and Audit. One director on each committee is appointed Committee Chairperson by the Chair of the Board.

Management personnel attend these meetings as well. GPC's external and internal auditors attend Committee meetings as required.

Director independence

Each director must declare their material interests external to GPC, to allow for the identification of any areas of activity that may lead to a conflict of interest. A declaration of directors' other interests is a standing agenda item at the commencement of every Board and Committee meeting. Directors absent themselves from meetings while any matters of potential conflict of interest are discussed. In accordance with its Charter, the Board (at least annually) ensures that the independence criterion as set out in the Charter is satisfied for each director.

The following materiality thresholds apply to the above definition of independence:

- A material professional advisor or consultant is one whose fees to GPC in a financial year exceed $100,000.
- A material supplier is one whose sales to GPC in a financial year exceed 2 per cent of the value of GPC's total purchases including capital expenditure.

- A material customer is one whose purchases from GPC in a financial year exceed 2 per cent of GPC's gross revenue.
- A material contractual relationship, other than any of those described above, is one in respect of which the consideration payable under the contract exceeds $100,000.

Materiality is assessed on a case by case basis from the perspective of both GPC and the relevant director having regard to the director's individual circumstances.

Gaining independent advice

Independent professional advice at GPC's expense is available to the Board and individual directors to assist them in carrying out their designated duties.

Board performance review

The Board, as part of its governance process, has committed to ensuring a regular process of review is in place. The Chair conducts a review of the skills around the Board table and identifies any skills that may be required in the future. The performance assessments focus on whether the objectives of the Board are being met in an effective manner.

A report is provided to shareholding Ministers on the results of the evaluation. Whilst the Chair does not himself have the right to appoint Directors, it is acknowledged that shareholding Ministers take skill requirements into account when appointing Directors.

Performance of the Board, its Committees and individual Directors is reviewed and evaluated on a biennial basis.

In accordance with the biennial review process, a board performance review was conducted during the 2019/20 financial year. Directors' attendance at 2019/20 Board meetings was in accordance with their individual terms of appointment to the Board. Details are disclosed within the Notes to the Accounts.

PRINCIPLE 3: Instil a culture of acting lawfully, ethically and responsibly

GPC's ethical standards such as the Code of Conduct, Fraud and Corruption Prevention Policy, Risk Management Policy, and the means by which we implement them, form part of the induction for all new Board members and employees. Updates are provided as new policy developments occur and as part of our CEO's annual business update sessions. Policies are available on the GPC intranet.

Code of Conduct

A Code of Conduct has been developed and formally adopted by the Board. The code gives detailed advice on the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. It also provides comprehensive examples to illustrate application of the code. Employees are reminded of their obligations under the code during annual business update sessions presented by the CEO. The code reflects the requirements of the *Public Sector Ethics Act 1994* (Qld).

Fraud and corruption prevention

Fraud and corruption prevention applies to all Directors and our employees. A policy was developed to assist management and employees in the discharge of their responsibilities by setting out the procedures for managing fraud and corruption.

The Company Secretary is the Fraud Control Officer for the purposes of the policy. All incidences of theft and related activity are reported to the Finance, Investment, Commercial and Audit Committee by the Fraud Control Officer on a regular basis for consideration of fraud control initiatives. Online training is available to employees, who are also reminded of their obligations under this policy at the annual business update sessions.

Procedure on Public Interest Disclosure

The *Public Interest Disclosures Act 2010* (Qld) (PID Act) came into effect on 1 January 2010. The PID Act creates an obligation on GPC to implement reasonable procedures to deal with Public Interest Disclosures (PIDs). As stated in GPC's PID Procedure, GPC is committed to creating and maintaining a workplace where strong ethical standards are upheld and displayed through employee behaviour. This includes the reporting and management of misconduct and reprisal, legally referred to as a Public Interest Disclosure (PID).

GPC has recently undertaken a review of its suite of Governance Documents, including the PID documentation. The review also delivered reassurance that the PID suite of documents reflects the recent amendments made by the Office of the Queensland Ombudsman. The PID Procedure outlines that the Deputy Company Secretary is the PID Officer for the purposes of the Procedure and GPC as a whole. GPC's PID Procedure outlines how to determine if a PID exists, how to make a PID, how to record a PID, how the PID is assessed and how to manage that PID. All PIDs and related activities are recorded by the PID Officer in a PID Register for audit purposes.

Right to information and information privacy

During the reporting period, GPC received three requests for information in accordance with the *Right to Information Act 2009* (Qld) and *Information Privacy Act 2009* (Qld). The requests were duly registered and addressed.

GPC's Whistleblower's reporting hotline

All suspected and actual misconduct and reprisal action must be reported in accordance with the PID procedure. Under GPC's Code of Conduct, all employees are required to report any reasonably based suspicion of theft, fraud, assault, corruption and/or official misconduct to their manager, another appropriate officer of GPC, the PID Officer or through GPC's confidential reporting Hotline (1800 063 408), or through the Crime and Corruption Commission. While GPC's Whistle blower's reporting Hotline is intended primarily to be a service for employees, contractors and customers of GPC, the same reporting channel is available to the community, to raise issues and concerns. No calls to the Hotline will be dismissed on the basis of their source. The service is provided externally by Deloitte.

PRINCIPLE 4: Safeguard the integrity of corporate reports

Finance, Investment, Commercial and Audit Committee

Chairperson: Adrienne Ward

Current members: Peter Corones AM, Grant Cassidy OAM, Stewart Butel

Secretary: Rufus Gandhi (General Counsel & Company Secretary)

The Committee is assisted by the CEO and the Commercial General Manager. The internal and external auditors are invited to attend Committee meetings to present relevant reports and to openly discuss any concerns with the Committee, without management influence. The responsibilities of the Finance, Investment, Commercial and Audit Committee include, but are not limited to:

- Following the internal audit charter, and overseeing the internal audit and compliance functions of GPC.
- Making recommendations on the results of various internal audit reviews carried out throughout the year.
- Making recommendations based upon the reports of the external auditors.
- Reviewing and approving the annual financial statements.

The Finance, Investment, Commercial and Audit Committee operates under a charter established by GPC's Board. During 2019/20, the Finance, Investment, Commercial and Audit Committee reviewed and observed the terms of its charter and had due regard to Queensland Treasury's Audit Committee Guidelines.

External audit arrangements

GPC, in accordance with the *Auditor General Act 2009* (Qld), engages the Queensland Audit Office as its external auditor. The Auditor-General of Queensland, an independent Officer of Parliament, is the external auditor of government public sector entities in Queensland. The independence of the position, mandated by law, means that the Auditor-General and staff of the QAO have unfettered access to government entities and can examine and report to Parliament on the efficiency and effectiveness of any aspect of public sector finances and administration.

QAO officers conduct regular reviews and assessments of GPC's internal control environment, including financial management. Implementation of the QAO's recommendations targeting improvements to GPC's financial and related processes and systems are closely monitored by the Finance, Investment, Commercial and Audit Committee and the executive management team.

The QAO has conducted its annual independent assessment of GPC's finances and operations and concluded that the general purpose financial statements contained in this annual report present a true and fair view of GPC's financial position as at 30 June 2020.

Internal audit

Internal audit is an independent function that assists the Board and management in the effective discharge of their responsibilities. The Finance, Investment, Commercial and Audit Committee defines the internal auditors' scope of work through establishment of an annual internal audit plan.

The Committee also reviews the reports of the internal auditors and assesses their quality of work. KPMG was appointed GPC's internal auditors for a period up to 31 December 2020.

Dividend policy

GPC's Dividend Policy takes into account the return that shareholders expect from their investment and the ongoing capital investment requirements of our business. In 2019/20, the Board recommended to shareholders a dividend payment of 100% of net profit after tax, adjusted for any unrealised movements from the revaluation of non-current assets.

Records management

GPC is aware of its responsibilities under the *Public Records Act 2002* (Qld) and in 2015/16 GPC formulated an Information Management Policy, Records Management Standard and Archive Management Procedure in line with ISO40 recordkeeping used under the *Financial Accountability Act 2009* (Qld) to improve recordkeeping practices. This will ensure that operational business needs, legal, evidential and accountability requirements are met and stakeholder expectations are fulfilled.

Summary of directions and notifications given to the Board by shareholding Ministers

GPC received notification's, dated 21 September 2019 and 13 June 2020, regarding the requirements of the new Public Interest Disclosure Standards No. 1/2019, No.2/2019 and No. 3/2019 from GPC's shareholding Ministers.

PRINCIPLE 5: Make timely and balanced disclosure

Corporate planning and disclosure

GPC presents an annual SCI and 5-year Corporate Plan to shareholding Ministers annually. The SCI forms the basis of the contract between GPC and shareholding Ministers. Status reports are presented monthly and quarterly to shareholding Ministers. Reports against key performance indicators are provided to the Board on a monthly basis. In addition, the CEO regularly advises the shareholding Ministers' departments on developing projects and GPC's proposed actions. This is also supported through written briefings as required. GPC has met the requirements of the 2019/20 SCI.

PRINCIPLE 6: Respect the rights of security holders

This principle requires GOCs to respect the rights of shareholding Ministers and their representatives, having regard to the requirements of responsible government. As a GOC, GPC at all times seeks not only to comply with statutory and legal requirements but to go beyond where relevant. GPC provides the shareholding Ministers with regular reports and engages closely with the various departments within the ministerial offices. In addition, GPC publishes information about its governance and operations on its corporate website.

PRINCIPLE 7: Recognise and manage risk

Our Board retains ultimate responsibility for risk management and for determining the appropriate level of risk that the Board is willing to accept in the conduct of our business activities. The CEO provides the interface between the business units and the Board. Overall, the CEO has the ultimate responsibility for maintaining a Board-endorsed, robust corporate risk management system within GPC that through transparency in reporting reflects the true state of business risk exposure.

Quarterly, the management team conducts risk reviews and reports the outcomes of the review to the Board. GPC is committed to:

- Behaving as a responsible corporate citizen, protecting employees, customers, contractors and their property, as well as the community and the broader environment from unnecessary injury, loss or damage.
- Achieving our business objectives by minimising the impact of risks we can meaningfully and realistically control which would otherwise significantly affect our assets and earnings.

- Finding the right balance between the cost of control and the risks we are willing to accept as the legitimate grounds for earning reward.

The Corporation's Risk Management Framework provides the basis for departments to identify, assess, measure, manage, monitor and report on their risks. The Framework is supported by a number of key corporate policies and procedures.

The principles behind the Risk Management policy are based on AS/NZ 31000 Risk Management – Principles and Guidelines, and Principle 7 of the Queensland Government's Corporate Governance Guidelines for Government Owned Corporations released February 2009. GPC is currently reviewing its Risk Management System for continuous improvement outcomes.

Governance, Risk and Compliance Committee

Chairperson: Grant Cassidy OAM

Current members: Peter Corones AM, Peta Jamieson, Stewart Butel

Secretary: Rufus Gandhi (General Counsel & Company Secretary)

The Committee is assisted and attended by the CEO and the Commercial General Manager.

The Committee's responsibilities include, but are not limited to:

- GPC's risk appetite and risk tolerance, as determined by the Board on a holistic enterprise wide basis, and with respect to relevant categories of operational risk.
- Assessment of the likelihood of occurrence, severity of impact of those risks, and any mitigating measures affecting those risks.
- The responsibility for risk oversight and management of specific risks to ensure a common understanding of accountabilities and roles.
- The risk treatment and mitigation policies and procedures developed by management, including procedures for periodic and critical reporting of matters to the Board and the Committee.
- Management's implementation of GPC's risk treatment and mitigation policies and procedures, to assess compliance and effectiveness.
- Overseeing the ethical conduct and governance functions of GPC.

PRINCIPLE 8: Remunerate fairly and responsibly

People, Performance and Culture Committee

Chairperson: Gail Davidson

Current members: Peter Corones AM, Peta Jamieson, Adrienne Ward

Secretary: Rufus Gandhi (General Counsel & Company Secretary)

The People, Performance and Culture Committee is assisted and attended by the CEO and the People, Community and Sustainability General Manager.

The Committee's responsibilities include, but are not limited to:

- Monitoring and implementing recommendations relating to salaries and Enterprise Agreements.
- Reviewing reports and overseeing the implementation of recommendations arising from audits and reviews of systems and processes.
- Providing strategic direction for human resource management, training, planning and development.
- Making recommendations to the Board on remuneration issues.

The People, Performance and Culture Committee continued to review and approve GPC's strategic plans for Health and Safety.

Remuneration for the board

Directors’ remuneration is determined by shareholding Ministers and the 2019/20 details of Directors’ remuneration are disclosed in the Notes to the Accounts in accordance with GOC remuneration disclosure requirements.

Remuneration for senior management

Senior Management’s remuneration was approved by the Board in accordance with the Policy for Government Owned Corporations Chief and Senior Executives Employment Arrangements released July 2014.

Note: As per usual settings GPC does not pay performance payments/bonuses.

Corporate entertainment

GPC held one corporate and hospitality event during 2019/20 above $5,000, which individually cost $8,455.

Financial Statements

For the year end 30 June 2020

Gladstone Ports Corporation

Growth, prosperity, community.

Gladstone Ports Corporation Limited

Consolidated Financial Statements

ACN 131 965 896

For the year ended 30 June 2020

PURPOSE AND SCOPE

Gladstone Ports Corporation Limited (GPC) is a company Government Owned Corporation (GOC), constituted on 1 July 2004 under the provisions of the *Government Owned Corporations Act 1993* (the Act).

These statements have been prepared to:

(i) Comply with the provisions of the *Corporations Act 2001*, and other prescribed requirements

(ii) Comply with the provisions of the *Financial Accountability Act 2009* and other prescribed requirements

(iii) Communicate information concerning GPC's financial performance for the year and its financial position at year end.

The statements are general purpose in nature and provide a full presentation of all the financial activities of GPC. The consolidated financial statements of GPC for the year ended 30 June 2020 was authorised for issue to shareholding Ministers in accordance with a resolution of the Directors on 13 August 2020.

Contents

Directors' report for the year ended

30 June 2020

The Directors present their report together with the auditor's report and the consolidated financial statements of Gladstone Ports Corporation Limited (GPC), being Gladstone Ports Corporation Limited (the parent) and its controlled entity (Gladstone Marine Pilot Services Pty Ltd) for the year ended 30 June 2020.

The Board comprises of non-executive Directors with diverse business experience as well as community leadership roles. The criteria for membership of the Board are in accordance with the *Corporations Act 2001* and the *Government Owned Corporations Act 1993*. The *Government Owned Corporations Act 1993* requires that, in appointing a person as Director, the Governor in Council must have regard to that person's ability to contribute to the Group's commercial performance and implementation of its Statement of Corporate Intent (SCI). Directors are appointed for a term of not more than five years but may be reappointed.

In order to comply with the provisions of the *Corporations Act 2001* the Directors submit their report for the year ended 30 June 2020.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Name and qualifications	Experience and skills
Peter Corones AM MAICD ***Chairman*** Member - Finance, Investment, Commercial and Audit Committee Member – Governance, Risk and Compliance Committee Member – People, Performance and Culture Committee	A business proprietor and company director, Peter's strong background spans 43 years of extensive commercial and community experience. Over the past three decades he has been a member of, or served in titled executive and non-executive roles on a number of key Boards and Authorities in the region. Current roles include Chairman of Gladstone Area Group Apprentices Limited (GAGAL) and Governor in Council appointee to the CQ University Council. Peter served on the City of Gladstone Council for more than 20 years, was Mayor for 14 years, and is a past Director of GPC. Gladstone born, Peter has significant knowledge of the region's economic and industry development; ports; tourism, promotion, administration; project and community facilitation and understands the characteristics and challenges of the region. Peter was awarded a Centenary Medal for distinguished service to local government (2001) and a Medal of the Order of Australia (2009) for service to the Gladstone Region community. First Appointed July 1994 Current term 1 October 2018 – 30 September 2021

Gail Davidson **FAICD** *Director* Chair – People, Performance and Culture Committee	Gail has held management roles in a number of areas for over 42 years and, until July 2016 was the Executive General Manager Disability and Community Services for Endeavour Foundation. Gail has been involved in the disability sector for over 28 years, having previously worked in the hospitality and health sectors. She has been a member of the Gladstone Foundation Board of Advice; the Disability Council of Queensland; the Gambling Community Benefit Fund; under Treasury, the Complaints Management Quality Committee advising the Minister. She was the Inaugural Chair of the Regional Disability Council of Central Queensland; as well as a Queensland Representative on Policy advice in 'Accommodation and Community Inclusion' for the National Disability Service in Canberra. She is a member on the Mission, People and Culture Sub-Committee of the Board at Mercy Community Services in Brisbane. She has qualifications in management, is a Fellow of the Australian Institute of Company Directors. Gail currently also sits on the Mercy Community Board in Brisbane and is a member of the Mission, People and Culture Sub Committee of Board. First appointed October 2008 Current term 12 October 2017 – 30 September 2020
Grant Cassidy OAM **FAICD** *Director* Member - Finance, Investment, Commercial and Audit Committee Chair – Governance, Risk and Compliance Committee	Grant is an experienced Company Director and a long-term resident and business owner in Central Queensland. For the past 18 years Grant has been Managing Director of his private businesses operated under the Cassidy Hospitality Group banner. Grant's previous 15-year career in the media industry provided him with an in-depth knowledge of sales, marketing and media management. As a very active and long-term contributor to the area's community organisations, Grant understands local Central Queensland issues, having been Chairman of Capricorn Enterprise (the regions peak Tourism and Economic Development organisation) for 10 years, as well as, a former serving Board Director at Tourism Queensland, also chairing their Audit and Risk Committee. He also served on Boards with CQUni and Rockhampton Girls Grammar School. Grant is the current Chairman of Regional Development Australia – Fitzroy Central West region; Vice Chairman of Beef Australia; Chairman of the Rockhampton Salvation Army Red Shield Business Appeal and Chair of Capricorn Business Advisory Alliance. Grant is also a member of the Rockhampton Regional Council Advance Rockhampton Committee. He is a Fellow of the Australian Institute of Company Directors. First appointed October 2015 Current term 1 October 2018 – 30 September 2022
Peta Jamieson **GradCertBA, BA (Hons), BA, MScEnvMgt, GAICD** *Director* Member – Governance, Risk and Compliance Committee Member – People, Performance and Culture Committee	Peta has extensive experience in Queensland State Government, Brisbane City Council and the Local Government Association of Queensland (LGAQ), and is the director of her own management consultancy. She has a breadth of both executive and operational experience and a clear understanding of how government, its policies and processes work. Peta is a strong advocate for the Bundaberg and the Wide Bay Burnett Region and is actively involved with community, commercial and government bodies on local and regional initiatives. She is actively involved with community, commercial and government bodies such as the Wide Bay Burnett Regional Organisation of Councils on local and regional projects and initiatives. Peta is also Chair of the Wide Bay Hospital and Health Board and member of its Finance Committee, Executive Committee, Audit and Risk Committee and Safety & Quality Committee. First appointed October 2015 Current term 1 October 2018 – 30 September 2022

Stewart Butel **BSc, Graduate Diploma of Business Studies, GAICD** *Director* Member – Finance, Investment, Commercial and Audit Committee Member – Governance, Risk and Compliance Committee	Stewart has over 40 years of experience in the Australian resources industry. He joined Wesfarmers Limited in June 2000, was appointed Managing Director of Wesfarmers Resources in September 2006 and successfully led the company until his retirement in August 2016. Stewart has a strong track record in the Queensland Resources industry, having been President of Queensland Resources Council (QRC), the peak industry body for the industry in Queensland, and was awarded the QRC Medal in 2016 for services to the sector. He was also past Chairman of the Australian Coal Association, and its low emissions technology fund ACALET. Stewart has held past board positions with organisations such as the Minerals Council of Australia, and the Chamber of Mines and Energy in Western Australia. Stewart was also a Non-Executive Director of the ASX listed companies such as Duet Group and RPM Global Holdings Limited, and was Chairman of Stanmore Coal Limited. First appointed October 2017 Current term 12 October 2017 – 30 September 2020
Adrienne Ward **MAICD** *Director* Chair – Finance, Investment, Commercial and Audit Committee Member – People, Performance and Culture Committee	Adrienne Ward has an extensive background in corporate and government strategy, as well as working in high-risk and dynamic environments. Along with her husband, she currently owns a number of businesses in Gladstone and has previously worked in state and national roles within organisations such as Accenture, Westpac Banking Corporation and Leighton Contractors. Adrienne is a passionate advocate and contributor to both Gladstone and Queensland. Her current roles include Chair of Gladstone Airport Corporation, Member of The Public Transport Fares Advisory Panel Qld, Member of Australian Institute of Company Directors (AICD) Central Qld Committee, Committee Member of the Regional Arts Development Fund (RADF) Gladstone, President of Gladstone Hockey Association and Ambassador for the Women in Business Awards of Australia. Adrienne is a former Telstra Businesswoman of the Year and was also awarded The Centenary Medal in 2003 for distinguished service and achievement in business and commerce. First appointed October 2018 Current term 1 October 2018 – 30 September 2021

PREVIOUS DIRECTOR

Marita Corbett **BCom, CA, MAICD**	First appointed December 2016 Term expired 30 September 2019

GENERAL COUNSEL AND COMPANY SECRETARY

Name and qualifications	Experience and skills
Rufus Gandhi LLB *Solicitor*	Rufus Gandhi was engaged as the General Counsel at GPC from 5 August 2019. Rufus oversees legal, governance and enterprise risk management at the Corporation. Admitted by the Law Society of England and Wales, the Queensland Law Society, the Supreme Court of Victoria and as a Registered Practitioner of the High Court of Australia, Rufus is an experienced senior lawyer with a demonstrated history of working in corporate, oil and gas and ports industry. He has over 20 years of experience in Negotiation, International Law, Mergers and Acquisitions, Private Equity, Oil & Gas Law, Port Operations, Dispute Resolution and Strategy. Rufus was appointed as Company Secretary from 21 February 2020.

PREVIOUS COMPANY SECRETARIES

Jason Cooney BComm	First appointed August 2019 Ceased 21 February 2020
Sohana Maharaj BA, LLB MBA, MCIPS, MAICD	First appointed January 2018 Ceased 14 August 2019

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities are to:

a) provide import and export shipping infrastructure to the Central Queensland region through the Port of Gladstone, Port of Rockhampton and Port of Bundaberg, and encourage the use of these facilities for the economic benefit of stakeholders

b) manage cargo handling facilities for coal and other bulk products at Port of Rockhampton, RG Tanna Coal Terminal, Barney Point Terminal and Auckland Point facilities

c) develop, manage and lease land and other assets for port related purposes

d) manage ancillary services and functions which support core business activities.

OPERATING RESULTS FOR THE YEAR

The Group's net profit after income tax is $80.97M (2019: $61.21M) representing an increase of 32% from the previous year. The results included net revaluation decreases of $3.21M (2019: net revaluation decrease of $15.72M). This related to write-down of assets of $2.53M and investment property devaluation of $0.68M. Total income was $513.15M, an increase from 2019 of $36.79M. COVID 19 impacts were generally apportioned across all aspects of the operating business.

AUDITOR INDEPENDENCE

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is included following the Directors' Report.

DIVIDENDS

Dividends paid to shareholders during the financial year were as follows:

	2020 $'000	2019 $'000
Dividends paid from prior year profits	73,820	61,945
	Cents per share	**Cents per share**
Dividend per share	18.36	15.41

In addition to the above dividends, the Directors recommended the payment of a final dividend at 100% of profits, adjusted in line with shareholding Ministers' approval. The final dividend amounts to $79.55M (19.79 cents per share).

REVIEW OF FINANCIAL CONDITIONS AND LIKELY DEVELOPMENTS

Trade performance remained strong during the year with all three GPC ports contributing to the 122.53MT throughput, 2.26MT less than last year's throughput as a result of lower than expected coal and aluminium industry related performance. The Port of Gladstone recorded a throughput of 121.99MT led by coal, liquefied natural gas (LNG) and alumina-related exports. 71.71MT of coal exports were facilitated by the Port of Gladstone, a 0.68MT decrease in exports.

Curtis Island exports also continued to grow, with 22.12MT of LNG transported predominately into Asia, an increase of 0.55MT from last year. 391,939 tonnes of product was handled at the Port of Bundaberg during the year and increased diversity of product is setting the foundation for future growth at the port. Ammonium nitrate was the major driver of trade at the Port of Rockhampton. The continuing uncertainty on global demand and trade distribution due to COVID 19 has been considered with similar conditions expected to that in the second half of the year continuing through FY2021.

Ordinary property revenue has flattened during the year following the industry expansion experienced in prior years and trends are moving slightly upwards however the impact of COVID-19 on the property market remains uncertain. It is likely the impact of COVID-19 on the Group's property revenue will see a decrease in the coming year.

Over the next five years, port development will focus on ensuring that the capacity of the shipping channels is matched to the potential growth of trade. Finalising the Clinton Vessel Interaction project and the approval for Environmental Impact Study (EIS) for the channel duplication will underpin this focus.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of Gladstone Ports Corporation Limited during the year ended 30 June 2020.

ENVIRONMENTAL REGULATION

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation. Compliance to these obligations are rigorously monitored and reported as required under GPC's accredited ISO14001:2015 Environmental Management System. Further information can be found in the 2020 Annual Report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year the Group indemnified all Directors and Executive Officers in respect of Directors and Officers liability and company reimbursement insurance. The base premium paid amounted to $106,700.

Under the policy the insurer agrees to pay:

(a) all losses which each insured person becomes legally obligated to pay on account of any claims for wrongful acts

(b) all losses for which the company may grant indemnification to each insured person.

The Group has not otherwise during or since the end of the financial year, except to the extent permitted by law, indemnified an officer of the company against a liability incurred as such an officer.

DIRECTORS’ ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

	Board (9 held)	Finance, Investment, Commercial and Audit Committee (5 held)	Governance, Risk and Compliance Committee (4 held)	People, Performance and Culture Committee (4 held)
Peter Corones AM	9	5	4	4
Grant Cassidy OAM	9	5	4	*2
Stewart Butel	8	4	3	*1
Gail Davidson	9	*1	*	4
Peta Jamieson	9	*2	3	4
Adrienne Ward	9	5	*4	4
Marita Corbett**	1	1	1	

*Not a member of the relevant committee

** Ceased September 2019

COMMITTEE MEMBERSHIP

At the date of this report the Group had a Finance, Investment, Commercial and Audit (FICA) Committee, a Governance, Risk and Compliance (GRC) Committee and a People, Performance and Culture (PPC) Committee:

FICA Committee:
Adrienne Ward – Chair
Peter Corones AM
Grant Cassidy OAM
Stewart Butel

GRC Committee:
Grant Cassidy OAM - Chair
Peter Corones AM
Peta Jamieson
Stewart Butel

PPC Committee:
Gail Davidson - Chair
Peter Corones AM
Peta Jamieson
Adrienne Ward

DIRECTORS’ INTERESTS

The Directors have no interest in any shares of the Group as all shares are held for the benefit of the State of Queensland by Ministers of the Crown.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Note 26 of the consolidated financial statements provides detailed disclosures relating to the remuneration of key management personnel. The term key management personnel refers to those persons having the authority and responsibility for planning, directing and controlling the activities of GPC, directly or indirectly, including any director of GPC.

RISK MANAGEMENT

The Group, in carrying out its business, maintains a risk management philosophy that appropriately:

(a) protects the wellbeing of the Group’s workforce, the wider community in which it operates and its physical environment;

(b) manages threats that could adversely affect the Group’s ability to meet its corporate objectives, its growth in shareholder value and its stewardship of company assets;

(c) assures rhythms and routines to identify emerging and future risks appropriate to sustainability of the Group.

PROCEEDINGS ON BEHALF OF THE COMPANY

Gladstone Ports Corporation (GPC) was served on 27 February 2018 with a Claim and Statement of Claim filed in the Supreme Court of Queensland by Murphy Operator Pty Ltd, Tobari Pty Ltd and SPW Ventures Pty Ltd. The plaintiffs filed and served an amended statement of claim on 9 May 2018. Pursuant to an order of the court, the plaintiffs filed and served a further amended statement of claim on 27 July 2018. It is likely the Court will order the plaintiffs to file a further amended statement of claim in late 2020, following the delivery of their evidence.

The claim is a representative class action brought on behalf of the following 3 categories of claimant: (1) commercial fishing group members; (2) fish processing group members; and (3) fish wholesaling group members. The claim arises from the conduct of the Fisherman's Landing Expansion Project and the Western Basin Dredging and Disposal Project.

GPC has engaged legal representatives to act on its behalf and has filed a defence to the claim. The proceedings are ongoing.

SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future years.

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to s298 (2) of the *Corporations Act 2001*. On behalf of the Directors:

original signed

Peter Corones AM

Chairman

Dated: 13 August 2020

Auditor's **independence declaration**

To the Directors of Gladstone Ports Corporation Limited

This auditor's independence declaration has been provided pursuant to s.307C of the *Corporations Act 2001*.

Independence declaration

As lead auditor for the audit of Gladstone Ports Corporation Limited for the financial year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Gladstone Ports Corporation Limited and the entities it controlled during the period.

original signed

13 August 2020

Vaughan Stemmett
as delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $'000	2019 $'000
Revenue from contracts with customers	6(a)	469,495	435,272
Other income	6(b)	43,651	41,088
Total income		**513,146**	**476,360**
Employee benefits expenses	6(d)	(135,251)	(131,772)
Operational expenses	6(c)	(123,602)	(106,792)
Depreciation/amortisation expenses		(87,652)	(95,757)
Finance costs	6(c)	(34,305)	(36,289)
Impairment	12(a)	(9,505)	-
Net profit/(loss) on disposal of non-current assets		(1,300)	(293)
Fair value revaluation decrease of property, plant and equipment	12(c)	(676)	(13,585)
Revaluation decrease of investment properties	12(c)	(2,529)	(2,130)
Profit before income tax		**118,326**	**89,742**
Income tax expense	7(a)	(37,352)	(28,535)
Profit for the year		**80,974**	**61,207**
Profit attributable to:			
Owners of Gladstone Ports Corporation Limited		**80,974**	**61,207**
Items that will not be reclassified subsequently to profit or loss			
Revaluation increase/(decrease) of property, plant and equipment and intangible assets	12(c)	(6,170)	(181,950)
Income tax relating to components of other comprehensive income	7(e)	1,851	54,585
Other comprehensive income for the year, net of income tax		**(4,319)**	**(127,365)**
Total comprehensive income for the year		**76,655**	**(66,158)**
Total comprehensive income for the year is attributable to:			
Owners of Gladstone Ports Corporation Limited		**76,655**	**(66,158)**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020	2019
Assets		$'000	$'000
Current assets			
Cash and cash equivalents	8	33,926	28,549
Cash advance facility	9	216,550	231,892
Trade and other receivables	10	66,427	61,044
Inventories	11	13,644	11,570
Prepayments		4,431	2,502
Assets classified as held for sale		19	1,219
Total current assets		**334,997**	**336,776**
Non-current assets			
Trade and other receivables	10	65	404
Property, plant and equipment	12(a)	2,005,955	2,001,242
Deferred tax assets	7(d)	29,602	26,064
Intangible assets	13	36,193	35,753
Right-of-use assets	21	4,675	-
Investment properties	14	81,605	82,012
Total non-current assets		**2,158,095**	**2,145,475**
Total assets		**2,493,092**	**2,482,251**
Liabilities			
Current liabilities			
Trade and other payables	15	56,153	39,228
Contract and other liabilities	16	23,447	19,654
Provisions	18	134,701	121,758
Lease liabilities	21	1,826	-
Income tax payable	7(c)	10,666	14,110
Total current liabilities		**226,793**	**194,750**
Non-current liabilities			
Contract and other liabilities	16	14,269	16,234
Borrowings	17	776,189	776,817
Provisions	18	23,352	36,320
Lease liabilities	21	10,094	-
Deferred tax liabilities	7(e)	341,646	348,966
Total non-current liabilities		**1,165,550**	**1,178,337**
Total liabilities		**1,392,343**	**1,373,087**
Net assets		**1,100,749**	**1,109,164**
Equity			
Issued capital		675,496	675,496
Asset revaluation reserve	19	427,535	432,459
Retained earnings		(2,282)	1,209
Total equity		**1,100,749**	**1,109,164**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Note	Issued capital $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Opening balance as at 1 July 2018		675,496	560,465	14,476	1,250,437
Effect of adoption of new accounting standards		-	-	(1,295)	(1,295)
Opening balance as at 1 July 2018 (restated)		675,496	560,465	13,181	1,249,142
Total comprehensive income attributable to owners					
Profit for the year		-	-	61,207	61,207
Other comprehensive income		-	(127,365)	-	(127,365)
Transfers within equity					
Disposal of revalued assets		-	(641)	641	-
Transactions with owners in their capacity as owners					
Dividends provided for or paid	20	-	-	(73,820)	(73,820)
Closing balance as at 30 June 2019		675,496	432,459	1,209	1,109,164
Opening balance as at 1 July 2019		675,496	432,459	1,209	1,109,164
Effect of adoption of new accounting standards	2	-	-	(5,520)	(5,520)
Opening balance as at 1 July 2019 (restated)		675,496	432,459	(4,311)	1,103,644
Total comprehensive income attributable to owners					
Profit for the year		-	-	80,974	80,974
Other comprehensive income		-	(4,319)	-	(4,319)
Transfers within equity					
Disposal of revalued assets		-	(605)	605	-
Transactions with owners in their capacity as owners					
Dividends provided for or paid	20	-	-	(79,550)	(79,550)
Closing balance as at 30 June 2020		675,496	427,535	(2,282)	1,100,749

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		558,424	541,101
Tax equivalents paid to Queensland Treasury		(47,437)	(32,014)
Net amounts from ATO		(25,470)	(29,394)
Payments to suppliers		(142,976)	(124,216)
Payments to employees		(134,627)	(133,286)
Payments for leases (short term, low value, or variable lease payments)		(888)	-
Interest received		3,778	5,804
Interest paid		(26,943)	(28,507)
Other finance costs		(7,362)	(7,782)
Net cash inflows from operating activities	8(a)	**176,499**	**191,706**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and investment properties		15	340
Purchase of property, plant and equipment		(102,374)	(63,993)
Purchase of intangibles		(8,069)	(5,982)
Advances to Queensland Treasury		15,342	(52,671)
Net cash outflows from investing activities		**(95,086)**	**(122,306)**
Cash flows from financing activities			
Repayment of borrowings		(628)	(38)
Payment of principal portion of lease liabilities		(1,588)	-
Dividends paid		(73,820)	(61,945)
Net cash outflows from financing activities		**(76,036)**	**(61,983)**
Net increase/(decrease) in cash and cash equivalents		**5,377**	**7,417**
Cash and cash equivalents at beginning of the financial year		**28,549**	**21,132**
Cash and cash equivalents at the end of the financial year	8	**33,926**	**28,549**

The accompanying notes form part of these financial statements.

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

1. General Information

The financial statements comprise the consolidated financial statements of the Group. The Group is a for- profit entity and includes Gladstone Ports Corporation Limited and Gladstone Marine Pilot Services Pty Ltd. Gladstone Ports Corporation Limited (GPC) is a public company incorporated and operating in Australia. GPC's registered office and principal place of business is:

40 Goondoon Street
Gladstone QLD 4680
Tel: (07) 4976 1333

The consolidated entity's principal activities are to:

(a) provide import and export shipping infrastructure to the Central Queensland region through the Port of Gladstone, Port of Rockhampton and Port of Bundaberg, and encourage the use of these facilities for the economic benefit of stakeholders

(b) manage cargo handling facilities for coal and other bulk products at Port of Rockhampton, RG Tanna Coal Terminal, Barney Point Terminal and Auckland Point facilities

(c) develop, manage and lease land and other assets for port related purposes

(d) manage ancillary services and functions which support core business activities.

Information on the Group's structure is provided in Note 4 and information on other related party relationships is provided in Note 27.

2. Basis of preparation

(1) Presentation

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of property plant and equipment and investment property measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in Australian Dollars which is the entity's functional currency.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Amounts in the financial statements and Directors' Report have been rounded to the nearest one thousand dollars, unless otherwise stated.

Foreign currency transactions and balances

In preparing the financial statements, transactions in currencies other than Australian Dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. Basis of preparation (continued)

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition or part of the item of expense. Trade receivables and payables are stated with the amount of GST included.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from or payable to the taxation authority, are classified as operating cash flows.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables in the Consolidated Statement of Financial Position.

(2) Basis of consolidation

The consolidated financial statements represent the financial statements of GPC and its subsidiaries.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Details of all subsidiaries are listed in Note 4. Parent entity financial statements are listed in Note 5.

(3) Statement of compliance

These consolidated financial statements are a general purpose financial report and have been prepared in accordance with the *Corporations Act 2001*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial statements of Gladstone Ports Corporation Limited and its subsidiary (collectively, 'the Group') for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 13 August 2020.

The financial statements of Gladstone Ports Corporation Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(4) Changes in accounting policies, disclosures, standards and interpretations

Accounting policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

Accounting Standards and Interpretation to be adopted for the first time

The Group applied AASB 16 Leases and AASB Interpretation 23 from 1 July 2019. The nature and effect of the changes as a result of adoption of the new accounting standard and interpretation are described below.

Several other amendments and interpretations were effective for the first time for the period ended 30 June 2020, but do not have an impact on the consolidated financial statements of the Group.

2. Basis of preparation (continued)

AASB 16 Leases ("AASB 16")

AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee recognises a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognises the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117.

Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

AASB 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under AASB 117. The Group adopted AASB 16 using the transitional provisions which allow a lessee to recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Group elected to use the exemptions in the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., printing and photocopying machines) that are considered of low value.

The effect of adopting AASB 16 as at 1 July 2019 was, as follows:

	Closing Balance 30 June 2019 $'000	Increase / (decrease) $'000	Opening Balance 1 July 2019 $'000
Assets			
Right-of-use assets	-	3,556	3,556
Deferred tax assets	26,064	3,432	29,496
Total assets	**2,482,251**	**6,988**	**2,489,239**
Liabilities			
Lease liabilities	-	11,441	11,441
Deferred tax liabilities	348,966	1,067	1,067
Total liabilities	**1,373,087**	**12,508**	**1,385,595**
Total adjustment on equity			
Retained earnings	1,209	(5,520)	(4,311)
Total equity	**1,109,164**	**(5,520)**	**1,103,644**

2. Basis of preparation (continued)

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

Reconciliation	$'000
Operating lease commitments as at 30 June 2019	3,292
Less:	
Commitments relating to short-term leases	(493)
Commitments relating to leases of low-value assets	(134)
Operating lease commitments to be recognised as a lease liability on transition to AASB 16.	2,665
Weighted average incremental borrowing rate as at 1 July 2019	2.45%
Discounted operating lease commitments as at 1 July 2019	**2,600**
Add:	
Lease payments relating to renewal periods or perpetual leases not included in operating lease commitments as at 30 June 2019	8,841
Lease liabilities as at 1 July 2019	11,441

AASB Interpretation 23 Uncertainty over Income Tax Treatments ("Interpretation 23")

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 Income Taxes. It does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to tax offsets for research and development activities. The Group's tax filings under the National Tax Equivalent Regime include research and development claims that the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance review that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

2. Basis of preparation (continued)

Accounting Standards and Interpretations issued but not yet effective

The Group has not adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2020. The Group intends to adopt these new standards and interpretations, if applicable, when they become effective. The standards not yet effective are not expected to have a material impact.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates significant to the financial statements are disclosed in the following notes:

Revenue recognition and measurement	Note 6
Recovery of deferred tax assets	Note 7(d)
Estimation of useful lives of assets	Note 12(a)
Valuation of property, plant and equipment	Note 12(c)
Impairment	Note 12(d)
Provision for rehabilitation	Note 18
Personal leave and long service leave provision	Note 18
Determining the nature of the rights for a perpetual lease	Note 21
Determining the lease term	Note 21
Estimation of Incremental Borrowing Rate	Note 21

4. Interests in other entities

Details of the Group's subsidiary as at 30 June 2020 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			30 June 2020	30 June 2019
Gladstone Marine Pilot Services Pty Ltd	Pilotage services	Australia	100%	100%

Summarised financial information in respect of the Group's subsidiary, Gladstone Marine Pilot Services Pty Ltd is set out below:

	Total assets $'000	Total liabilities $'000	Total revenue $'000	Profit/(loss) before tax $'000
2020	4,502	4,502	22,133	-
2019	4,555	4,555	23,528	-

5. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

	2020 $'000	2019 $'000
Financial position		
Assets		
Current assets	334,995	336,780
Non-current assets	2,156,896	2,144,257
Total assets	2,491,891	2,481,037
Liabilities		
Current liabilities	226,276	194,519
Non-current liabilities	1,164,866	1,177,354
Total liabilities	1,391,142	1,371,873
Net assets	1,100,749	1,109,164
Equity		
Issued capital	675,496	675,496
Reserves	427,535	432,459
Retained earnings	(2,282)	1,209
Total equity	1,100,749	1,109,164
Financial performance		
Profit for the year	80,974	61,207
Other comprehensive income	(4,319)	(127,365)
Total comprehensive income	**76,655**	**(66,158)**
Commitments for the acquisition of property, plant and equipment by the parent entity		
Due not later than 1 year	29,453	33,512

These commitments are not recognised as liabilities as the relevant assets have not yet been received.

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

6. Profit before income tax

(a) Revenue from contracts with customers

The Group is in the business of providing import and export shipping infrastructure services including cargo handling facilities and ancillary services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from provision of services is recognised over time because the customer receives and consumes benefits provided by the Group. The fact that another entity would not need to re-perform the services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group’s performance as it performs.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the provision of services, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations
- Principal versus Agent
- Material rights (upfront fees)
- Significant financing component (upfront fees)
- Variable consideration (Breakage)
- Variable consideration (Volume rebates)

Revenue has been calculated based on existing contracts. Harbour dues, tonnage rates, other shipping charges or cargo handling charges for all vessels are invoiced after departure of the vessel. The normal credit term is 30 days from the end of month in which the service is delivered.

6. Profit before income tax (continued)

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2020 $'000	2019 $'000
Revenue from contracts with customers		
Types of services		
Cargo handling charges	290,177	261,841
Harbour dues	98,762	93,246
Tonnage rates	54,783	55,444
Pilotage	25,773	24,741
Total	**469,495**	**435,272**
Timing of revenue recognition		
Revenue for services recognised over time	290,177	261,841
Revenue for transactions transferred at a point in time	179,318	173,431
Total	**469,495**	**435,272**

Set out below is the changes in contract liabilities:

	2020 $'000	2019 $'000
Amounts included in contract liabilities at the beginning of the year	569	1,016
Performance obligations satisfied and recognised in revenue	(569)	(1,016)
Amounts included in contract liabilities at the end of the year	**1,673**	**569**

Performance obligations

Information about the Group's performance obligations are summarised below:

- Cargo handling charges
  The performance obligation is to provide cargo handling services over the contract period. Certain contracts contain take-or-pay arrangements which customers are required to nominate the minimum tonnage processed over an annual period. Some of these contracts contain provisions giving customers the right to carry forward unused take-or-pay tonnage.
  The performance obligation is satisfied over-time based on tonnage processed and payment is generally due upon completion of cargo handling services based under general trading terms. To the extent that customers carry forward unused take-or-pay, revenue is deferred until such time that the tonnes have been utilised by the customers.

6. Profit before income tax (continued)

- Harbour dues
  The performance obligation is to provide port access services over the contract period. Certain contracts contain take-or-pay arrangements which customers are required to nominate the minimum tonnage processed over an annual period. The performance obligation is satisfied at a point in time based on tonnage processed and payment is generally due upon completion of cargo handling services based under general trading terms. To the extent that customers carry forward unused take-or-pay, revenue is deferred until such time that the tonnes have been utilised by the customers.

- Tonnage rates
  The performance obligation is to provide port access for each vessel coming into the port. The rates are determined based on vessel size, days in port, and tonnage on vessel.
  The performance obligation is satisfied at a point in time based on days in port and payment is generally due upon the vessel departing from the port.

- Pilotage
  The performance obligation is to provide pilotage services to assist the navigation of vessels into the port. The rates are fixed based on agreement with the customer per vessel.
  The performance obligation is satisfied at a point in time based number of vessels navigated and payment is generally due upon the vessel departing from the port.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

	2020 $'000	2019 $'000
Within one year	1,673	569

(b) Other income

Property revenue from investment properties is recognised in revenue on a straight-line basis over the term of the lease.

Interest received is recognised as interest accrues using the effective interest method.

Recoverable work revenue is received as a result of rehabilitation work or other work performed by the Group for which a contribution towards costs is received.

6. Profit before income tax (continued)

	2020 $'000	2019 $'000
Other income		
Small craft services	1,317	1,168
Interest received	3,473	5,921
Property revenue	11,246	10,251
Recoverable works	15,759	11,599
Other shipping charges	9,053	9,053
Other	2,803	3,096
Total	**43,651**	**41,088**

(c) Expenses

	2020 $'000	2019 $'000
Operational expenses		
Contractors	50,147	38,185
Services and consultants	20,082	14,977
Indirect taxes and government charges	7,351	6,792
Materials and supplies	17,270	17,224
Energy	18,394	20,744
Insurance	5,172	3,589
Licence fees	108	-
Lease payments	-	2,884
Short term lease payments	806	-
Low value lease payments	80	-
Bad debts and expected credit loss provision	983	(1,016)
Other	3,209	3,413
Total	**123,602**	**106,792**
Finance costs		
Interest on debt and borrowings	26,479	28,507
Interest on lease liabilities (Note 21)	464	-
Competitive neutrality fee	7,362	7,782
Total	34,305	36,289

Finance costs

Interest borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other finance costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. No borrowing costs were capitalised in 2020 or 2019.

6. Profit before income tax (continued)

(d) Employee benefits expenses

Employee benefits	2020 $'000	2019 $'000
Wages and salaries	100,682	94,246
Annual leave expense	7,489	8,975
Personal leave expense	3,494	4,896
Long service leave expense	(10)	(616)
RDO Expense	122	(55)
Employer superannuation contributions	9,672	9,533
Employer defined benefits contribution	2,831	2,889
Other employee benefits	1,368	1,305
Employee related expenses		
Workers compensation premium	1,512	1,787
Payroll tax expense	4,819	5,594
Other employee related expenses	3,272	3,218
Total	**135,251**	**131,772**

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Wages and salaries due but unpaid at reporting date are recognised in the Consolidated Statement of Financial Position at the current salary rates. As the Group expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined Contribution Plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined Benefit Plan - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the Group at the specified rate following completion of the employee's service each pay period. The Group's obligations are limited to those contributions paid.

7. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax - income tax equivalents

The Group is exempt from income tax under section 24AM of the *Income Tax Assessment Act 1997* (Cth). However, pursuant to the *Government Owned Corporations Act 1993* and the National Tax Equivalent Regime, the Group is required to make payments to the Queensland Government, equivalent to the amount of any Commonwealth income tax for which an exemption is received.

The income tax equivalent expense (referred to as income tax expense) for the period is the tax payable on the current period's taxable income based on the Australian corporate income tax rate for each jurisdiction adjusted by changes in deferred tax assets and deferred tax liabilities attributable to temporary differences and unused tax losses.

AASB 112 Income Taxes uses a 'Balance Sheet approach' for calculating income tax balances. This approach recognises deferred tax balances when there is a difference between the carrying value of an asset or liability and its tax base. The differences are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted at the balance sheet date.

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

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amount of assets and liabilities and the corresponding tax base.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax offsets, to the extent that it is probable that sufficient future taxable profits will be available to utilise them.

However, deferred tax assets and liabilities are not recognised for taxable temporary differences related to investments in subsidiaries where the parent is able to control the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates and tax laws that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Investment allowances and similar tax incentives

Entities within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces current tax exposure.

7. Taxation (continued)

Tax consolidation

GPC and its wholly-owned entity are a tax consolidated group for income tax purposes. The head entity in this Group is Gladstone Ports Corporation Limited.

The head entity and the controlled entity in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(a) Income tax expense

	2020 $'000	2019 $'000
Profit before income tax	118,325	89,742
Prima facie tax at 30% (2019: 30%)	35,498	26,923
Non-deductible (revenue)/expenses	1,077	3,530
Research and development tax offset provision	(1,070)	(1,951)
Prior year (over)/under provision	1,847	33
Income tax expense	**37,352**	**28,535**
Comprised of:		
Deferred tax asset	(106)	(1,324)
Deferred tax liability	(6,536)	(7,894)
Income tax payable	43,994	37,753
	37,352	**28,535**

(b) Amounts charged or credited directly to equity

	2020 $'000	2019 $'000
Deferred income tax related to items charged or credited directly to equity		
Net gain on revaluation of property, plant and equipment	267,621	269,472
Transition of new accounting standards	(2,920)	(555)
Deferred income tax reported in equity	**264,701**	**268,917**

(c) Income tax payable

	2020 $'000	2019 $'000
Opening balance	14,110	8,372
Charged to income	43,994	37,753
Payments	(47,438)	(32,015)
Closing balance	**10,666**	**14,110**

7. Taxation (continued)

(d) Deferred tax asset

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

	2020 $'000	2019 $'000
Long service leave	7,980	7,428
Personal leave	2,952	2,727
Annual leave	4,665	4,341
Parental leave	-	8
RDO	155	166
Public holidays	60	70
Provision for obsolete stock	-	33
Accrued expenses	76	19
Provision for rehabilitation	5,431	8,446
Provision for revenue received in advance	1,144	1,144
Provision for doubtful debts / expected credit losses	1,849	1,511
Contract liability	502	171
Lease liabilities	3,576	-
Unearned revenue	1,212	-
Closing balance	**29,602**	**26,064**

	2020 $'000	2019 $'000
Opening balance	26,064	24,185
Effect of adoption of new accounting standards	3,432	-
Opening balance (restated)	**29,496**	**-**
Amount credited to Statement of Profit or Loss and Other Comprehensive Income	106	1,324
Amount (charged)/credited direct to equity	-	555
Closing balance	**29,602**	**26,064**

7. Taxation (continued)

(e) Deferred tax liability

	2020 $'000	2019 $'000
Inventory	3,348	3,195
Accrued income	-	-
Property, plant and equipment	326,221	334,275
Right-of-use asset	-	-
Revenue received in advance	11,496	11,496
Other	581	-
Closing balance	**341,646**	**348,966**

	2020 $'000	2019 $'000
Opening balance	348,966	411,445
Effect of adoption of new accounting standards	1,067	-
Opening balance (restated)	**350,033**	**-**
Amount charged to Statement of Profit or Loss and Other Comprehensive Income	(6,536)	(7,894)
Amount (charged)/credited direct to equity	(1,851)	(54,585)
Closing balance	**341,646**	**348,966**

8. Cash and cash equivalents

For the purposes of the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

Cash at bank earns interest at floating rates based upon daily bank deposit rates. Money market investments are limited to investments in bank-backed securities or short-dated securities guaranteed through Queensland Treasury Corporation (QTC). Credit risk exposure on these investments is minimised by the short-term nature of the investment. Cash at bank and on call includes restricted amounts. A balance of $4,397,549 (2019: $4,365,791) relates to Port Service Agreement retentions held, and may only be used in relation to this matter.

	2020 $'000	2019 $'000
Cash at bank and on hand	33,926	28,549
Total	**33,926**	**28,549**

(a) Reconciliation of profit for the year to net cash provided by operating activities

	2020 $'000	2019 $'000
Profit for the year	80,974	61,207
Depreciation/amortisation expense	87,652	95,757
Revaluation of non-current assets	3,205	15,715
Impairment of non-current assets	9,505	-
Net profit on sale of property, plant and equipment	1,300	293
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(5,044)	21,529
(Increase)/decrease in inventories	(2,074)	807
(Increase)/decrease in prepayments	(1,930)	(683)
(Increase)/decrease in deferred tax asset	386	(1,879)
Increase/(decrease) in trade and other payables	16,925	(512)
Increase/(decrease) in contract and other liabilities	1,827	1,522
Increase/(decrease) in provisions	(5,756)	1,401
Increase/(decrease) in income tax payable	(3,354)	5,738
(Decrease)/increase in deferred tax liability	(7,117)	(7,894)
(Decrease)/increase in retained earnings	-	(1,295)
Net cash inflow from operating activities	**176,499**	**191,706**

9. Cash advance facility

Under the Queensland Government's cash management regime, Government Owned Corporations (GOC's) advance all surplus cash to Queensland Treasury. Queensland Treasury pays interest on these advances at the Queensland Treasury Corporation (QTC) Cash Fund rate.

GOC access to the advances is generally subject to notification periods of 24 to 48 hours. Because of the short term nature of the advances, their carrying amount is assumed to represent fair value.

At 30 June 2020, the balance held in QTC Cash Advance Facility was $216,550,000 (2019: $231,892,000).

10. Trade and other receivables

Trade receivables are measured at amortised cost which approximates their fair value at reporting date. Trade receivables are unsecured, non-interest bearing, and are generally on terms of 30 to 90 days.

Current	2020 $'000	2019 $'000
Trade receivables	72,453	65,631
Less: allowance for expected credit losses (ECL)	(6,162)	(5,036)
	66,291	**60,595**
Accrued interest	134	438
Other receivables	2	11
Total	**66,427**	**61,044**
Non-current		
Trade receivables	**65**	**404**

Reconciliation of provision for expected credit losses:	2020 $'000	2019 $'000
Opening balance as at 1 July	5,036	1,060
Provision for expected credit losses	1,131	3,976
Write-off	(5)	-
Closing balance as at 30 June	6,162	5,036

10. Trade and other receivables (continued)

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for impairment or allowance for estimated credit losses.

The major component of debtor exposure is to coal producers using the Port of Gladstone for the export of product. Coal producers are mostly major listed companies or their related companies and account for 71% (2019: 71%) of trade receivables at balance date. Credit is only available to established customers on 30-day terms except in the case of coal exporters who may be required to make payment within 14 days of receipt of monthly statements. Credit risk exposure is minimised in the case of term leases where personal guarantees are required from directors of small private companies. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Refer to Note 22(a) credit risk exposure for further information.

The Group measures the expected credit losses on trade and other receivables based on the credit risk rating (Standard & Poor's or equivalent as a proxy) of the counterparty. Loss rates are calculated separately for groupings of customers with similar loss patterns. The Group has determined there are three material groupings for measuring expected credit losses based on the bands of credit rating in i.e. from AAA to A-, BBB+ to B-, and unrated entities reflecting the different customer profiles for these bands.

The calculations reflect Standard & Poor's historical observed average cumulative global corporate default rates from 1981 to 2020. Actual credit losses over the 5 years preceding 30 June 2020 have been used to measure the expected credit losses where the counterparty is unrated.

There has been no material impact as a result of COVID-19 on the recoverability of debtors at 30 June 2020.

Set out below is the credit risk exposure on the department's trade and other receivables broken down by customer groupings and by credit rating bands.

Credit risk rating analysis of trade receivables balances:

	Credit Risk		
30 June 2020	AAA to A-	BBB to B-	Unrated
Receivables balance[1] ($'000)	18,862	13,644	33,796
Expected credit losses (ECL) %	0.05%	0.56%	2.61%
ECL	(9)	(76)	(881)
Balance not impaired	18,853	13,568	32,915

[1]Receivables balance excludes balances fully provided for

	Credit Risk		
30 June 2019	AAA to A-	BBB to B-	Unrated
Receivables balance ($'000)[1]	19,553	13,914	26,787
Expected credit losses (ECL) %	0.06%	0.81%	2.19%
ECL	(11)	(113)	(587)
Balance not impaired	19,542	13,801	26,200

[1]Receivables balance excludes balances fully provided for

11. Inventories

Inventories being spares held for use are valued at the lower of cost and net realisable value. Cost assigned to an inventory item is on the basis of weighted average costs. Inventories include spares used for the purpose maintaining assets. Upon use the spares are either expensed or capitalised subject to the nature of maintenance activities and whether such activities would meet the criteria for capitalisation under AASB 116 *Property, Plant and Equipment*.

	2020 $'000	2019 $'000
Inventories	13,644	11,681
Provision for obsolete stock	-	(111)
Total	**13,644**	**11,570**

In 2020, inventories of $11,813,923 (2019: $12,132,976) was recognised as an expense during the year and included in Operational Expenses – Materials and Supplies. Fuel amounting to $11,568,334 (2019: $12,875,792) was recognised as an expense during the year and included in Operational Expenses – Energy.

12. Property, plant and equipment

(a) Balances and reconciliations of carrying amount

2020	Land $'000	Buildings $'000	Channels, swing basins and berth pockets $'000	Commercial wharves $'000	Recreatio-nal and fishing wharves $'000	Roads and services (structural improveme-nts) $'000	Plant $'000	Furniture and fittings $'000	Capital works in progress $'000	Total $'000
Categorisation of fair value hierarchy	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3		
Opening balance as at 1 July 2019	119,201	47,346	722,753	236,464	1,408	136,052	666,669	565	70,784	2,001,242
WIP additions	-	-	-	-	-	-	-	-	101,758	101,758
Transfers to/from WIP	3,247	6,027	31,156	1,733	485	6,304	33,098	137	(82,187)	-
Disposals	-	(41)	-	-	-	-	(786)	(11)	-	(838)
Transfers (to)/from asset categories	-	-	-	-	-	-	-	-	-	-
Transfers (to)/from investment properties	(1,037)	-	-	-	-	-	-	-	-	(1,037)
Transfers (to)/from ROU assets	(244)	-	(17)	-	-	-	-	-	-	(261)
Depreciation	-	(1,845)	(8,227)	(7,993)	(105)	(5,829)	(54,791)	(79)	-	(78,869)
Revaluations	(300)	(215)	(1,073)	(1,068)	(10)	(614)	(3,255)	-	-	(6,535)
Impairment									(9,505)	(9,505)
Carrying amount at 30 June 2020	**120,867**	**51,272**	**744,592**	**229,136**	**1,778**	**135,913**	**640,935**	**612**	**80,850**	**2,005,955**

12. Property, plant and equipment (continued)

(a) Balances and reconciliations of carrying amount (continued)

2019	Land $'000	Buildings $'000	Channels, swing basins and berth pockets $'000	Commercial wharves $'000	Recreatio-nal and fishing wharves $'000	Roads and services (structural improve-ments) $'000	Plant $'000	Furniture and fittings $'000	Capital works in progress $'000	Total $'000
Categorisation of fair value hierarchy	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3		
Opening balance as at 1 July 2018	120,629	53,850	761,910	277,524	1,340	160,698	795,527	674	51,660	2,223,812
WIP additions	-	-	-	-	-	-	-	-	63,993	63,993
Transfers to/from WIP	5,221	1,934	96	939	455	3,518	32,688	18	(44,869)	-
Disposals	-	(8)	-	-	-	(263)	(362)	-	-	(633)
Transfers (to)/from asset categories	2,304	-	-	-	-	(2,304)	-	-	-	-
Transfers (to)/from investment properties	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(2,223)	(8,534)	(9,258)	(108)	(7,207)	(62,951)	(114)	-	(90,395)
Revaluations	(8,953)	(6,207)	(30,719)	(32,741)	(279)	(18,390)	(98,233)	(13)	-	(195,535)
Carrying amount at 30 June 2019	**119,201**	**47,346**	**722,753**	**236,464**	**1,408**	**136,052**	**666,669**	**565**	**70,784**	**2,001,242**

12. Property, plant and equipment (continued)

Property, plant and equipment, except for work in progress are stated at fair value, less accumulated depreciation and any impairment losses. Work in progress is stated at cost, net of accumulated impairment losses, if any.

Initial recognition

Assets are recognised at cost, being the fair value of the assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. The cost of non-current assets constructed by the Group includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

An asset recognition threshold of one thousand dollars has been adopted and applies to all assets acquired with a useful life of more than one year.

Any cost that increases the originally assessed capacity or production capacity of an asset is capitalised. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as incurred.

Depreciation

Depreciation is recognised on a straight-line basis on all non-current assets, so as to reflect the consumption of the economic benefits over the expected economic lives of assets. The depreciation rates used for major assets in each class are as follows:

Buildings	1.0%-12.5%
Channels, swing basins and berth pockets	1.0%
Commercial wharves	1.5%-20.0%
Recreational and fishing wharves	2.0%-20.0%
Roads and services (structural improvements)	1.0%-20.5%
Plant	1.0%-50.0%
Furniture and fittings	2.5%-27.0%

Where assets have separately identifiable components, these components are assigned useful lives distinct from the asset to which they relate. The assets' useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

The estimation of the useful lives of assets has been based upon historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Disposal

An item of property, plant and equipment is de-recognised upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the year the asset is de-recognised.

12. Property, plant and equipment (continued)

(b) Carrying amounts if assets were measured at cost less accumulated depreciation

If assets were measured using the cost model the carrying amounts would be as follows:

Asset category	2020 Net book value $'000	2019 Net book value $'000
Land	80,397	77,183
Buildings	45,449	41,017
Channels, swing basins and berth pockets	153,651	123,907
Commercial wharves	181,413	185,406
Recreational and fishing wharves	1,690	1,291
Roads and services (structural improvements)	142,534	132,091
Plant	537,014	550,128
Furniture and fittings	625	581
Capital works in progress	80,850	70,784
Total	**1,223,623**	**1,182,388**

(c) Valuations

Measurement after recognition

Revaluation increments are credited to the asset revaluation reserve, net of tax, except to the extent that they reverse a revaluation decrement previously recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Revaluation decrements are recognised in profit or loss, except to the extent they offset a previous revaluation increment. In this case the decrement is recorded in the asset revaluation reserve. The accumulated depreciation is reversed to the revalued amounts.

The Group use an income-based approach to determine fair value, with management establishing the appropriate inputs to the model. Management estimated the fair value of the Group's property, plant and equipment assets using a discounted cash flow (DCF) model.

All assets held at fair value are classified as level 3 on the fair value hierarchy. There were no transfers between the levels during the year.

Summary of key inputs and assumptions

The fair value of assets was obtained based upon projected revenue, capital and operating cash flows for the ten years ending 30 June 2030. Management judgement was applied to forecast future tonnages taking into account historical data where it exists. Management applied the following key assumptions:

12. Property, plant and equipment (continued)

(c) Valuations (continued)

- One unit of account is utilised as the three geographical areas of the company are intrinsically linked and product is interchanged where possible;
- Key inputs within the model relating to capital and operating expenditure are derived from known and future planned capital and operating works that are aligned to the delivery of GPC's core strategic goals, asset management strategies and future strategic plans as well as the incorporation of recurring expenditure required to maintain effective business operations in line with known and anticipated operating parameters and conditions.
- Future growth rates are determined through detailed review of future macro-economic factors, and guidance provided through the Reserve Bank of Australia growth rate assumptions, namely CPI.
- Revenue forecast is based upon contractual arrangements where they exist or historic tonnage throughput.
- A terminal value was calculated based upon the assumption that the cash flows in year ten will continue indefinitely into the future. A CPI rate of 2.0% (2019: 2.5%) is applied, when calculating terminal values to reflect inflation for long term growth in these cash flows.
- The weighted average cost of capital (WACC) nominal, post-tax rate of 5.8% (2019: 6.1%) was adopted when discounting back to a present day estimated value. Management determined this rate in consultation with independent experts. An uncertainty adjustment has been included in the calculation of WACC in relation to the risk associated with COVID-19.
- Given the nature of GPC's infrastructure assets and the industries in which it operates, the WACC rate applied has been calculated as if it were operating in a regulated environment.
- Mid-period discounting has been applied to discount future cash flows to their net present value which imply that cash flows are earned, on average, midway through a financial year.
- The demand profile utilised in the fair value assumptions is based on current expectations based on production profiles used by customers and expectations of global demand on coal. To the extent that significant changes are made to the coal demand this would impact the overall asset values and likely result in a significant decrease in the fair value. GPC will continue to monitor this.
- GPC has considered the impact of the COVID-19 pandemic as part of the valuation assumptions. It is expected that the long-term impacts on GPC will be limited due to take or pay arrangements in place with the majority of customers in the short term. At this stage, GPC has not been advised of any customers which would look to significantly reduce their capacity demands nor is there expected to be changes in the long-term forecast post the current contracted period.

Sensitivity analysis was undertaken as follows:

Level 3 input	Fair Value output	Rate Used by Group
CPI rate +0.5 post tax	2,059,274	2,128,449
CPI rate -0.5 post tax	2,195,057	2,128,449
WACC rate +0.9 post tax	1,637,176	2,128,449
WACC rate -0.6 post tax	2,614,253	2,128,449
Terminal Growth Rate +0.5	2,422,822	2,128,449
Terminal Growth Rate -0.5	1,902,536	2,128,449
Expansionary Capital delayed 1 year	2,154,044	2,128,449
Expansionary Capital +5%	2,109,889	2,128,449
Expansionary Capital -5%	2,147,010	2,128,449

12. Property, plant and equipment (continued)

As required under AASB 116 Property, Plant and Equipment, Gladstone Ports Corporation has an obligation to revalue its non-current assets with sufficient regularity to ensure that the carrying amounts do not differ materially from those which would be determined using fair value at the end of the reporting period.

Excluding capital work-in-progress assets which are measured at cost, the resulting valuation increment or decrement calculated under the DCF model is then allocated across remaining unimpaired assets based upon their respective gross replacement cost.

The reconciliation of revaluations across each item is shown below:

	Note	2020 $'000	2019 $'000
Valuation adjustment to Consolidated Statement of Financial Position			
Property, plant and equipment revaluations	12(a)	(6,535)	(195,535)
Investment property	14	(2,840)	(2,130)
		(9,375)	**(197,665)**
Valuation adjustments to Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Statement of Profit or Loss			
Revaluation decreases of property, plant and equipment		(676)	(13,585)
Revaluation decrease of investment properties		(2,529)	(2,130)
Other Comprehensive Income			
Reversal of prior year revaluation increases of property, plant and equipment		(6,170)	(181,950)
Total		**(9,375)**	**(197,665)**

(d) Impairment

Projects completed as part of the investment in community assets that are of a capital nature are capitalised and impaired. Impairment occurs due to the Group generating minimal or no income return on these assets. The reconciliation of impairment is shown below:

	Note	2020 $'000	2019 $'000
Impairment charged to Statement of Profit or Loss and Other Comprehensive Income	12(a)	9,505	-
		9,505	-

13. Intangible assets

Intangible assets of the Group comprise purchased software and internally developed software. Intangible assets with a historical cost or other value equal to or greater than $100,000 are recognised in the Consolidated Statement of Financial Position. Items with a lesser value are expensed. All intangible assets of the Group are amortised on a straight line basis over the intangible's useful life of between 3 and 15 years.

Reconciliation of the carrying amount for intangible assets at 30 June 2020:

	Gross $'000	Accumulated Amortisation $'000	Balance at 30 June $'000
Purchased Intangible assets	39,763	(23,671)	16,092
Internally generated intangible assets	20,902	(5,273)	15,629
Capital WIP	4,472	-	4,472
Total	**65,137**	**(28,944)**	**36,193**

Represented by movements in the carrying amount:

	Carrying amount at 1 July $'000	WIP additions $'000	Transfer (to)/from WIP $'000	Amortisation $'000	Disposals $'000	Carrying amount at 30 June $'000
Purchased Intangible assets	20,217	-	1,202	(5,121)	(206)	16,092
Internally generated intangible assets	15,140	-	2,790	(2,127)	(174)	15,629
Capital WIP	396	8,068	(3,992)	-	-	4,472
Total	**35,753**	**8,068**	**-**	**(7,248)**	**(380)**	**36,193**

Reconciliation of the carrying amount for intangible assets at 30 June 2019:

	Gross $'000	Accumulated Amortisation $'000	Balance at 30 June $'000
Purchased Intangible assets	39,574	(19,357)	20,217
Internally generated intangible assets	18,400	(3,260)	15,140
Capital WIP	396	-	396
Total	**58,370**	**(22,617)**	**35,753**

Represented by movements in the carrying amount:

	Carrying amount at 1 July $'000	WIP additions $'000	Transfer (to)/from WIP $'000	Amortisation $'000	Disposals $'000	Carrying amount at 30 June $'000
Purchased Intangible assets	22,433	-	1,467	(3,683)	-	**20,217**
Internally generated intangible assets	12,603	-	4,215	(1,678)	-	**15,140**
Capital WIP	96	5,982	(5,682)	-	-	**396**
	35,132	**5,982**	**-**	**(5,361)**	-	**35,753**

14. Investment properties

	Note	2020 $'000	2019 $'000
Opening balance		82,012	84,142
Additions		293	-
Transfers (to)/from property, plant and equipment	12(a)	1,037	-
Transfers (to)/from assets held for sale		1,200	-
Net loss from fair value adjustment	12(c)	(2,840)	(2,130)
Disposals		(97)	-
Closing balance		**81,605**	**82,012**

Investment properties are recognised initially at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Investment properties include land (including seabeds) and buildings. Professional expert external valuers are used for the valuation of investment properties. For the 2020 year, the fair value has been determined based on independent valuations by Aon Valuation Services as at 30 April 2020, in accordance with AASB 140 Investment Properties, which requires an annual review of fair value. The valuer has recent experience in the location and category of the investment property being valued. GPC is satisfied that these are materially correct as at 30 June 2020. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Gains or losses arising from changes in the fair values of investment properties are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the year they arise.

The Group's investment properties classified as land (including seabeds) located in Australia are level 2 on the fair value hierarchy. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The Group's investment properties classified as buildings located in Australia are level 3 on the fair value hierarchy. The fair value was determined based on the depreciated replacement cost approach that reflects the internal records of the original cost of the specialised fit out, adjusted for more contemporary design/construction approaches, and published construction rates for various standard components of buildings. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions and records of the current condition of the facility.

There were no transfers between the levels during the year.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the year of retirement or disposal.

Transfers are made to/from investment property when, and only when:

- there is a change in use
- commencement of an operating lease to another party
- ending construction or development
- commencement of owner occupation
- commencement of development with a view to sale.

14. Investment properties (continued)

	2020 $'000	2019 $'000
Rental income derived from investment properties	11,246	10,251
Direct operating expenses (including repairs and maintenance) generating rental income	(1,253)	(749)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(489)	(676)
Profits arising from investment properties carried at fair value	**9,504**	**8,826**

With the exception of seabeds which are leased from the State, the group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance, and enhancements.

15. Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Due to the short-term nature of trade and other payables, their carrying value is assumed to approximate to their fair value. For more information on the Group's liquidity risk management process, refer to Note 22(c).

	2020	2019
Current	$'000	$'000
Trade creditors	52,536	34,325
GST payable	733	1,665
Other	2,884	3,238
	56,153	39,228

16. Contract and other liabilities

Contract liabilities include amounts in relation to cargo handling and harbour where the performance obligations have not been satisfied. The revenue received in advance relates to long term advances received on contracts for which the deliverables and obligations have not yet been achieved and operating lease revenue on investment properties.

	2020 $'000	2019 $'000
Current		
Revenue received in advance	21,774	19,085
Contract liabilities	1,673	569
	23,447	19,654
Non-current		
Revenue received in advance	14,269	16,234

17. Borrowings

	Note	2020 $'000	2019 $'000
Non-current			
Queensland Treasury Corporation loans	22(c)	776,189	776,817

Borrowings are initially recognised at fair value, plus any transaction costs directly attributable to the borrowings, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument (or, when appropriate, a shorter period) to the net carrying amount of that instrument.

Any borrowing costs are added to the carrying amount of the borrowing to the extent they are not settled in the period in which they arise.

Terms and Conditions

The Queensland Treasury Corporation loans comprise advances made under one client specific pool arrangement (CSP). The CSP will comprise a combination of bonds and floating rate debt so that the weighted average term of the underlying cash flows of these instruments matches the weighted average term of the underlying cash flows of the Group's loans. The CSP is used for the Group's normal operations. This is unsecured.

Interest rates

This loan is interest bearing with interest paid quarterly in arrears. The average interest rate for 2020 was 3.3% (2019: 3.6%).

Fair values

Unless disclosed below, the carrying amount (book value) of the Group's borrowings approximate to their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates.

	2020		2019	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Queensland Treasury Corporation loans	776,189	862,206	776,817	849,346

The fair value represents the value of the debt if the Group repaid at that date. As it is the intention of the Group to hold the debt for its term, no provision is required to be made in these accounts.

18. Provisions

Provisions are recognised when there is a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events and it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Current	2020 $'000	2019 $'000
Employee benefits	41,702	35,177
Dividends	79,550	73,820
Rehabilitation	10,464	10,470
Other	2,985	2,291
Total	**134,701**	**121,758**
Non-current		
Employee benefits	11,007	13,930
Rehabilitation	12,345	22,390
Total	**23,352**	**36,320**

Employee benefits

The provision for employee benefits comprises of long service leave, annual leave, personal leave and rostered day off provisions. These provisions are categorised as either current or non-current.

The current portion of this provision includes the total amount accrued for annual leave, personal leave and RDO entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

The following amounts reflect leave that is not expected to be taken within the next twelve months:

	2020 $'000	2019 $'000
Employee benefits obligation expected to be settled after twelve months	30,601	25,535
Total	**30,601**	**25,535**

The non-current portion for this provision includes amounts accrued for long service leave entitlements and personal leave that have not yet vested in relation to those employees who have not yet completed the required period of service.

Liabilities for annual leave and long service leave are recognised for benefits accruing to employees when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities for annual leave and long service leave are recognised and measured as the amount unpaid at the reporting date at pay rates anticipated on settlement in respect of employees' services, including related on-costs. The provisions have been calculated using anticipated wage and salary rates including related on-costs and expected settlement dates based on usage patterns and is discounted using rates attaching to corporate bond rates at balance date which most closely match the terms of the maturity of the related liabilities.

Dividend provision

A provision for dividends is recognised at the reporting date where the dividends have been declared, determined or recommended by the Directors prior to the reporting date. A corresponding amount is recognised directly in equity.

18. Provisions (continued)

Rehabilitation

A provision for rehabilitation is recognised in relation to the obligations or undertakings for the Group associated with contractual agreements executed under the Western Basin Environmental Management Funding Agreement and LNG Commercial Offsets and relate to extinguishing the obligations of the agreements. Some work was undertaken in 2020 with additional marine area works to be undertaken during 2021. The rehabilitation provisions are undiscounted.

The estimated cost and timing of future rehabilitation works can be impacted by potential deterioration of structures and factors that cannot be predicted until work commences, particularly in relation to water based structures. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

An assessment of scope for the remediation works has been undertaken during the year resulting in a re-measurement of the rehabilitation provision. Specifically, GPC's decision to not completely remove pre-existing facilities and extract all piles substantially reduced the estimated costs associated with rehabilitation by $10,095,000. In accordance with the terms of the LNG Construction Logistics Agreements, surplus funds have been applied towards the ongoing costs associated with GPC owned community facilities, with a portion of funds deferred until 2021. The surplus funds were credited against Recoverable works income.

Provision movements

	Rehabilitation		Dividend		Other	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current provision	10,464	10,470	79,550	73,820	2,985	2,291
Non-current provision	12,345	22,390	-	-	-	-
Closing balance of provision at 30 June	**22,809**	**32,860**	**79,550**	**73,820**	**2,985**	**2,291**
Opening balance of provision at 1 July	32,860	32,901	73,820	61,945	2,291	1,746
Additional provisions	-	-	79,550	73,820	694	698
Amounts used/paid	(6)	(41)	(73,820)	(61,945)	-	(153)
Unused amounts reversed	(10,045)	-	-	-	-	-
Closing balance of provision at 30 June	**22,809**	**32,860**	**79,550**	**73,820**	**2,985**	**2,291**

19. Equity

Issued Capital	2020 No.	2019 No.
Authorised to issue – ordinary shares	1,000,000,000	1,000,000,000
Issued – ordinary shares fully paid	402,066,818	402,066,818

The shares have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Group.

Asset Revaluation Reserve	Note	2020	2019
		$'000	$'000
Opening balances at 1 July		432,459	560,465
Revaluation – gross	12 (c)	(6,170)	(181,950)
Deferred tax		1,851	54,585
Disposal of revalued assets		(605)	(641)
Balance as at 30 June		**427,535**	432,459

20. Dividend

Cash dividends on ordinary shares declared but not paid:

	2020 $'000	2019 $'000
Final dividend declared but not paid	79,550	73,820

Dividend calculations are based on 100% of net profit after an adjustment for revaluation increments / decrements. The effective comparable percentages are 2020 at 100% and 2019 at 100%. All dividends are unfranked. Dividends are declared after reporting date but before the financial statements are authorised for issue.

21. Leases

Group as a lessee

The Group has lease contracts for land/seabed, vehicle and office equipment used in its operations. GPC's land/ seabed lease portfolio contains a combination of perpetual and term-based leases. There are also certain 'reserves' and 'vested' properties granted in Trust by the Government, for which GPC does not pay any lease rentals. Vehicles generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases of vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

21. Leases (continued)

In the process of applying the Group's accounting policies, management has made the following judgements, and estimates in relation to leases:

Determining the nature of the rights for a perpetual lease (within scope of AASB 16)

The Group determined that the perpetual lease arrangement for seabed assets is within the scope of AASB 16 Leases and the Group is the lessee under the arrangement. The underlying asset being the seabed is leased by the lessor, being the State Government, with a specific objective to consider the overall development of the geographical area and business infrastructure requirements. The Group concluded that it will not be practical or economically feasible for the lessor or lessee to make substitutions for the underlying asset. Therefore, the arrangement is considered to be non-cancellable. The Group has an unconditional obligation to pay for the asset, unless and until the lessor decides to terminate the lease. The Group cannot sell the asset nor use it for other activities and therefore, does not have complete ownership rights over the asset. The arrangement is within the scope of AASB 16.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The renewal options for leases of vehicle are not included as part of the lease term because the Group typically leases motor vehicles for not more than 5 years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimation of Incremental Borrowing Rate

GPC used the 'incremental borrowing rate' (IBR) for the measurement of lease liabilities on the transition date being 1 July 2019. The 'incremental borrowing rate' is determined using the 'QTC Fixed Rate Loan 'rates that correspond with the lease commencement month and lease term, adjusted for QTC margin and other factors specific to GPC. QTC provides specific interest rates on the basis of fixed periods of time for which the funds are to be borrowed by GPC (loan terms ranging from 1 to 20 years).

For new or modified leases, post 1 July 2019, GPC used the 'rate implicit in the lease' where it was readily determined, otherwise, the 'incremental borrowing rate' was used as the discount rate.

(a) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land /Seabed $'000	Vehicle $'000	Total $'000
As at 1 July 2019	956	2,600	3,556
Additions (includes re-measurement)	(47)	2,555	2,508
Transfers	261	-	261
Depreciation expense	(28)	(1,507)	(1,535)
Terminations	(83)	(32)	(115)
As at 30 June 2020	**1,059**	**3,616**	**4,675**

21. Leases (continued)

(b) Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Note	2020 $'000
As at 1 July 2019		11,441
Additions		2,191
Accretion of interest	6(c)	464
Payments		(2,052)
Terminations		(124)
As at 30 June 2020		**11,920**
Current		1,826
Non-current		10,094

(c) Set out below are amounts recognised in profit and loss:

	2020 $'000
Depreciation expense of right-of-use assets	1,535
Interest expense on lease liabilities	464
Expense relating to short-term leases (included in operational expenses)	806
Expense relating to leases of low-value assets (included in operational expenses)	80
Total amount recognised in profit or loss	**2,885**

The Group had total cash outflows for leases of $2,938,000 in 2020. The Group also had non-cash additions to right-of-use assets of $2,769,000 and lease liabilities of $2,191,000 in 2020. As at the date of the financial statements, there are no expected future cash outflows relating to leases that have not yet commenced.

(d) Extension and termination options:

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with theGroup's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within 5 years $'000	More than 5 years $'000	Total $'000
Termination options expected to be exercised	1	3	4

21. Leases (continued)

Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain land and buildings (Note 14). These leases have terms of between 1 and 40 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Group during the year is $11,246,000 (2019: $10,251,000).

The Group has very limited risk which it retains in the underlying assets under its lessor arrangements.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	2020 $'000
Less than one year	11,119
One to two years	9,350
Two to three years	9,048
Three to four years	7,807
Four to five years	6,797
More than five years	72,489
Total	**116,610**

	2019 $'000
Within one year	10,876
After one year but not more than five years	31,807
More than five years	72,711
Total	**115,394**

Maturity analysis of lease liabilities is included in Note 22(c).

22. Financial risk management

GPC has exposure to credit risk, foreign currency risk, liquidity risk, interest rate risk and capital management risk from its use of financial instruments. The Group's financial instruments comprise receivables, payables, borrowings, cash and cash equivalents and cash advance facility. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting that reflects expectations of management of settlement of financial assets and liabilities.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group manages its exposure to key financial risks, in accordance with its financial policies. The objectives of the policies are to support the delivery of the Group's financial targets whilst protecting future financial security.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting that reflects expectations of management of settlement of financial assets and liabilities.

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow.

The Board reviews and agrees policies for managing each of the risks summarised below:

(a) Credit risk exposure

Credit risk arises from the financial assets of the group, which comprise cash and cash equivalents, cash advance facility, and trade and other receivables. The Group is exposed to credit risk from the possibility of counterparties to cash and cash equivalents, cash advance facility, and trade and other receivables failing to perform their obligations. The balance of cash is disclosed in Note 8 and the balance of the Cash Advance Facility is disclosed in Note 9. The Group does not hold any credit derivatives to offset its credit exposure. The level of exposure is disclosed in the Consolidated Statement of Financial Position and in Note 10 with the carrying amount stated net of any provision for expected credit losses.

22. Financial risk management (continued)

(b) Market risk

(i) Foreign currency risk

The Group occasionally makes capital purchases in US dollars. To manage the currency risks arising from these transactions, the Group may enter into derivative transactions, namely forward currency contracts.

It is the Group's position not to enter into forward contracts until a firm commitment is in place. The terms of the hedge derivatives are required to exactly match the terms of the hedged item to maximise hedge effectiveness.

As at 30 June 2020 and 30 June 2019 the Group did not have any exposure to foreign currency.

(ii) Price risk

As at 30 June 2020 and 30 June 2019 the Group did not have any significant exposure to price risk.

(iii) Interest rate risk exposure

The Group's exposure to interest rate risk relates primarily to the Group's long-term debt obligations. The level of debt is disclosed in Note 17.

As at 30 June 2020, the Group's financial assets and liabilities exposed to variable interest rate risk consisted of cash and cash equivalents, cash advance facility, interest bearing loans and liabilities only. The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Group constantly analyses its interest rate exposure where consideration is given to the mix of fixed and variable interest rates.

Sensitivity analysis based upon the interest risk exposures in existence at the Statement of Financial Position date illustrates that a +/- 1% movement in interest rates with all other variables held constant, the post-tax profit and equity affect is as follows:

	Post-tax profit		Equity	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
+1% (100 basis points)	(690)	(661)	(690)	(661)
-1% (100 basis points)	737	713	737	713

(c) Liquidity risk

GPC is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. GPC manages liquidity risk through the use of a liquidity management strategy which aims to reduce the exposure to risk by ensuring GPC has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring maximum levels of cash are at hand to match the expected duration of various employee and supplier liabilities. Funding arrangements are in place with Queensland Treasury Corporation which will allow sufficient funding to cover planned requirements within GPC's corporate planning period.

The Group has available a business card facility with a limit of $300,000 (2019: $300,000). Loan facilities shown in Note 17 are provided by Queensland Treasury Corporation. New borrowings are subject to an approved loan program with the sanction of the Treasurer of Queensland. The Group has access to a $30,000,000 (2019: $30,000,000) working capital facility provided through Queensland Treasury Corporation. This facility was not drawn upon during the financial year.

Interest bearing loans and borrowings relate to Queensland Treasury Corporation borrowings which are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of these loans has been included in the more than five-year time band with no interest payment assumed in this time band.

22. Financial risk management (continued)

Maturity analysis of financial liabilities based upon management's expectations

Year ended 30 June 2020	Note	< 1 year $'000	1 – 5 Years $'000	> 5 years $'000	Total $'000
Financial liabilities					
Trade and other payables	15	56,153	-	-	**56,153**
Interest bearing loans and borrowings	17	-	-	776,189	**776,189**
Lease liabilities	21	1,826	2,010	8,084	**11,920**
		57,979	**2,010**	**784,273**	**844,262**

Year ended 30 June 2019	Note	< 1 year $'000	1 – 5 Years $'000	> 5 years $'000	Total $'000
Financial liabilities					
Trade and other payables	15	39,228	-	-	**39,228**
Interest bearing loans and borrowings	17	-	-	776,817	**776,817**
		39,228	**-**	**776,817**	**816,045**

All trade payables and other financial liabilities originate from the ongoing operations of the Group.

23. Capital management

Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern and maximise the return to shareholders whilst managing debt and equity balances. The Group will return a dividend for the 2020 financial year equal to $79.55M being 100% of adjusted profits after tax.

The Group will manage its capital structure to maintain an investment grade credit rating, consistent with its loan documentation with QTC. The capital structure of the Group consists of borrowings disclosed in Note 17 and equity comprising issued capital, reserves and retained earnings.

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit it financiers to immediately call on borrowings. There have been no breaches of the financial covenants of any borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2020 and 2019.

24. Commitments and contingencies

Capital expenditure commitments contracted but not provided for:

These commitments relate to expenditure on capital projects in progress	2020 $'000	2019 $'000
Due not later than one year	29,453	33,512

Contingent assets and liabilities

As at the date of these financial statements, the Board is not aware of any material contingent assets or liabilities.

25. Auditor's remuneration

These are amounts (excluding GST) paid to the Auditor-General of Queensland for audit of the financial statements. No other benefits were received by the auditors:

	2020 $	2019 $
Remuneration	230,000	220,000

The estimated fee for 2020 is $220,000 (2019: $200,000).

26. Key management personnel disclosures

Directors (short-term and post-employment expenses)

Directors' emoluments are set by the State Government with other fees and allowances determined on the basis of meetings attended and expenditure incurred in performing their roles. Directors do not receive performance related remuneration.

Specified executives

The People, Performance and Culture (PPC) Committee recommend executive remuneration to the Board. The committee uses market and industry surveys to ascertain an appropriate level of remuneration to attract appropriately skilled staff. The remuneration policy is subject to State Government guidelines and changes to executive remuneration are approved by the Board and advised to shareholding Ministers.

The Group's remuneration policy is based on a total employment cost (TEC) concept. The TEC concept ensures all benefits including salary, superannuation, motor vehicle, etc, are included in the remuneration package cost. Short-term benefits are disclosed as the gross salary package (excluding bonuses) and may be taken either as salary or salary sacrificed by the Director or employee. Leave balances paid on separation are included as a short-term benefit. Other benefits are listed as taxable fringe benefits amounts. These may include benefits that are available to all employees of the Group and are not specific to the listed roles. All disclosed items relate to amounts received by each senior executive incurred in the financial year during the period of their appointment.

All senior executives' remuneration levels including annual increases are at the discretion of the GPC Board, and shall comply the *Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements Version 2.0*. There are no at risk benefits available to senior executives. Separation benefits, in the event of termination by the Corporation, other than for misconduct, are allowed for in the contractual arrangements. The Chief Executive Officer is entitled to three (3) months' notice, or payment in lieu of notice as well as a separation payment equal to six (6) month's salary. Senior executives are entitled to one months' notice, or GPC may elect to provider an equivalent amount of payment in lieu. In the event of termination, the Executive is entitled to a termination payment equal to three (3) months' salary.

Short term employee expenses

This includes the following:

- Salaries, allowances and leave entitlements paid for the entire year, or for that part of the year during which the employee occupied a KMP position;
- Non-monetary benefits consisting of provision of vehicle and telephone together with fringe benefits tax applicable to the benefit.

26. Key management personnel disclosures (continued)

Long term employee expenses

This includes amounts expensed in respect of long service leave entitlements earned.

Post-employment expenses

This includes amounts expensed in respect of employer superannuation obligations.

Retirement/Resignation/Termination expenses

This includes lump sum payments for entitlements at separation (excluding annual and long service leave entitlements but including vested sick leave entitlements) or other amounts payable on termination of employment or acceptance of an offer of termination of employment.

In accordance with Ministerial guidelines details of Directors and the senior executives of the entity with the greatest authority in office at 30 June 2020 are as follows:

Directors		Last Date of Appointment	Date of Termination/ Resignation	Short Term Expenses $'000 Directors' Fees	Post-Employment Expenses $'000 Superannuation	Total $'000
Corones, P (Chairman)						
	2020	1 October 2018	30 September 2021	83	8	91
	2019			72	7	79
Davidson, G						
	2020	12 October 2017	30 September 2020	50	5	55
	2019			50	5	55
Cassidy, G						
	2020	1 October 2018	30 September 2022	55	5	60
	2019			55	5	60
Jamieson, P						
	2020	1 October 2018	30 September 2022	54	5	59
	2019			54	5	59
Butel, S						
	2020	12 October 2017	30 September 2020	54	5	59
	2019			54	5	59
Ward, A						
	2020	1 October 2018	30 September 2021	54	5	59
	2019			36	3	39
Corbett, M						
	2020	15 December 2016	30 September 2019	18	2	20
	2019			56	5	61
Zussino, L						
	2020	1 October 2015	30 September 2018	-	-	-
	2019			28	3	31
TOTAL 2020				386	35	403
TOTAL 2019				405	38	443

26. Key management personnel disclosures (continued)

Specified Executives		Short Term Employee Expenses: Monetary Expenses	Short Term Employee Expenses: Non-Monetary Expenses	Long Term Employee Expenses	Post-Employment Expenses	Retirement/ Resignation/ Termination Expenses	Total
Walker, C							
Chief Executive Officer	2020	523	11	10	41	-	585
(Acting)	2019	417	-	6	31	-	454
Appointed Acting from 13 December 2018 No Acting Port Strategy and Development General Manager has been appointed whilst C Walker is acting as CEO							
Winsor, R People, Community and							
Sustainability General	2020	291	25	5	28	-	349
Manager	2019	256	24	5	32	-	317
Melrose, G							
Operations General	2020	263	22	8	33	-	326
Manager (Acting)	2019	27	3	1	3	-	34
Appointed Acting from 13 May 2019							
Cooney, J							
Commercial General	2020	251	24	5	30	152	462
Manager	2019	251	10	6	24	-	291
Resigned 6 March 2020							
Hayden, B Asset Management							
and Project Services	2020	216	-	4	28	-	248
General Manager (Acting)	2019	277	-	5	35	-	317
Appointed Acting from 13 May 2019 Resigned 27 March 2020							
O'Sullivan, P							
Chief Executive Officer	2020	-	-	-	-	-	-
	2019	483	13	9	62	-	567
Terminated 20 May 2019 – no termination or separation benefits paid							

26. Key management personnel disclosures (continued)

Specified Executives		Short Term Employee Expenses: Monetary Expenses	Short Term Employee Expenses: Non-Monetary Expenses	Long Term Employee Expenses	Post-Employment Expenses	Retirement/ Resignation/ Termination Expenses	Total Expenses
Galt, M							
Commercial General	2020	-	-	-	-	-	-
Manager	2019	189	15	3	17	147	371
Resigned 31 October 2018							
Zimmerlie, D							
Asset Management and							
Project Services General	2020	-	-	-	-	-	-
Manager (Acting)	2019	262	-	7	24	-	293
Appointed Acting from 29 July 2018 to 31 May 2019							
Brown, A							
Asset Management and							
Project Services General	2020	-	-	-	-	-	-
Manager	2019	33	7	-	4	13	57
Resigned 27 July 2018							
TOTAL 2020		1,544	82	32	160	152	1,970
TOTAL 2019		2,195	72	42	232	160	2,701

27. Related party transactions

(a) Parent entities

The parent entity within the Group is Gladstone Ports Corporation Limited. The ultimate Australian controlling entity is the State of Queensland which at 30 June 2020 owned 100% (2019: 100%) of the issued ordinary shares of Gladstone Ports Corporation Limited.

(b) Key management personnel

(i) Shareholding Ministers - GPC's shareholding Ministers are identified as part of GPC's key management personnel. For the 2019-20 reporting period, these Ministers are, or were:

- the Honourable Cameron Dick MP, Treasurer and Minister for Infrastructure and Planning (from 11 May 2020);
- the Honourable Mark Bailey MP, Minister for Transport and Main Roads
- the Honourable Jackie Trad MP, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships (until 11 May 2020)*.

  *The Honourable Annastacia Palaszczuk MP, Premier, temporarily assumed shareholding Ministerial responsibilities for the period 9 to 10 May 2020 until 11 May 2020 when a new Minister was appointed.

(ii) Compensation – shareholding Ministers

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Group does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP (Key Management Personnel) of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury' s Report on State Finances.

(c) Transactions with key management personnel

From time to time Senior Executives, Directors and related entities may have commercial dealings with GPC. These transactions are conducted on arm's length terms and conditions. Senior Executives and Directors declare their interest on commercial dealings at Board meetings.

(d) Intercompany transactions

Balances between GPC and its subsidiary, which are related parties of GPC, have been eliminated on consolidation and are not disclosed in this note. Details of GPC's interest is disclosed in Note 4.

(e) Government-related entities

The Group transacts with other State of Queensland controlled entities. All material transactions are negotiated on terms equivalent to those that prevail in arm's length transactions.

27. Related party transactions (continued)

	2020 $'000	2019 $'000
Revenue		
Revenue from State of Queensland controlled entities	25,631	24,543
Property revenue from State of Queensland controlled entities	632	545
Interest received from QTC	3,676	5,094
Expenses		
Expenses incurred to State of Queensland controlled entities	26,230	25,430
Interest on QTC borrowings (includes administration fees)	27,101	28,545
Interest on lease liabilities with State of Queensland controlled entities	391	-
Electricity payments to State of Queensland controlled entities	9,002	10,652
NTER, Payroll Tax, Land Tax, Rates equivalent and competitive neutrality fee paid to Queensland Treasury	63,264	48,639
Assets		
Advance facility held with QTC	216,550	231,892
Trade and other receivables from State of Queensland controlled entities	758	908
Purchase of land from State of Queensland controlled entity	176	-
Liabilities		
Accrued interest and fees payable to QTC	6,254	7,127
Trade payables to State of Queensland controlled entities	532	164
Electricity payable to State of Queensland controlled entities	1,344	1,593
Dividend and competitive neutrality fee payable to Queensland Treasury	81,379	75,763
Borrowings from QTC	776,189	776,817
Lease liabilities with State of Queensland controlled entities	8,335	-

No provision for impairment of receivables was raised for any outstanding balances and no expense was recognised for bad or impaired debts due from State owned entities.

During the period, the Group made repayments of $0.40M relating to lease liabilities with State of Queensland controlled entities in accordance with applicable lease agreements.

28. Number of employees

	2020 No.	2019 No.
Number of employees at year end (Full Time Equivalent)	739	719

The number of employees represents the total number of people employed (Full Time Equivalent) by the Group as at 30 June.

29. Events occurring after reporting period

To date, no other events have occurred subsequent to balance date that materially impact on these financial statements.

GLADSTONE PORTS CORPORATION LIMITED

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 12 to 63 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

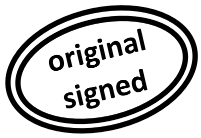
(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and

(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.

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors



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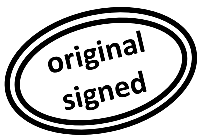
P Corones AM Dated: 13 August 2020

Chairman



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A Ward Dated: 13 August 2020

Director

Gladstone

Queensland Audit Office
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Members of Gladstone Ports Corporation Limited

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Gladstone Ports Coropration Limited and its controlled entity (the group).

In my opinion, the financial report:

a) gives a true and fair view of the group's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended

b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards.

The financial report comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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. I addressed these matters 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.

INDEPENDENT AUDITOR'S REPORT

Queensland Audit Office
Better public services

Valuation of property, plant and equipment—Note 12(c)

Key audit matter	How my audit addressed the key audit matter
Property, plant and equipment is reported at fair value and where applicable at cost. Approximately 96% of the property, plant and equipment was valued at fair value which was determined using the income-based valuation model. The key assumptions used in the valuation model included: • forecasting operating revenue • estimating future capital and operating costs • determining of terminal values • the discount rate applied to future cashflows.	My procedures included, but were not limited to: • Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices. • Checking, on a sample basis, the accuracy and relevance of the input data used, including reconciling input data to supporting evidence such as approved budgets. • Performing a sensitivity analysis to establish that management's assumptions for fair value including cash flows, terminal values, discount rates, expansionary capital expenditure and inflation adjustments are within a reasonable range of audit expectations for fair value. • Assessing the reasonableness of cash flow forecasts and terminal value estimates relative to board approved budgets, historical growth trends and other relevant internal and external evidence. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process. • Evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research. • Challenging the reasonableness of key assumptions based on my knowledge of the entity and industry. • Verifying the mathematical accuracy of net present value calculations.

Useful lives estimated for depreciation expense—Note 12(a)

Key audit matter	How my audit addressed the key audit matter
The straight-line depreciation method used requires significant judgements for: • Identifying the significant parts of assets that have different useful lives • Estimating the remaining useful lives of those significant parts.	My procedures included, but were not limited to: • Evaluating management's approach for identifying the parts of property, plant and equipment with different useful lives for reasonableness, having regard to recent replacement projects and changes in estimates over time. • Evaluating remaining useful life estimates for reasonableness with reference to historical disposal rates, condition assessments for older assets, internal consistency.

INDEPENDENT **AUDITOR'S REPORT**

Queensland Audit Office
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Other information

Other information comprises financial and non-financial information (other than the audited financial report).

Those charged with governance are responsible for the other information.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the company for the financial report

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

The company's directors are also responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has 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 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 expressing an opinion on the effectiveness of the group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the company's 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.

From the matters communicated with the company's 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.

original signed

13 August 2020

Vaughan Stemmett
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

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