Financial Statements

For the year end 30 June 2021

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 2008 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 2021 was authorised for issue to shareholding Ministers in accordance with a resolution of the Directors on 13 September 2021.

Contents

Table of Contents

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021 4
Auditor's Independence Declaration..13
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021...14
Consolidated Statement of Financial Position as at 30 June 2021..15
Consolidated Statement of Changes in Equity for the year ended 30 June 2021 16
Consolidated Statement of Cash Flows for the year ended 30 June 2021..17
Notes to the Consolidated Financial Statements for the year ended 30 June 2021...................................18
1. General information...18
2. Basis of preparation..18
3. Significant accounting judgements, estimates and assumptions..21
4. Interests in other entities...22
5. Parent entity information...23
6. Profit before income tax...24
7. Taxation...29
8. Cash and cash equivalents...33
9. Cash Advance Facility..34
10. Trade and other receivables...34
11. Inventories...36
12. Property, plant and equipment...37
13. Intangible assets...43
14. Investment properties..44
15. Trade and other payables..4
16. Contract and other liabilities...45
17. Borrowings...46
18. Provisions..47
19. Equity...49
20. Dividends...50
21. Leases..50
22. Financial risk management..54
23. Capital management..57
24. Commitments and contingencies...57
25. Auditor's remuneration..57
26. Key management personnel disclosures..58
27. Related party transactions...61
28. Number of employees..63
29. Climate Risk Disclosure...63
30. Events occurring after reporting period..63

DIRECTORS' DECLARATION...64
INDEPENDENT AUDITOR'S REPORT..65

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 2021.

The Board comprises non-executive Directors and an executive Director, 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 2021.

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, Audit and Risk Committee** **Member – Governance and People Committee**	A business proprietor and company director, Peter's strong background spans 44 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) now Apprentices and Trainees Queensland 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**

Name and qualifications	Experience and skills
Grant Cassidy OAM FAICD *Director* Chair – Governance and People Committee Member – Finance, Audit and Risk Committee	Grant is an experienced Company Director and a long-term resident and business owner in Central Queensland. For the past 19 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 Central and Western Queensland; 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 and People Committee Member – Finance, Audit and Risk 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. During her career Peta was a driver of the microeconomic reform of local governments while working for the Queensland Government, with a focus on financial sustainability and capacity-building campaigns for all councils. Peta is a strong advocate for the Bundaberg and Wide Bay Burnett region through her management consultancy service delivers a range of economic development, leadership and advocacy services for the public and private sector. Peta is also Chair of the Wide Bay Hospital and Health Board and member of its Finance Committee, Executive Committee, Audit & Risk Committee and Safety & Quality Committee. First appointed October 2015 Current term 1 October 2018 – 30 September 2022
Adrienne Ward MAICD *Director* Chair – Finance, Audit and Risk Committee Member – Governance and People Committee	Adrienne 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, Chair, Safety Governance Foundation 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
Dr Poya (PJ) Sobhanian BDSc (UQ), GAICD *Director* Member – Finance, Audit and Risk Committee Member – Governance and People Committee	Dr Poya (PJ) has in-depth knowledge of Central Queensland (CQ) and Wide Bay-Burnett regions through his entrepreneurial background and service as a former Gladstone Region Councillor (GRC). PJ was Chair of GRC Commercial Services Committee overseeing economic development and driving performance in key commercial assets, such as the Gladstone Airport Corporation and the Gladstone Entertainment and Convention Centre. PJ has a reputation of strong action on good governance, business improvement and sustainable economic development. He has been a repeat Speaker at the Developing Northern Australia Conference. PJ brings additional experience as a former Board Member of the Gladstone Area Water Board helping the strategic delivery of IT optimisation and effective community engagement. Additionally, as a Board Member of the Central Queensland Hospital and Health Service, and Chair of the Audit and Risk Committee, PJ has been part of the strategic team leading the successful mission of protecting Central Queenslanders' lives during the COVID-19 pandemic. First appointed October 2020 Current term 1 October 2020 – 30 September 2023
Dr Prins Ralston DJS, LLM, LLB, BBus (ACC), BBus(Comp) FCPA, FAICD, FACS *Director* Member – Finance, Audit and Risk Committee Member – Governance and People Committee	Dr Prins is the CEO for Townsville City Council. Prior to joining Council, Prins was a principal at Nous Group and the independent Head of TaskforceNQ based in Townsville. TaskforceNQ is the coordinating body for the North Queensland region's recovery from the Health, Social and Economic impacts of the COVID-19 pandemic. Prins has previous experience as CEO of international human and health services companies, as a Partner with National Legal Firms Clayton Utz and Gadens Lawyers and has led the Information, Communications and Technology profession in the Australia and South East Asia as well working with IFIP an UNESCO body. Prins has been a Board Director for over 30 years and has worked extensively with boards and executives for many companies delivering on their critical strategic, policy, organisational design and capability, and leadership opportunities and challenges in Australia, New Zealand and United Kingdom. First appointed October 2020 Current term 1 October 2020 – 30 September 2023
Paul Heagney BCom, GDipAppFinInv *Executive Director* Member – Finance, Audit and Risk Committee Member – Governance and People Committee	Paul is Principal of Kippax Consulting, which provides advice focused on business strategy and development, international trade, commodities, and logistics. He has over 20 years' senior managerial, commercial, and executive experience in commodities. He has experience in marketing, supply chain and logistics, international trade, financial and operational risk management gained in the agriculture and resources industries. He has spent considerable time in and has an understanding of regional Queensland. Paul is a former director of several commodity related companies, including a former Director of the Australian Sugar Milling Council and Chair of its Trade Committee. He gained a Commerce Degree from the University of Queensland and a Graduate Diploma of Finance and Investment from the Securities Institute of Australia. Paul was appointed as Acting Chief Executive Officer and resigned as a member of the Finance,

	Audit and Risk Committee and Governance and People Committee effective 22 July 2021. First appointed October 2020 Current term 1 October 2020 – 30 September 2023

PREVIOUS DIRECTORS

Gail Davidson FAICD	First appointed October 2008 Term expired 30 September 2020
Stewart Butel BSc, Graduate Diploma of Business Studies, GAICD	First appointed October 2017 Term expired 30 September 2020

GENERAL COUNSEL AND COMPANY SECRETARY

Name and qualifications	Experience and skills
Rufus Gandhi LLB *Solicitor*	Rufus 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. Rufus resigned from GPC on 31 August 2021.

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; and
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 $93.46M (2020: $80.97M) representing an increase of 15% from the previous year. The results included net revaluation decreases of $0.02M (2020: net revaluation decreases of $3.21M). This related to write-down of assets of $0.22M and investment property revaluation increases of $0.20M. Total income was $516.59M, an increase from 2020 of $3.45M. 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:

	2021 $'000	2020 $'000
Dividends paid from prior year profits	79,550	73,820
	Cents per share	**Cents per share**
Dividend per share	19.79	18.36

The Directors have recommended the payment of a final dividend at 100% of profits, adjusted in line with shareholding Ministers' approval. The final dividend amounts to $93.08M (23.15 cents per share).

In addition to the payment of the final dividend, Directors have approved a $20.6M return of shareholders' equity to assist the Queensland Government FY2022 budget commitment to investing in initiatives backing maritime jobs in Queensland. A further equity adjustment will be made to reflect the earlier shareholding Ministers' budget decision to contribute $1.0M to capital works at the Port of Bundaberg. This will result in a net return of shareholders' equity of $19.6M.

REVIEW OF FINANCIAL CONDITIONS AND LIKELY DEVELOPMENTS

Trade performance remained strong during the year with all three GPC ports contributing to the 123.09MT throughput, 0.55MT more than last year's throughput as a result of increased LNG throughput. The Port of Gladstone recorded a throughput of 122.62MT led by coal, liquefied natural gas (LNG) and alumina-related exports. 70.12MT of coal exports were facilitated by the Port of Gladstone, 1.60Mt decrease in exports.

While coal volumes declined, LNG exports continued to grow, with 23.01MT of LNG transported predominately into Asia, an increase of 0.90MT from last year. 0.35 MT 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 profile and trade distribution due to COVID-19 have been considered to the extent possible, with similar conditions expected to continue through FY2022. The forecast for energy including coal and LNG in 2022 is anticipated to remain generally consistent with 2021.

REVIEW OF FINANCIAL CONDITIONS AND LIKELY DEVELOPMENTS (CONTINUED)

Ordinary property revenue has dropped during the year as a result of GPC providing rental relief by way of waiver and deferred payments in accordance with *National Cabinet Mandatory Code of Conduct – Small and Medium Enterprises Commercial Leasing Principles during COVID-19*. Rental relief was accessed by a number of eligible tenants during the year resulting in $415,424 of waivers being processed for 19 tenants (25 agreements).

During 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. The renewable energy sector will be a focus for the regions in which GPC operates, in particular Hydrogen and Green Ammonia developments. Finalising the Clinton Vessel Interaction project and relevant approvals such as Environmental Impact Study (EIS) for future channel expansion requirements will be a key focus in combination with the sequencing scenarios for capacity requirements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of GPC during the year ended 30 June 2021.

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 2021 Annual Report.

RESPONDING TO CLIMATE CHANGE

The Group is in the process of monitoring and understanding the emergence of potential climate related risks to its operations and future development through a strategic initiative to produce a climate change risk based adaptation strategy.

The strategy will encompass the Group's climate change direction statement, strategic framework and strategic roadmap using a risk based approach to capture the Group's position, approach and actions in response to climate change. It will guide the Group's operations to a low emission future in line with the Queensland Government's climate change strategy and targets that is likely to deliver multiple benefits including:

a) providing decision useful and forward looking information to develop adaptation response;
b) informing key assumptions and accounting judgement in financial climate risk disclosures; and
c) providing assurance and economic confidence to decision makers that climate change risk and uncertainty has been actively considered and addressed delivering a sustainable, resilient and fit-for-purpose business into the future.

The Group has already started its climate journey with a reduction of Greenhouse Gas (GHG) emissions since reporting began in 2009 through a number of voluntary energy and fuel efficiency programs and the Renewable Energy Target electricity contributions.

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 $175,050.

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; and
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 (12 held)	Finance, Investment, Commercial and Audit Committee (3 held)	Governance, Risk and Compliance Committee (2 held)	People, Performance and Culture Committee (2 held)	Finance, Audit and Risk Committee (1 held)	Governance and People Committee (2 held)
Peter Corones AM	12	3	2	2	1	2
Grant Cassidy OAM	12	3	2	1	1	2
Peta Jamieson[1]	12	1	2	2	1	2
Adrienne Ward	12	3	2	2	1	2
Dr Poya (PJ) Sobhanian[2]	10	2	1	-	1	2
Dr Prins Ralston[2]	10	1	1	-	1	2
Paul Heagney[3]	10	2	1	-	1	2
Gail Davidson[4]	2	-	1	1	-	-
Stewart Butel[4]	2	1	-	1	-	-

[1] Appointed May 2021 to Finance, Audit and Risk Committee
[2] Appointed October 2020 to Board
[3] Appointed October 2020 to Board and became an Executive Director from 22 July 2021
[4] Ceased September 2020

COMMITTEE MEMBERSHIP

Effective 1 January 2021, the Group established a Finance, Audit and Risk Committee (FAR) and a Governance and People Committee (GAP). Prior to this, the Group had a Finance, Investment, Commercial and Audit (FICA) Committee, Governance, Risk and Compliance (GRC) Committee and People, Performance and Culture (PPC) Committee. The GRC committee was established for an initial term of 2 years and the Board has re-evaluated the ongoing role of this committee. Consequently, the Board decided to restructure the existing committees and form 2 new committees to absorb the roles and responsibilities of the previous committees. Memberships of the Committees at the date of this report are:

FAR Committee:	GAP Committee:
Adrienne Ward – Chair	Grant Cassidy OAM – Chair
Peter Corones AM	Peter Corones AM
Grant Cassidy OAM	Peta Jamieson
Peta Jamieson	Adrienne Ward
Dr Poya (PJ) Sobhanian	Dr Poya (PJ) Sobhanian
Dr Prins Ralston	Dr Prins Ralston
Paul Heagney[1]	Paul Heagney[1]

[1] Ceased 22 July 2021. Refer to subsequent events section.

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; and
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. Pursuant to orders of the court, the plaintiffs filed and served amended Statements of Claim on 9 May and 27 July 2018. The plaintiffs have now served all of their evidence for their existing claim. The plaintiffs were ordered to serve a second further amended Statement of Claim by 27 August 2021. This further amended Statement of Claim had still not been served by 31 August 2021. GPC will have the opportunity to object to aspects of the amended Statement of Claim (once received) and to serve its evidence in response in late 2021 and early 2022 respectively.

The Claim is a representative class action brought against GPC 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 and have been listed for an initial trial commencing on 3 October 2022.

SUBSEQUENT EVENTS

Colin Cassidy resigned as Interim Chief Executive Officer effective on 22 July 2021. Paul Heagney was then appointed as Acting Chief Executive Officer effective on 22 July 2021 and continues to serve as a Director of GPC. To ensure appropriate governance arrangements during this period whilst Mr Heagney is both a Director and Acting Chief Executive Officer of GPC, Mr Heagney has resigned from all Board committees of which he was a member and a conflict management plan is being implemented.

Dr Anthony Lynham was appointed as a Director of GPC effective on 26 August 2021 and will commence as its Chairman effective on 1 October 2021.

Two key management personnel ceased employment with GPC effective on 31 August 2021. In connection with the cessation of their employment and to settle any disputes, GPC paid a total sum of $918,948 pursuant to relevant Deeds of Settlement.

There has not been any other 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.

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.

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: 14 September 2021

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 2021, 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 September 2021

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Revenue from contracts with customers	6(a)	485,232	469,495
Other income	6(b)	31,360	43,651
Total income		**516,592**	**513,146**
Employee benefits expenses	6(d)	(137,235)	(135,251)
Operational expenses	6(c)	(124,685)	(123,602)
Depreciation/amortisation expenses		(88,007)	(87,652)
Finance costs	6(c)	(32,381)	(34,305)
Impairment	12(a)	(1,576)	(9,505)
Net profit/(loss) on disposal of non-current assets		270	(1,300)
Fair value revaluation decrease of property, plant and equipment	12(c)	(228)	(676)
Revaluation increase/(decrease) of investment properties	12(c)	204	(2,529)
Profit before income tax		**132,954**	**118,326**
Income tax expense	7(a)	(39,492)	(37,352)
Profit for the year		**93,462**	**80,974**
Profit attributable to:			
Owners of Gladstone Ports Corporation Limited		**93,462**	**80,974**
Items that will not be reclassified subsequently to profit or loss			
Revaluation increase/(decrease) of property, plant and equipment and intangible assets	12(c)	(1,552)	(6,170)
Income tax relating to components of other comprehensive income	7(e)	465	1,851
Other comprehensive income for the year, net of income tax		**(1,087)**	**(4,319)**
Total comprehensive income for the year		**92,375**	**76,655**
Total comprehensive income for the year is attributable to:			
Owners of Gladstone Ports Corporation Limited		**92,375**	**76,655**

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position as at 30 June 2021

Assets	Note	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	8	37,700	33,926
Cash advance facility	9	188,950	216,550
Trade and other receivables	10	62,821	66,427
Inventories	11	15,569	13,644
Prepayments		6,040	4,431
Assets classified as held for sale		19	19
Total current assets		**311,099**	**334,997**
Non-current assets			
Trade and other receivables	10	-	65
Property, plant and equipment	12(a)	2,013,414	2,005,955
Deferred tax assets	7(d)	28,551	29,602
Intangible assets	13	37,872	36,193
Right-of-use assets	21	4,222	4,675
Investment properties	14	85,796	81,605
Total non-current assets		**2,169,855**	**2,158,095**
Total assets		**2,480,954**	**2,493,092**
Liabilities			
Current liabilities			
Trade and other payables	15	46,198	56,153
Contract and other liabilities	16	24,178	23,447
Provisions	18	147,164	134,701
Lease liabilities	21	1,889	1,826
Income tax payable	7(c)	4,016	10,666
Total current liabilities		**223,445**	**226,793**
Non-current liabilities			
Contract and other liabilities	16	12,304	14,269
Borrowings	17	775,314	776,189
Provisions	18	23,233	23,352
Lease liabilities	21	9,670	10,094
Deferred tax liabilities	7(e)	336,948	341,646
Total non-current liabilities		**1,157,469**	**1,165,550**
Total liabilities		**1,380,914**	**1,392,343**
Net assets		**1,100,040**	**1,100,749**
Equity			
Issued capital		675,496	675,496
Asset revaluation reserve	19	424,936	427,535
Retained earnings		(392)	(2,282)
Total equity		**1,100,040**	**1,100,749**

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity for the year ended 30 June 2021

	Note	Issued capital $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
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**
Opening balance as at 1 July 2020		**675,496**	**427,535**	**(2,282)**	**1,100,749**
Total comprehensive income attributable to owners					
Profit for the year		-	-	93,462	**93,462**
Other comprehensive income		-	(1,087)	-	**(1,087)**
Transfers within equity					
Disposal of revalued assets		-	(1,512)	1,512	**-**
Transactions with owners in their capacity as owners					
Dividends provided for or paid	20	**-**	**-**	**(93,084)**	**(93,084)**
Closing balance as at 30 June 2021		**675,496**	**424,936**	**(392)**	**1,100,040**

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows for the year ended 30 June 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		570,948	558,424
Tax equivalents paid to Queensland Treasury		(49,325)	(47,437)
Net amounts from ATO		(24,484)	(25,470)
Payments to suppliers		(167,594)	(142,976)
Payments to employees		(137,304)	(134,627)
Payments for leases (short term, low value)		(524)	(888)
Interest received		1,387	3,778
Interest paid		(25,478)	(26,943)
Other finance costs		(6,927)	(7,362)
Net cash inflows from operating activities	8(a)	**160,699**	**176,499**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and investment properties		437	15
Purchase of property, plant and equipment		(94,420)	(102,374)
Purchase of intangibles		(7,951)	(8,069)
Advances to Queensland Treasury		27,601	15,342
Net cash outflows from investing activities		**(74,333)**	**(95,086)**
Cash flows from financing activities			
Repayment of borrowings		(876)	(628)
Payment of principal portion of lease liabilities		(2,166)	(1,588)
Dividends paid		(79,550)	(73,820)
Net cash outflows from financing activities		**(82,592)**	**(76,036)**
Net increase/(decrease) in cash and cash equivalents		**3,774**	**5,377**
Cash and cash equivalents at the beginning of the financial year		**33,926**	**28,549**
Cash and cash equivalents at the end of the financial year	8	**37,700**	**33,926**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2021

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; and
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.

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 subsidiary.

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 the subsidiary are listed in Note 4. Parent entity financial information is 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 GPC and its subsidiary (collectively, 'the Group') for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 13 September 2021.

(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 for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations were effective for the first time for the period ended 30 June 2021, but do not have an impact on the consolidated financial statements of the Group.

Amendments to AASB 101 and AASB 108 Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the

primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on May 2019

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the AASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to AASB 16 COVID-19 Related Rent Concessions

On 15 June 2020, the AASB issued COVID-19-Related Rent Concessions - amendment to AASB 16 Leases. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

Accounting Standards and Interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. 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 2021. 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.

Amendments to AASB 101: Classification of Liabilities as Current or Non-current

In March 2020, the AASB issued amendments to paragraphs 69 to 76 of AASB 101 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to AASB 137

In June 2020, the AASB issued amendments to AASB 137 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The Group is currently assessing the impact the amendments will have on current practice.

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 2021 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 2021	30 June 2020
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
2021	5,171	5,171	24,151	-
2020	4,502	4,502	22,133	-

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.

	2021 $'000	2020 $'000
Financial position		
Assets		
Current assets	311,099	334,995
Non-current assets	2,168,498	2,156,896
Total assets	**2,479,597**	**2,491,891**
Liabilities		
Current liabilities	222,302	226,276
Non-current liabilities	1,157,255	1,164,866
Total liabilities	**1,379,557**	**1,391,142**
Net assets	**1,100,040**	**1,100,749**
Equity		
Issued capital	675,496	675,496
Reserves	424,936	427,535
Retained earnings	(392)	(2,282)
Total equity	**1,100,040**	**1,100,749**
Financial performance		
Profit for the year	93,462	80,974
Other comprehensive income	(1,087)	(4,319)
Total comprehensive income	**92,375**	**76,655**
Commitments for the acquisition of property, plant and equipment by the parent entity		
Due not later than 1 year	37,566	29,453

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 2021 or 30 June 2020.

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:

	2021 $'000	2020 $'000
Revenue from contracts with customers		
Types of services		
Cargo handling charges	299,759	290,177
Harbour dues	104,578	98,762
Tonnage rates	54,862	54,783
Pilotage	26,033	25,773
Total	**485,232**	**469,495**
Timing of revenue recognition		
Revenue for services recognised over time	299,759	290,177
Revenue for transactions transferred at a point in time	185,473	179,318
Total	**485,232**	**469,495**

Set out below is the changes in contract liabilities:

	2021 $'000	2020 $'000
Amounts included in contract liabilities at the beginning of the year	1,673	569
Performance obligations satisfied and recognised in revenue	(1,673)	(569)
Amounts included in contract liabilities at the end of the year	**2,384**	**1,673**

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.

- 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.

6. Profit before income tax (continued)

- **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 is as follows:

	2021 $'000	2020 $'000
Within one year	2,384	1,673

(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.

In respect of income received, pursuant to the obligations of lessees to restore the premises leased, where the Group is the lessor, the income is recognised at the point of time when the Group becomes entitled to receive such payments from lessees.

In respect of works performed for environment restoration pursuant to the LNG contracts, income is recognised over a period of time over which such works are performed by the Group. The income recognised is matched with the corresponding costs incurred in carrying out these works.

6. Profit before income tax (continued)

	2021 $'000	2020 $'000
Other income		
Smallcraft services	1,326	1,317
Interest received	1,314	3,473
Property revenue (Note 14)	10,094	11,246
Recoverable works	6,796	15,759
Other shipping charges	9,240	9,053
Other	2,590	2,803
Total	**31,360**	**43,651**

(c) Expenses

	2021 $'000	2020 $'000
Operational expenses		
Contractors	46,081	50,147
Services and consultants	24,989	20,082
Indirect taxes and government charges	7,008	7,351
Materials and supplies	20,604	17,270
Energy	15,464	18,394
Insurance	7,151	5,172
Licence fees	140	108
Short term lease payments	441	806
Low value lease payments	83	80
Bad debts and expected credit loss provision	(197)	983
Other	2,921	3,209
Total	**124,685**	**123,602**

	2021 $'000	2020 $'000
Finance costs		
Interest on debt and borrowings	25,032	26,479
Interest on lease liabilities (Note 21)	445	464
Gain/loss on lease remeasurement	(23)	-
Competitive neutrality fee	6,927	7,362
Total	**32,381**	**34,305**

6. Profit before income tax (continued)

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 2021 or 2020.

(d) Employee benefits expenses

Employee benefits	2021 $'000	2020 $'000
Wages and salaries	98,416	100,682
Annual leave expense	8,806	7,489
Personal leave expense	4,594	3,494
Long service leave expense	1,242	(10)
Rostered day off ("RDO") Expense	(29)	122
Employer superannuation contributions	10,410	9,672
Employer defined benefits contribution	2,571	2,831
Other employee benefits	1,479	1,368
Employee related expenses		
Workers compensation premium	1,283	1,512
Payroll tax expense	4,940	4,819
Other employee related expenses	3,523	3,272
Total	**137,235**	**135,251**

Wages and salaries and leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave, personal 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.

6. Profit before income tax (continued)

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.

7. Taxation (continued)

However, deferred tax assets and liabilities are not recognised for taxable temporary differences related to investments in subsidiary 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.

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

	2021 $'000	2020 $'000
Profit before income tax	132,954	118,325
Prima facie tax at 30% (2020: 30%)	39,886	35,498
Non-deductible (revenue)/expenses	442	1,077
Research and development tax offset provision	(934)	(1,070)
Prior year (over)/under provision	98	1,847
Income tax expense	**39,492**	**37,352**
Comprised of:		
Deferred tax asset	1,051	(106)
Deferred tax liability	(4,233)	(6,536)
Income tax payable	42,674	43,994
	39,492	**37,352**

7. Taxation (continued)

(b) Amounts charged or credited directly to equity

	2021	2020
	$'000	$'000
Deferred income tax related to items charged or credited directly to equity		
Net gain on revaluation of property, plant and equipment	267,155	267,621
Transition of new accounting standards	(2,920)	(2,920)
Deferred income tax reported in equity	**264,235**	**264,701**

(c) Income tax payable

	2021	2020
	$'000	$'000
Opening balance	10,666	14,110
Charged to income	42,674	43,994
Payments	(49,324)	(47,438)
Closing balance	**4,016**	**10,666**

(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.

	2021	2020
	$'000	$'000
Long service leave	8,175	7,980
Personal leave	2,874	2,952
Annual leave	4,666	4,665
RDO	191	155
Public holidays	67	60
Accrued expenses	85	76
Provision for rehabilitation	4,707	5,431
Provision for revenue received in advance	1,144	1,144
Provision for doubtful debts / expected credit losses	1,621	1,849
Contract liability	715	502
Lease liabilities	3,468	3,576
Unearned revenue	838	1,212
Closing balance	**28,551**	**29,602**

7. Taxation (continued)

	2021 $'000	2020 $'000
Opening balance	29,602	26,064
Effect of adoption of new accounting standards	-	3,432
Opening balance (restated)	**29,602**	**29,496**
Amount credited to Statement of Profit or Loss and Other Comprehensive Income	(1,051)	106
Closing balance	**28,551**	**29,602**

(e) Deferred tax liability

	2021 $'000	2020 $'000
Inventory	3,993	3,348
Property, plant and equipment	321,459	326,221
Revenue received in advance	11,496	11,496
Other	-	581
Closing balance	**336,948**	**341,646**

	2021 $'000	2020 $'000
Opening balance	341,646	348,966
Effect of adoption of new accounting standards	-	1,067
Opening balance (restated)	**341,646**	**350,033**
Amount charged to Statement of Profit or Loss and Other Comprehensive Income	(4,233)	(6,536)
Amount (charged)/credited direct to equity	(465)	(1,851)
Closing balance	**336,948**	**341,646**

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. The balance for this year is nil (2020: $4,397,549). Prior year balance relates to Port Service Agreement retentions held.

	2021 $'000	2020 $'000
Cash at bank and on hand	37,700	33,926
Total	**37,700**	**33,926**

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

	2021 $'000	2020 $'000
Profit for the year	93,462	80,974
Depreciation/amortisation expense	88,007	87,652
Revaluation of non-current assets	24	3,205
Impairment of non-current assets	1,576	9,505
Net profit on sale of property, plant and equipment	(270)	1,300
Gain/loss on lease remeasurement	(23)	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	3,671	(5,044)
(Increase)/decrease in inventories	(1,925)	(2,074)
(Increase)/decrease in prepayments	(1,610)	(1,930)
(Increase)/decrease in deferred tax asset	1,050	386
Increase/(decrease) in trade and other payables	(9,956)	16,925
Increase/(decrease) in contract and other liabilities	(1,233)	1,827
Increase/(decrease) in provisions	(1,191)	(5,756)
Increase/(decrease) in income tax payable	(6,650)	(3,354)
(Decrease)/increase in deferred tax liability	(4,233)	(7,117)
(Decrease)/increase in retained earnings		-
Net cash inflow from operating activities	**160,699**	**176,499**

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 2021, the balance held in QTC Cash Advance Facility was $188,950,000 (2020: $216,550,000).

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.

	2021	2020
Current	**$'000**	**$'000**
Trade receivables	68,138	72,453
Less: allowance for expected credit losses (ECL)	(5,403)	(6,162)
	62,735	**66,291**
Accrued interest	62	134
Other receivables	24	2
Total	**62,821**	**66,427**
Non-current		
Trade receivables	-	65

Reconciliation of provision for expected credit losses:	2021 $'000	2020 $'000
Opening balance as at 1 July	6,162	5,036
Provision for expected credit losses	(333)	1,131
Write-off	(426)	(5)
Closing balance as at 30 June	**5,403**	**6,162**

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 72% (2020: 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 2021. Actual credit losses over the 5 years preceding 30 June 2021 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 2021.

Set out below is the credit risk exposure on the Group'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 2021	**AAA to A-**	**BBB to B-**	**Unrated**
Receivables balance[1] ($'000)	16,770	13,888	32,128
Expected credit losses (ECL) %	0.05%	1.51%	1.56%
ECL	(8)	(210)	(502)
Balance not impaired	**16,762**	**13,678**	**31,626**

[1]Receivables balance excludes balances fully provided for

10. Trade and other receivables (continued)

30 June 2020	Credit Risk AAA to A-	 BBB to B-	 Unrated
Receivables balance ($'000)[1]	**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

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*.

	2021 $'000	2020 $'000
Inventories		
Spares	15,569	13,644
Total	**15,569**	**13,644**

In 2021, inventories of $15,090,473 (2020: $11,813,923) was recognised as an expense during the year and included in Operational Expenses – Materials and Supplies. Fuel amounting to $9,326,009 (2020: $11,568,334) 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

2021	Land	Buildings	Channels, swing basins and berth pockets	Commercial wharves	Recreational and fishing wharves	Roads and services (structural improve-ments)	Plant	Furniture and fittings	Capital works in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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 2020	120,867	51,272	744,592	229,136	1,778	135,913	640,935	612	80,850	**2,005,955**
Work in progress ("WIP") additions	-	-	-	-	-	-	-	-	90,619	**90,619**
Transfers to/from WIP	5,331	2,020	24,351	4,335	-	10,196	53,551	208	(99,992)	**-**
Disposals	-	(9)	-	-	-	-	(158)	-	-	**(167)**
Transfers (to)/from investment properties	(31)	-	-	-	-	-	-	-	-	**(31)**
Depreciation	-	(2,070)	(8,498)	(7,996)	(104)	(6,191)	(54,656)	(91)	-	**(79,606)**
Revaluations	(83)	(58)	(300)	(285)	(3)	(169)	(882)	-	-	**(1,780)**
Impairment	-	-	-	-	-	-	-	-	(1,576)	**(1,576)**
Carrying amount at 30 June 2021	**126,084**	**51,155**	**760,145**	**225,190**	**1,671**	**139,749**	**638,790**	**729**	**69,901**	**2,013,414**

12. Property, plant and equipment (continued)

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

2020	Land $'000	Buildings $'000	Channels, swing basins and berth pockets $'000	Commercial wharves $'000	Recreational 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 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 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)

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 $1,000 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%-50.0%

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) 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	2021 Net book value $'000	2020 Net book value $'000
Land	85,713	80,397
Buildings	46,623	45,449
Channels, swing basins and berth pockets	176,291	153,651
Commercial wharves	179,976	181,413
Recreational and fishing wharves	1,603	1,690
Roads and services (structural improvements)	147,361	142,534
Plant	543,388	537,014
Furniture and fittings	739	625
Capital works in progress	69,901	80,850
Total	**1,251,595**	**1,223,623**

(c) Valuations

Measurement after initial 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 uses 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 2031. 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% (2020: 2.0%) 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 5.6% (2020: 5.8%) was adopted when discounting back to a present day estimated value. Management determined this rate in consultation with independent experts.
- 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	2,057,133	2,141,324
CPI rate -0.5 post tax	2,222,392	2,141,324
WACC rate +0.6 post tax	1,704,185	2,141,324
WACC rate -0.3 post tax	2,432,640	2,141,324
Terminal Growth Rate +0.5	2,559,470	2,141,324
Terminal Growth Rate -0.5	1,839,329	2,141,324
Expansionary Capital delayed 1 year	2,339,217	2,141,324
Expansionary Capital +5%	2,113,096	2,141,324
Expansionary Capital -5%	2,169,551	2,141,324

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:

		2021	2020
	Note	$'000	$'000
Valuation adjustment to Consolidated Statement of Financial Position			
Property, plant and equipment revaluations	12(a)	(1,780)	(6,535)
Investment property	14	204	(2,840)
		(1,576)	**(9,375)**
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		(228)	(676)
Revaluation increase/(decrease) of investment properties		204	(2,529)
Other Comprehensive Income			
Revaluation decrement of property, plant and equipment		(1,552)	(6,170)
Total		**(1,576)**	**(9,375)**

(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:

		2021	2020
	Note	$'000	$'000
Impairment charged to Statement of Profit or Loss and Other Comprehensive Income	12(a)	1,576	9,505
		1,576	**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 2021:

	Gross $'000	Accumulated Amortisation $'000	Balance at 30 June $'000
Purchased Intangible assets	40,259	(27,794)	12,465
Internally generated intangible assets	21,069	(7,232)	13,837
Capital WIP	11,570	-	11,570
Total	**72,898**	**(35,026)**	**37,872**

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	16,092	-	517	(4,144)	-	12,465
Internally generated intangible assets	15,629	-	336	(2,128)	-	13,837
Capital WIP	4,472	7,951	(853)	-	-	11,570
Total	**36,193**	**7,951**	**-**	**(6,272)**	**-**	**37,872**

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**

14. Investment properties

	Note	2021 $'000	2020 $'000
Opening balance		81,605	82,012
Additions		3,956	293
Transfers (to)/from property, plant and equipment	12(a)	31	1,037
Transfers (to)/from assets held for sale		-	1,200
Net loss from fair value adjustment	12(c)	204	(2,840)
Disposals		-	(97)
Closing balance		**85,796**	**81,605**

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 2021 year, the fair value has been determined based on independent valuations by Aon Valuation Services as at 31 March 2021, 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 2021. 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.

14. Investment Properties (continued)

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.

	2021	2020
	$'000	$'000
Rental income derived from investment properties	10,094	11,246
Direct operating expenses (including repairs and maintenance) generating rental income	(992)	(1,253)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(768)	(489)
Profits arising from investment properties carried at fair value	**8,334**	**9,504**

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).

	2021	2020
Current	$'000	$'000
Trade creditors	42,970	52,536
GST payable	1,273	733
Other	1,954	2,884
	46,198	**56,153**

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.

16. Contract and other liabilities (continued)

	2021	2020
	$'000	$'000
Current		
Revenue received in advance	21,794	21,774
Contract liabilities	2,384	1,673
	24,178	**23,447**
Non-current		
Revenue received in advance	**12,304**	**14,269**

17. Borrowings

	Note	2021	2020
		$'000	$'000
Non-current			
Queensland Treasury Corporation loans	22(c)	775,314	776,189

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. During the year, the Group renegotiated the terms and conditions of its Portfolio Linked Loan with Queensland Treasury Corporation and extended the duration range for the portfolio to 6.00 – 7.00 years from the existing 4.25 – 5.25 years. This has resulted in a significant decrease in the interest rate charged on this loan.

Interest rates
This loan is interest bearing with interest paid quarterly in arrears. The average interest rate for 2021 was 3.1% (2020: 3.3%).

16. Contract and other liabilities (continued)

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.

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Queensland Treasury Corporation loans	775,314	844,397	776,189	862,206

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.

	2021	2020
Current	**$'000**	**$'000**
Employee benefits	47,516	41,702
Dividends	93,084	79,550
Rehabilitation	2,893	10,464
Other	3,671	2,985
Total	**147,164**	**134,701**
Non-current		
Employee benefits	5,728	11,007
Rehabilitation	17,505	12,345
Total	**23,233**	**23,352**

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.

18. Provisions (continued)

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

	2021	2020
	$'000	$'000
Employee benefits obligation expected to be settled after twelve months	32,995	30,601
Total	**32,995**	**30,601**

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. The Directors have recommended the payment of a final dividend at 100% of profits, adjusted in line with shareholding Ministers' approval. The final dividend amounts to $93.08M (23.15 cents per share).

In addition to the payment of the final dividend, Directors have approved a $20.6M return of shareholders' equity to assist the Queensland Government FY2022 budget commitment to investing in initiatives backing maritime jobs in Queensland. A further equity adjustment will be made to reflect the earlier shareholding Ministers' budget decision to contribute $1.0M to capital works at the Port of Bundaberg. This will result in a net return of shareholders' equity of $19.6M.

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 2021 with additional marine area works to be undertaken during 2022. 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 $1,036,000 (2020: $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. The surplus funds were credited against Recoverable works income.

18. Provisions (continued)

Provision movements

	Rehabilitation		Dividend		Other	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current provision	2,893	10,464	93,084	79,550	3,671	2,985
Non-current provision	17,505	12,345	-	-	-	-
Closing balance of provision at 30 June	**20,398**	**22,809**	**93,084**	**79,550**	**3,671**	**2,985**
Opening balance of provision at 1 July	22,809	32,860	79,550	73,820	2,985	2,291
Additional provisions	-	-	93,084	79,550	686	694
Amounts used/paid	(1,375)	(6)	(79,550)	(73,820)	-	-
Unused amounts reversed	(1,036)	(10,045)	-	-	-	-
Closing balance of provision at 30 June	**20,398**	**22,809**	**93,084**	**79,550**	**3,671**	**2,985**

19. Equity

Issued Capital

	2021	**2020**
	No.	**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	**2021**	**2020**
		$'000	**$'000**
Opening balances at 1 July		427,535	432,459
Revaluation – gross	12 (c)	(1,552)	(6,170)
Deferred tax		465	1,851
Disposal of revalued assets		(1,512)	(605)
Balance as at 30 June		**424,936**	**427,535**

20. Dividends

Cash dividends on ordinary shares declared but not paid:

	2021	2020
	$'000	$'000
Final dividend declared but not paid	93,084	79,550

Dividend calculations are based on 100% of net profit after an adjustment for revaluation increments / decrements. The effective comparable percentages are 2021 at 100% and 2020 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 recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land/ Seabeds – 7 to 100 years (some land/ seabed leases are perpetual)
Motor vehicles - 3 to 5 years

Where the right-of-use assets have been classified as 'Investment Property', the accounting policy for subsequent measurement of these assets is as described in Note 14.

When measuring the lease liability, the Group uses its incremental borrowing rate as the discount rate where the interest rate implicit in the lease cannot be readily determined, which is the case for all of the Group's leases. To determine the incremental borrowing rate, the Group uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

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.

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. The Group has determined that all leases of office equipment are of 'low value', to which the recognition exemption has been applied.

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

21. Leases (continued)

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 land/ seabed leases do not contain any renewal or termination options available to the Group as a lessee.

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.

21. Leases (continued)

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

	Land /Seabed	Vehicle	Total
	$'000	$'000	$'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**
Additions (includes re-measurement)	-	1,676	1,676
Transfers	-	-	-
Depreciation expense	(19)	(2,110)	(2,129)
Terminations	-	-	-
As at 30 June 2021	**1,040**	**3,182**	**4,222**

21. Leases (continued)

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

	Note	$'000
As at 1 July 2019		**11,441**
Additions		2,191
Accumulation of interest	6(c)	464
Payments		(2,052)
Terminations		(124)
As at 30 June 2020		**11,920**
Additions		1,806
Accumulation of interest	6(c)	445
Payments		(2,612)
Terminations		-
As at 30 June 2021		**11,559**

	2021	2020
Current	1,889	1,826
Non-current	9,670	10,094

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

	2021 $,000	2020 $'000
Depreciation expense of right-of-use assets	2,129	1,535
Interest expense on lease liabilities	445	464
Expense relating to short-term leases (included in operational expenses)	441	806
Expense relating to leases of low-value assets (included in operational expenses)	106	80
Gain on lease remeasurement	(23)	-
Total amount recognised in profit or loss	**3,098**	**2,885**

The Group had total cash outflows for leases of $3,136,000 in 2021 (2020: $2,938,000). The Group also had non-cash additions to right-of-use assets of $1,676,000 in 2021 (2020: $2,769,000) and lease liabilities of $1,806,000 in 2021 (2020: $2,191,000). As at the date of the financial statements, there are no expected future cash outflows relating to leases that have not yet commenced.

21. Leases (continued)

(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 the Group'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	More than 5 years	Total
2021	**$'000**	**$'000**	**$'000**
Termination options expected to be exercised	-	-	-
Extension options expected not to be exercised	-	-	-
2020			
Termination options expected to be exercised	1	3	4
Extension options expected not to be exercised	-	-	-

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. 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. Rental income arising is accounted for on a straight-line basis over the lease terms. 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 $10,094,000 (2020: $11,246,000).

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:

	2021	2020
	$'000	$'000
Less than one year	10,197	11,119
One to two years	9,535	9,350
Two to three years	8,163	9,048
Three to four years	7,028	7,807
Four to five years	6,378	6,797
More than five years	62,160	72,489
Total	**103,461**	**116,610**

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.

(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 2021 and 30 June 2020 the Group did not have any exposure to foreign currency.

(ii) Price risk

As at 30 June 2021 and 30 June 2020 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.

23. Financial risk management (continued)

As at 30 June 2021, 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	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
+1% (100 basis points)	(463)	(690)	(463)	(690)
-1% (100 basis points)	546	737	546	737

(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 (2020: $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 (2020: $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 2021	Note	< 1 year $'000	1 – 5 Years $'000	> 5 years $'000	Total $'000
Financial liabilities					
Trade and other payables	15	46,198	-	-	**46,198**
Interest bearing loans and borrowings	17	-	-	775,314	**775,314**
Lease liabilities	21	1,889	1,521	8,149	**11,559**
		48,087	**1,521**	**783,463**	**833,071**

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**

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

(d) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

		Cash flows		Non-cash	
Year ended 30 June 2021	1 July 2020 $'000	Payments $'000	Receipts $'000	Other $'000	30 June 2021 $'000
Financial liabilities					
Interest bearing loans and borrowings	**776,189**	(875)	-		**775,314**
Dividend payable	**79,550**	(79,550)	-	93,084	**93,084**
Lease liabilities	**11,920**	(2,612)	-	2,251	**11,559**
	867,659	**(83,037)**	-	**95,335**	**879,957**

Year ended 30 June 2020	1 July 2019 $'000	Payments $'000	Receipts $'000	Other $'000	30 June 2020 $'000
Financial liabilities					
Interest bearing loans and borrowings	**776,817**	(628)	-	-	**776,189**
Dividend payable	**73,820**	(73,820)	-	79,550	**79,550**
Lease liabilities	**11,441**	(2,052)	-	2,531	**11,920**
	862,078	**(76,500)**	**-**	**82,081**	**867,659**

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 2021 financial year equal to $93.08M 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 the 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 2021 and 30 June 2020.

24. Commitments and contingencies

Capital expenditure commitments contracted but not provided for:

These commitments relate to expenditure on capital projects in progress	2021 $'000	2020 $'000
Due not later than one year	37,566	29,453

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:

	2021 $	2020 $
Remuneration	220,000	230,000

The estimated fee for 2021 is $220,000 (2020: $220,000).

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 Governance and People (GAP) 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 executive's remuneration levels including annual increases are at the discretion of the GPC Board, and shall comply with 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 give one month's notice, or GPC may elect to provide an equivalent amount of payment in lieu. In the event of termination, the Executive is entitled to a termination payment equal to three (3) month's salary in addition to any payment made in lieu of one month's notice.

Short term employee expenses
This includes the following:

- Salaries, allowances and leave entitlements earned and expensed 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.

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.

26. Key management personnel disclosures (continued)

In accordance with Ministerial guidelines details of Directors and the senior executives of the entity with the greatest authority in office at 30 June 2021 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)					
2021	1 October 2018	30 September 2021	82	8	90
2020			83	8	91
Cassidy, G	1 October 2018	30 September 2022			
2021			55	5	60
2020			55	5	60
Jamieson, P	1 October 2018	30 September 2022			
2021			52	5	57
2020			54	5	59
Ward, A	1 October 2018	30 September 2021			
2021			55	5	60
2020			54	5	59
Sobhanian PJ	1 October 2020	30 September 2023			
2021			38	4	42
2020			-	-	-
Ralston P	1 October 2020	30 September 2023			
2021			38	4	42
2020			-	-	-
Heagney P[1]	1 October 2020	30 September 2023			
2021			38	4	42
2020			-	-	-
Davidson, G	12 October 2017	30 September 2020			
2021			17	2	19
2020			50	5	55
Butel, S	12 October 2017	30 September 2020			
2021			18	2	20
2020			54	5	59
Corbett, M	15 December 2016	30 September 2019			
2021			-	-	-
2020			18	2	20
TOTAL 2021			**393**	**39**	**432**
TOTAL 2020			**368**	**35**	**403**

[1] Appointed Acting Chief Executive Officer on 22 July 2021 and became an Executive Director from this date. No Director remuneration will be paid whilst Acting Chief Executive Officer.

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
Cassidy, C							
Interim Chief Executive	2021	110	12	-	-	-	122
Officer	2020	-	-	-	-	-	-

Appointed 4 May 2021 under a contract until the CEO position is filled permanently
Resigned 22 July 2021
Monetary expenses is the daily contracted rate paid by the Group to a recruitment agency
Non-monetary expenses includes accommodation, flights and provision of private use vehicle

Walker, C							
Chief Operating Officer	2021	541	-	13	48	-	602
	2020	552	11	13	41	-	617

Appointed 12 April 2021
Acting Chief Executive Officer from 13 December 2018 to 11 April 2021

Winsor, R							
People and Community							
Executive General	2021	300	25	7	27	-	359
Manager	2020	295	25	7	27	-	354
Resigned 31 August 2021							

Gandhi, R							
General Counsel and	2021	439	7	3	11	-	460
Company Secretary	2020	218	6	-	-	-	224

Appointed on 6 January 2020 under a contract and became an employee on 15 February 2021
Resigned 31 August 2021
Monetary expenses includes the daily contracted amount paid by the Group to a labour hire firm and by GPC as an employee
Non-monetary expenses includes provision of a private vehicle

Melrose, G							
Operations General	2021	312	22	8	39	-	381
Manager (Acting)	2020	267	22	8	33	-	330

Appointed Acting from 13 May 2019

Hall, R							
Chief Financial Officer	2021	236	12	6	22	27	303
	2020	-	-	-	-	-	-

Appointed 12 October 2020
Resigned 31 May 2021

Cooney, J							
Commercial General	2021	-	-	-	-	-	-
Manager	2020	249	24	6	30	152	461

Resigned 6 March 2020

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 [1]	Total
Hayden, B Asset Management and Project Services General Manager (Acting)	2021	-	-	-	-	-	-
	2020	216	-	5	28	-	249
Resigned 27 March 2020							
TOTAL 2021		1,938	78	37	147	27	2,227
TOTAL 2020		1,797	88	39	159	152	2,235

[1] Mr P O'Sullivan ceased employment as Chief Executive Officer of GPC on 19 May 2019. During the current financial year GPC paid $318,880 pursuant to a Deed of Settlement to settle all claims for damages and costs related to the cessation of his employment.

Other Payments

A number of former key management personnel of the Group are appearing as lay witnesses in a legal action taken on behalf of the company. They are being paid agreed rates as part of this legal action and are not acting in their role as KMPs of the organisation. No amounts are included in the table on this basis.

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 2021 owned 100% (2020: 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 2020-21 reporting period, these Ministers are, or were:

- the Honourable Cameron Dick MP, Treasurer and Minister for Investment;
- the Honourable Mark Bailey MP, Minister for Transport and Main Roads

(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.

27. Related Party Transactions (continued)

(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.

	2021	2020
	$'000	$'000
Revenue		
Revenue from State of Queensland controlled entities	25,959	25,631
Property revenue from State of Queensland controlled entities	511	632
Interest received from QTC	1,271	3,676
Expenses		
Expenses incurred to State of Queensland controlled entities	26,173	26,230
Interest on QTC borrowings (includes administration fees)	25,908	27,101
Interest on lease liabilities with State of Queensland controlled entities	379	391
Electricity payments to State of Queensland controlled entities	8,130	9,002
NTER, Payroll Tax, Land Tax, Rates equivalent and competitive neutrality fee paid to Queensland Treasury	64,502	63,264
Assets		
Advance facility held with QTC	188,950	216,550
Trade and other receivables from State of Queensland controlled entities	(36)	758
Purchase of land from State of Queensland controlled entity	-	176
Liabilities		
Accrued interest and fees payable to QTC	5,606	6,254
Trade payables to State of Queensland controlled entities	-	532
Electricity payable to State of Queensland controlled entities	1,419	1,344
Dividend and competitive neutrality fee payable to Queensland Treasury	94,850	81,379

Borrowings from QTC	775,314	776,189
Lease liabilities with State of Queensland controlled entities	8,415	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 $0.43M (2020: $0.40M) relating to lease liabilities with State of Queensland controlled entities in accordance with applicable lease agreements.

28. Number of employees

	2021	2020
	No.	No.
Number of employees at year end (Full Time Equivalent)	742	739

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

29. Climate Risk Disclosure

The Group is in the process of identifying whether any material climate related risks relevant to the financial statements exist at the reporting date and is constantly monitoring the emergence of such risks under a climate change risk based adaptation strategy aligned to the Queensland Government's Climate Strategy. No adjustments to the carrying value of recorded assets or other adjustments to the amounts recorded in the financial statements were recognised during the financial year.

30. Events occurring after reporting period

Colin Cassidy resigned as Interim Chief Executive Officer effective on 22 July 2021. Paul Heagney was then appointed as Acting Chief Executive Officer effective on 22 July 2021 and continues to serve as a Director of GPC. To ensure appropriate governance arrangements during this period whilst Mr Heagney is both a Director and Acting Chief Executive Officer of GPC, Mr Heagney has resigned from all Board committees of which he was a member and a conflict management plan is being implemented.

Dr Anthony Lynham was appointed as a Director of GPC effective on 26 August 2021 and will commence as its Chairman effective on 1 October 2021.

Two key management personnel ceased employment with GPC effective on 31 August 2021. In connection with the cessation of their employment and to settle any disputes, GPC paid a total sum of $918,948 pursuant to relevant Deeds of Settlement.

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

Gladstone Ports Corporation Limited

Director's Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 14 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 2021 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

original signed

P Corones AM Dated: 13 September 2021

Chairman

original signed

A Ward Dated: 13 September 2021

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 Corporation Limited and its controlled entities (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 2021, 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 2021, 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 consolidated 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*, and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report for 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.

Queensland Audit Office

Better public services

Management override of controls—Notes 3 and 26

Key audit matter	How my audit addressed the key audit matter
Given the continued changes in the executive management team, governance structure and processes, there is a heightened risk that controls preventing management override have not operated effectively. The risk of management override of controls has the potential to lead to errors within the reported results and/or disclosures. This is a pervasive risk, but is especially relevant to areas in which there are significant accounting and disclosure judgements, estimates and assumptions. Accounting and disclosure judgements taken by management must fall within a reasonable range and be applied consistently year on year, or where there has been a change in approach this has been adequately justified and disclosed. This includes assessing the completeness and accuracy of disclosures and representations from the corporation and other entities.	My procedures included, but were not limited to: • Evaluating whether the judgements and decisions made by management in making accounting estimates and disclosures even if they are individually reasonable, indicate a possible bias that may represent a risk of material misstatement due to fraud. • Reviewing minutes of board meetings and holding discussions with individuals involved in the financial reporting process, including unusual transactions which may have occurred. • Reviewing the disclosures in the financial statements and directors report to ensure they completely and accurately reflect the transactions and contractual commitments. • Obtaining an understanding of the design and implementation of controls including the posting and approval of manual journals.

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 97% 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.

Key audit matter	How my audit addressed the key audit matter
	• 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.

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.
- 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.

Queensland
Audit Office
Better public services

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

14 September 2021

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane