A strong and sustainable future

Annual report 2020/21

Gladstone Ports Corporation

Growth, prosperity, community.

Contents

Our year in review

ACKNOWLEDGEMENT TO FIRST NATIONS

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

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

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

ABOUT THIS REPORT

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

Our annual report summarises the operations, activities and performance of our three ports — Port of Gladstone, Port of Rockhampton and Port of Bundaberg — over the past year (2020/21) and our financial position as at 30 June 2021. This is communicated in a clear and transparent manner, while adhering to the legislative requirements of the G*overnment Owned Corporations Act 1993* and the *Financial Accountability Act 2009* (Qld).

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

We have adopted the Annual Report Requirements for Queensland Government agencies (2020/21 reporting period).

Our port profile

OUR VISION, MISSION AND VALUES

During 2020/21, GPC's results and focus has been guided by our corporate vision and mission, our values, and our eight guiding principles. This strategic direction represents who we are and who we aspire to be. During 2021/22, we will maintain our strategic direction through a variety of communication and educational initiatives.

Our vision

To be Australia's premier multi-commodity port.

Our mission

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

Our values

- Growth — We are absolute in our resolve to make a difference. Better people and brighter prospects for future generations. We are not content to rest — we encourage high performance. Challenge with respect and courage in our endeavour to maximise our ports' contribution. We will always find a way.
- Prosperity — We are focused on facilitating prosperity for others that trade through our ports. Through our efforts, our customers, shareholders and GPC benefits. We will not take for granted what has been created, we will not let it slip, and we are united in maximising the region's prosperity. We are proud people.
- Community — We are family. We look out for each other. We are respectful neighbours and contribute to our region. We treat our visitors and customers like we do ourselves. We empower people and avoid harm. We demonstrate humility and strive for our communities' implicit trust. We acknowledge all communities.

Our guiding principles

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

OUR THREE-PORT FOOTPRINT

GPC is the gateway for Australian trade, jobs and prosperity. We are harnessing our unique and competitive advantage with our proximity to Asia, Gladstone Port's existing operations and deep-water harbour, large landholdings with State Development Area approvals, and ports in Rockhampton and Bundaberg. In 2020/21, our strong workforce of 759 employees (as at 30 June 2021) were committed to safety and facilitated prosperity for the Central Queensland and Wide Bay-Burnett communities.

Our portfolio of assets stretches across three key regional locations including Gladstone, Rockhampton and Bundaberg. Each location is crucial to the safe and efficient import and export of raw and finished products from major industries. Our three-port footprint allows us to facilitate trade for a wide range of customers, create jobs, and deliver prosperity for Queensland.

Port of Gladstone

Located 525 kilometres (km) north of Brisbane, the Port of Gladstone covers 5,408 hectares (ha) of land including seabed and reserves. There are eight main wharf centres, comprising 20 berths.

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

Port of Bundaberg

Located 184km south of Gladstone and 377km north of Brisbane, the Port of Bundaberg covers 491ha of land, including seabed. The Port of Bundaberg comprises two wharves. .

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

Port of Rockhampton

Located 62km south-east of Rockhampton, 597km north of Brisbane, and within the Fitzroy River Delta, the Port of Rockhampton covers 18,780ha of land including a seabed and reserves. It comprises two wharf facilities.

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

TWO-YEAR PERFORMANCE SNAPSHOT

Indicators	Actual 2019/20	Actual 2020/21	Change 2019/20 to 2020/21	2020/21 Target	Variance actual to target
Tonnage throughput (Mt)	122.5	123.1	0.49%	126.7	-2.84%
Lost Time Injury Frequency Rate (LTIFR)	2.52	0	-100%	0	0
Total number of injuries	34	22	-35.29%	0	0
Environmental exceedances	1	0	-100%	0	0
Total revenue ($M)	513.1	516.6	0.68%	501.9	2.93%
Earnings Before Interest and Tax (EBIT) ($M)	152.6	165.3	8.32%	150.1	10.13%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) ($M)	240.3	253.3	5.41%	242.0	4.67%
Net Profit After Tax (NPAT)	80.97	93.46	15.43%	82.04	13.92%
Total assets ($M)	2,493.1	2,481.0	-0.49%	2,517.3	-1.44%
Return on assets (%)	6.1	6.7	9.84%	6.0	11.67%
Capital investment ($M)	110.4	102.37	-7.27%	156.4	-34.55%
Dividends ($M)	79.6	93.1	16.96%	82.0	13.54%
Taxes paid to all ($M)	57.1	59.0	3.33%	45.0	31.11%

Table 1: Two-year performance 2019/20–2020/21

Note: GPC did not hold any individual corporate and hospitality event during 2020-21 that cost more than $5,000.

Statement of Corporate Intent summary

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

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

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

2020/21 MAJOR INITIATIVES

Zero Harm

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

Performance and Values based culture

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

Stakeholder Engagement and Experience

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

Cargo Handling and port Operations

- Establish an integrated Port Management Information System (PMIS) for all three (3) port precincts | *DELAYED*
- Promote Harbour health through transparent and proactive initiatives | *ONGOING*.
- Optimised tactical approach and economic contribution articulation for blending capability at RGT | *ONGOING*.
- Development of a technological roadmap for the automation of high risk tasks - blueprinting tacit operational knowledge and execution processes | *ON TARGET*.
- Close out the Clinton Vessel Interaction Project (CVIP) | *ONGOING*

Economic Future

- Develop an Economic Contribution Value Map to the extent of GPC's impact on the economy (local/state/federal/global) | *ONGOING*.
- Active program developed to grow our customer base and top line revenue | *ON TARGET*.
- Regional economic coordination and marketing function beyond the port – improvements to rail catchments, coastal freight shipping, road network | *ON TARGET*

- Revise and synchronise GPC's 20 Year financial model, RGTCT Capacity Model, Port of Gladstone Capacity Model | *ONGOING*.
- Recovery planning and adaptation from COVID-19 | *ONGOING*.
- Financial Strategy to maintain the Corporation’s minimum investment grade credit rating | *ONGOING*
- Develop an asset Rehabilitation strategy and plan | *NOT YET COMMENCED*.
- Develop strategy and reconfiguration tactics underway to upgrade port contracts | *ONGOING*.

Systems Development and Adoption

- Delivery of human resources information system (HRIS) including review of business processes and education for employees | *ONGOING*.
- Implement Cyber Security Plan | *ON TARGET*.

Intergenerational Planning and Enabling

- Optimisation and reconfiguration of Port of Bundaberg key infrastructure | *ON TARGET*.
- Undertake operating mode studies and plans for Port Central and Fisherman’s Landing | *ONGOING*.
- Implement an Asset Management System aligned to ISO 55000 | *ON TARGET*.
- Revise GPC’s 50 year strategic plan | *COMMENCED*.
- Land Use Plans and Development Assessment Improvement | *ONGOING*.
- Develop a Corporate Social Responsibility (CSR) commitment that supports GPC's values and obligations | *COMPLETE*.
- Develop GPC's Climate Change risk, outlook and adaptation plans that contemplate impacts to GPC and by GPC | *ON TARGET*.

2021/22 STRATEGIC PRIORITIES

Strategic priority		Description
1	Business protection and performance	Ensure an uncompromising approach to safety, accountability and compliance with a renowned signature corporate brand. Empower our people to deliver performance and results that are expected of us, by our customers and shareholders. Operate under an enterprise unified business model with a prioritised, sustainable pace of consolidation and system renewal.
2	Cargo handling and port operations	Ensure prudent and efficient cargo handling activities. Meet our responsibility to protect, preserve and promote the inherent value of our ports for future generations. Optimise port capacity and adapting our business — assuring our position and the supply chain we support.
3	Social and economic future	Facilitate opportunities to develop and expand commercially sustainable trade. Optimise prosperity and deliver increasing financial returns for the region and Queensland. Ensure pandemic adaptation is considered ahead of need. Strengthen and build relations with all stakeholders through proactive anticipation and response to their needs.
4	Intergenerational planning and enabling	Embed planning for the long term into all that we do. Commence planning now for future opportunities. Ready Queensland to capture trade opportunities from emerging and unknown markets.

Table 2: Overview of Strategic Priorities 2021/22

2021/22 STRATEGIC PROGRAMS

Business protection and performance

- Continue to deliver and execute the enterprise-wide plan to embed all aspects of the ISO45001 Safety Management Framework.
- Revise the blueprint for organisational culture and utilise the Organisational Culture Inventory (OCI) for assessment.
- Improve foundational strength and competitive position by ensuring technology, cybersecurity, cloud services, mobility and delivery services are fit-for-purpose and serve our business.

Cargo handling and port operations

- Optimise blending capability and economic contribution at RG Tanna Coal Terminal.
- Finalisation of Clinton Vessel Interaction Project (CVIP) including Western Basin reclamation works.

Social and economic future

- Continue recovery program and adjustments due to COVID-19.
- Develop adaptation program for alternate trades including renewables and diversification of freight task.
- Continue focusing on regional economic coordination and marketing function beyond the port — rail, coastal freight shipping and road network.
- Develop overarching Financial and Commercial Strategy to underpin GPC's growth plan, including the pricing reset for the Port Services Agreements.

Intergenerational planning and enabling

- GPC's Precinct Outlooks and 50-year Strategic Plan.
- Develop and elaborate GPC's Climate Change Strategy and Roadmap.

A message from the Chair

Our 2020/21 results are great news for Queensland — in terms of jobs, economic growth and international trade.

I am pleased to report Gladstone Ports Corporation (GPC) has delivered an outstanding year through our ports of Gladstone, Rockhampton and Bundaberg, delivering a significant dividend of $93 million for the state, region and community — a 17 per cent increase from the last financial year. Queenslanders will benefit from this dividend, which is critical for the state's economy during COVID-19 and supports much-needed infrastructure and frontline services. We are proud to report the total revenue for GPC during the financial year was $516 million — a testament to GPC's strategic response to pandemic challenges, the strong relationships with its customers, its resilience and adaptability, and its multi-commodity trade base.

GPC delivered 123.1 million tonnes (Mt) of trade across its three port precincts with Liquefied Natural Gas (LNG) exports realising a new annual export record. These strong LNG results were driven by increased demand for Australian LNG and global trade recovering after a COVID-19-led downturn. Our LNG trade performance demonstrates new energies and diversification are leading the way in Queensland.

Shipping and ports hold the world economy together, they connect countries, markets, businesses, and people, on a scale not otherwise possible. We are extremely proud of our results and our dedicated employees who are the backbone of our business. Our results are thanks to our people and the strong relationships they foster with our customers, who work to facilitate trade safely, efficiently and sustainably in each of our ports. Trade through our ports contributes to Queensland's economy — demonstrating our role in building a sustainable and prosperous future for the State and Australia. Despite challenging economic conditions, we have delivered for Queensland. With a mission to becoming Australia's largest premier multi-commodity port, we continue our strategic planning towards increasing our throughput for the benefit of Australian trade opportunities. We remain focused on our vision to become Australia's largest and premier multi-commodity port.

Ports operate in ever-changing markets. This means our success and sustainability will be determined by our ability to anticipate and respond to challenges, opportunities and trends. At GPC, we offer significant competitor advantage for growth and the development of new industries including hydrogen. The National Hydrogen Strategy and the Queensland Hydrogen Industry Strategy 2019 -2024 have earmarked Gladstone as one of the prime locations for hydrogen development. Our region is already home to major industries including LNG, however hydrogen is expected to offer a unique opportunity for Gladstone region to be part of a global energy transition. In March 2021, hydrogen in the Gladstone region became one step closer to becoming a reality with the historic signing of a Memorandum of Understanding for an H2Ecosystem. GPC has proven its ability to convert trade opportunities into economic reality, and will be ever ready to secure the opportunities through emerging diversity of energy and trade for Queenslanders.

Sustainable prosperity for our community, our customers, and our shareholders is our goal. At GPC we have progressed our climate change journey in developing our Climate Change and Adaptation Strategic Roadmap. This includes our Climate Change Direction Statement, Strategic Framework and Climate Targets to support financial climate risk disclosures.

GPC promoted its harbour health during the year, and I am pleased to report another outstanding year of healthy seagrass in our harbour. It was also pleasing to receive multiple accolades for our East Shores precinct during the year, cementing the importance of the parklands in the community. We are privileged to provide these wonderful community spaces that give public access to the waterfront and foreshores of our harbour.

We acknowledge the past year was a difficult one for all Australians due to the ongoing challenges of the COVID-19 pandemic however GPC is proud to have remained focused on the health and safety of its people, customers and community — delivering 123 Mt without a lost time injury. Our people have proven themselves yet again, we would not be able to achieve success in meeting our business objectives. Despite the pandemic and subsequent changes to our method of operation, GPC has continued to deliver strong results for worker safety, trade outcomes and financial performance including a record dividend to shareholders.

In my role as Chair, I congratulate the efforts of Craig Walker as acting Chief Executive Officer for the past two and half years. The performance of the corporation under his leadership is undeniable with record achievements in the most challenging of circumstances. The entire Executive Management Team has been relentless in their pursuit of excellence and on behalf of the Board, I congratulate them and thank them.

The Board of Directors welcomed Acting CEO Paul Heagney to the team. Mr Heagney joined our Board on 1 October 2020 along with new directors Mr PJ Sobanian and Mr Prins Ralston. Mr Heagney will work with the Executive Management Team to continue the corporation's performance and pursuit of new opportunities. I would also like to make special mention and acknowledge the contribution of Directors Ms Gail Davidson and Mr Stewart Butel whose terms ended on 30 September 2020.

The entire organisation has helped deliver outstanding results this year thanks to their determination, commitment and innovation. On behalf of the Board, thank you to our teams, our customers and the communities of Gladstone, Rockhampton and Bundaberg for their valued support. GPC is excited for the next 12 months as we focus on ensuring the sustainability of our operations, state and regional prosperity, and delivering value to our shareholders.

original signed

Peter Corones AM
Chair of the Board

Acting CEO’s review

GPC delivered a record dividend for Queensland this financial year, with a total of $93 million — an increase of 17 per cent from the previous financial year.

During 2020/21, we have shown resilience in the face of COVID-19 and maintained a strong financial and operational performance, with record-breaking Liquefied Natural Gas (LNG) trade. We ported 1,909 ships and exported and imported 123 Mt tonnes through our three ports in Gladstone, Rockhampton and Bundaberg. The record 23Mt of LNG export (4.05 per cent increase) was realised via 349 LNG vessel shipments and is thanks to the hard work and dedication of GPC’s maritime industry workers and our wider network of stakeholders.

We continued our proactive COVID-19 response and successfully balanced the welfare of essential port workers, seafarers, tenants, and service providers with economic and operational imperatives. Our Crisis Management Team (CMT) has been active since the onset of the pandemic in January 2020, and continues to provide a coordinated, measured and scalable response to emerging issues — safeguarding our operations and employees and those of our customers and stakeholders.

The safety of our workforce and community remains a priority for GPC. In June 2021, we reached a milestone of one year free of Lost Time Injuries (LTI). We continue to proactively invest and drive safety through a range of programs and initiatives to enhance leadership, culture, and systems that support strong safety practices at our ports. During the year, we achieved International Standard (ISO 45001) accreditation for our safety management system.

GPC is working collaboratively with Gladstone Regional Council, the State Government, and other key stakeholders to explore hydrogen opportunities for the region. Located in the centre of the Fitzroy Renewable Energy Zone, we recognise GPC plays a key role in readying our region for the major over-size over-mass freight that will be required to enable hydrogen and the State Government’s Queensland Renewable Energy Target (QRET) of 50 per cent by 2030. Ultimately, the Port of Gladstone will play a critical role in enabling the export of hydrogen and ammonia. This has the potential to position Australia as a leader in the global market and provide a critical variable load to underpin the scale of renewable power generation necessary for security of supply. Our team is providing regional leadership as part of the Central Queensland Hydrogen Technology Cluster that was recently incorporated into the national network of National Energy Resources Australia clusters.

We are extremely proud to have received multiple accolades for our East Shores precinct, cementing the importance of the parklands in the community. In June 2021, GPC was honoured to be a runner-up for the International Association of Ports and Harbours (IAPH) Sustainability Awards, an Australian Institute of Landscape Architect’s Landscape Architecture Award for Parks and Open Space and Regional Achievement Award and Best in Business Tourism, Attractions & Events Award.

It is evident to me, even in my short time at GPC, that there is a wealth of passion, knowledge, leadership, and experience embedded in our organisation. My priority has been to work closely with the Executive Management Team to ensure continuity and stability for the business, while exploring exciting new opportunities as they arise.

I want to thank Craig Walker for his support since I commenced in the role of Acting Chief Executive Officer and for his commitment as Acting Chief Executive Officer for the two years prior. I look forward to continuing to support our GPC team in their great work, operating in the professional and safe manner to delivers strong results locally, for the state and nation.

original signed

Paul Heagney
Acting Chief Executive Officer

Growth

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

TRADE BREAKDOWN

GPC is cementing its position as a premier multi-commodity ports corporation, celebrating a record year for Liquefied Natural Gas (LNG) trade with GPC recording 23 million tonnes (Mt) — an increase of 4.05 per cent from the previous financial year.

In total, GPC's three ports in Gladstone, Rockhampton and Bundaberg recorded a throughput of 123.1Mt, with 122.6Mt, 110,000t and 350,000t respectively. This was primarily led by coal, LNG, aluminium and associated products.

Despite the challenging time around the globe, nations increased their intake of trade from our ports by 0.49 per cent compared to 2019/20.

KEY COMMODITIES

- **Coal** — in 2020/21, coal industry accounted for 57 per cent of GPC's total throughput, with total exports of 70.1Mt reflecting down 2.2 per cent on 2019-20 and 6.4 per cent under budget. The results are generally attributed to COVID-19 influences and the reduced demand for energy from steaming coal and reductions in blast furnace production utilising metallurgical coal.
- **LNG** — GPC is one of Australia's largest LNG ports. In December 2020 alone, GPC exported 2.19 Mt of LNG and facilitated 349 vessels for the year.
- **Bulk liquids (not including LNG)** — GPC handled a variety of bulk, liquid products during the financial year including liquefied petroleum gas, liquid ammonia, caustic soda, and sulphuric acid.
- **Dry bulk (not including coal)** — aluminium, alumina, bauxite, calcite, cement, grain, sugar, petroleum coke, fly ash, gypsum, limestone, silica sand, and wood pallets are among the dry bulk products handled across GPC's port precincts during 2020/21. Alumina, bauxite and associated trade account for 25.6Mt of our total throughput. Alumina Trade was relatively consistent however there were some variations due to seasonal impacts and COVID-19 related influences.
- **General cargo** — general cargo product handled by GPC included explosives, scrap metal, heavy equipment, machinery, forestry products, and breakbulk (bagged products).

PORT TRADE GROWTH

Port Central Precinct Outlook

This year, GPC released its 50-year outlook for the key industry and trade precinct of Port Central to key stakeholders and government for comment. It will be published in 2021/2022.

Port Central is located in the heart of Gladstone, centred on the Auckland Point and Barney Point Terminal facilities. The Port Central Precinct Outlook harnesses the opportunities offered by the next wave of globalisation, new energy, and new technology over the next 50 years and provides a vision for our business to work towards.

Auckland Point Terminal is now able to handle larger container vessels following the completion of a $3.8 million mooring facilities upgrade and development of a $6 million container staging pavement. This positions the port to attract private investment in new freight facilities.

Port of Bundaberg Land Use Plan

GPC has prepared a new Land Use Plan (LUP 2020) for the Port of Bundaberg, which was officially gazetted in May 2021. The LUP 2020 identifies the Strategic Port Land to be used for port related development and provides the framework for GPC to assess and approve development under the *Planning Act 2016* (Qld).

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

Port of Gladstone Land Use Plan

Following the recent completion of the Port of Bundaberg Land Use Plan, our Port of Gladstone Land Use Plan is the next statutory Land Use Plan (LUP) being prepared. In the same manner, the LUP identifies Strategic Port Land to be used for port and related industry development and provides a framework for us to assess and approve development on Strategic Port Land, and its tidal waters, under the *Planning Act 2016* (Qld).

As one of Queensland's priority ports, a Master plan and Port overlay are mandated for the Port of Gladstone by the Queensland Government. In addition to a statutory timeframe required for review, the key drivers for the update of the Land Use Plan include the integration of the Port overlay for the priority port of Gladstone, addressing the future intent for GPC's Strategic Port Land and responding to changes in legislation and the local and regional context.

As the first stage in preparing a Land Use Plan, GPC will publicly consult on a Statement of Proposal (SoP) under Sections 285A and 285C of the *Transport Infrastructure Act 1994* (Qld). A SoP is primarily a consultation tool that allows stakeholders to gain an understanding of the major considerations for the LUP and to make a meaningful contribution towards its preparation. The draft LUP will be released for consultation early in the 2022/23 financial year.

Port of Bundaberg

The Port of Bundaberg has served as a vital link for the Bundaberg region's industry for more than a century. The facility was transferred to GPC 12 years ago and we are determined to develop the port to its full potential in a measured and sustainable manner to bring further growth and prosperity to the Bundaberg region.

GPC is progressing with the development of the common use infrastructure project with Sugar Terminals Limited, to enable a dry bulk user facility. In May 2021, Pacific Tug confirmed development works for a new marine base would commence — growing the port of Bundaberg and increasing jobs and port capability to benefit the entire region.

Under the guidance of GPC, the Port of Bundaberg has facilitated more than 25 projects during 2020/21, including:

- A $5.3 million road upgrade jointly funded by the Federal Government to support development opportunities and drive future growth at the major industry hub as part of the Federal Government's Heavy Vehicle Safety and Productivity Program.
- Extending the Port of Bundaberg port footprint by seven hectares by successfully acquiring a parcel of land with a decommissioned fuel tank terminal in December 2020. The terminal has been demolished to make way for a future multi-commodity ship loading facility.
- Securing power supply for the community and the port after signing a long-term lease with Ergon Energy. The deal increased the electricity network's reliability and capacity serving the growing Port of Bundaberg, as well as supporting jobs in the local community.

KEY GROWTH AND DEVELOPMENT

Trade diversification at Barney Point Cargo Handling Facility

GPC's Barney Point Cargo Handling Facility was previously used primarily for coal operations, exporting approximately 4.5 million tonnes of coal annually, until May 2016 when it was transformed into a multi-commodity bulk export terminal with the export of calcite.

In March 2021, the facility began exporting trial shipments of limestone and magnesite. A new milestone was reached for the multi-commodity bulk export terminal this year when GPC exported a 50,000-tonne shipment of limestone. Local trucking companies were engaged to load the locally mined limestone from Calliope onto the vessel.

We are focused on transforming the Barney Point wharf centre into one of Queensland's top boutique multi-commodity export facilities. While GPC currently exports just under 200,000 tonnes from its Barney Point Terminal there is a potential pathway to export just under one million tonnes.

Major upgrades completed on Shiploader 3

GPC successfully completed works on its Shiploader 3 after a 21-day shutdown in May 2021, marking the end of one of the largest upgrades the Port of Gladstone has undertaken since 2016.

The works included installation and commissioning of vision and anti-collision control systems, a retractable tele-chute access ladder, cutover to a new operating cabin located off the boom, water spray pumping system upgrades, and extensive shiploader protective coating works required for shiploader life extension. The project has improved safety for operators, who previously operated from a control cabin on the boom of the shiploader.

Port of Rockhampton: A strategic asset for Australia

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

In 2020/21 alone, the Port of Rockhampton safely and efficiently facilitated more than 107,721 tonnes of dangerous cargo, including a combined import and export of 79,332 tonnes of ammonium nitrate. The Port of Rockhampton ammonia nitrate trade is conducted to the highest safety standards and is subject to vigorous regulatory compliance. Importantly, no ammonia nitrate is stored at the port, it is transported directly from the port to its destination.

The port's remote location, robust marine infrastructure and isolated staging areas facilitates the safe transport and handling of dangerous goods. As the national hub for dangerous cargo, the Port of Rockhampton is a strategic asset for Queensland and Australia. With the ability to service growing industry demand in the trade of dangerous goods and explosives, the port is of national security significance and is a critical link in the value chain. We are committed to building on the existing trade and supporting new trade of dangerous goods and explosives so we can continue to service domestic trends and address global shifts.

SPOTLIGHT

Positioning GPC for a strong and sustainable future

GPC is readying Queensland to take advantage of the future by carefully planning to ensure growth and prosperity of the state in an economically, environmentally and socially sustainable manner. GPC's careful planning includes the announcement of the National Hydrogen Strategy and the Queensland Hydrogen Industry Strategy 2019–2024, which earmarked Gladstone as one of the prime locations for hydrogen development thanks to our facilities and infrastructure.

In March 2021, we welcomed Japanese trading company Sumitomo's plans to build a hydrogen production plant in Gladstone and signed a Memorandum of Understanding (MOU) for Gladstone's Hydrogen Ecosystem. The hydrogen partnership is between Sumitomo Australia Pty Ltd, Gladstone Ports Corporation Ltd, Gladstone Regional Council, and Australian Gas Networks (AGN) as part of the Australian Gas Infrastructure Group (AGIG), and Central Queensland University. The MOU commenced this year and sets out a three-phase plan with the main goal to see hydrogen exported from Gladstone to the world by 2030. The hydrogen ecosystem will initially pursue domestic off-take and mobility solutions before moving to enable large-scale export. Within the Gladstone Port, Fisherman's Landing has been identified as the premier precinct for renewables development. Fisherman's Landing is located directly adjacent to the 27,000 hectares Gladstone State Development Area with the facility able to cater for 11 berths. GPC is focused on enabling the export of hydrogen and/or ammonia as renewable energy leaders.

Harnessing technology to enhance operations

As Australia's premier multi-commodity port, GPC is a proud leader in innovative technology used to improve shipping, safety, and operations within the port sector. A number of major technology projects were successfully launched during 2020/21 financial year, including the Digital Twin Decision Automation system — the Day of Operations, and the Reg Tanna Coal Terminal (RGTCT) light tower upgrade. These projects demonstrate how GPC is taking advantage of opportunities in globalisation, new energy, and new technology — setting a global standard.

The Day of Operations system provides an interactive and real-time view of the coal supply chain, connecting stakeholders to our operations from planning and task execution of trains, ships, and stockpiles. This cloud-based platform has streamlined processes and eliminated traditional forms of communication including a reduction of approximately 50,000 pieces of paper. It has reduced delays, and delivered an increase in capacity and planning horizons. The Operational Systems Team who built this system have advised other industries looking to undertake a similar digital transformation. Their work was further recognised in February 2021 as a finalist at the Daily Commercial News (DCN) Awards in the Supply Chain Innovation and Technology category.

We have also improved operations at RGTCT, with better-quality light technology. In August 2020, a multi-million-dollar light tower upgrade at RGTCT increased efficiency and reduced energy consumption by up to 55 per cent.

Prosperity

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

OUR SUSTAINABILITY JOURNEY

GPC proactively leads a balanced approach to the daily activities and future planning, development and growth of the organisation, and the port and terminal operations. This is done through our commitment to efficiency, adaptation, resilience, and integration with economic, environmental, social, and equitable considerations.

Ports are a significant and vital part of trade globally. Supported by a comprehensive network of road, rail and shipping channels, our three ports are the gateway for trade, jobs and prosperity to local and regional communities, the state of Queensland and the nation. We must ensure this is achieved while protecting our surrounding environment. Our Sustainability Strategy captures our commitment to a sustainable future while acknowledging past and present achievements and practices. Developed in consultation with our people and external stakeholders, it is about telling our story and advancing short- and longer-term initiatives, programs and daily activities through three key elements — the ability to innovate, adapt, and collaborate.

1. **Our ports:** Promote growth and prosperity of current and new trade, drive efficiencies, maintain strong corporate governance structures, protect critical supply chains and partner with industry to increase economic value. Think long term, encourage innovation, and promote positive continuous improvement for a prosperous future.
2. **Our environment:** Lead through robust identification of issues, active environmental management, impact avoidance, strong protection of environmental values, and response to climate change.
3. **Our people and communities:** Prioritise the safety and wellbeing of our people and foster a balanced and diverse work environment, supporting ongoing learning and development. Support, engage and enhance partnerships with our community including Aboriginal, Torres Strait Islander, and South Sea Islander peoples and their communities.

Responding to climate change

GPC is on a climate change journey and has seen a reduction of greenhouse gas (GHG) emissions (including Scope 1 direct emissions and Scope 2 indirect emissions from electricity use) since National Greenhouse and Energy Reporting (NGER) began in 2009. The reduction has been achieved through a number of voluntary energy and fuel efficiency programs and the mandatory Renewable Energy Target electricity contributions.

In 2020/21, we commenced analysing and monitoring the emergence of potential climate-related risks to our operations and future development by developing a climate change risk-based adaptation strategy. Our strategy, which is in line with the Queensland Government's Climate Change Strategy, will aim to deliver multiple benefits including:

- providing useful and forward-looking information to develop adaptation response
- informing key assumptions and accounting judgement in financial climate risk disclosures
- 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.

We are also focused on enabling renewables trade, for example hydrogen and the import of wind farm components.

OUR ENVIRONMENTAL COMPLIANCE

Our ongoing environmental commitment is demonstrated across the organisation and supported by GPC's Environment Team, who continue to ensure our environmental compliance obligations are met and managed responsibly. Our success in 2020/21 is demonstrated through the continued delivery of an ISO 14001:2015 accredited Environmental Management System, along with many other GPC projects and initiatives. GPC reports zero environmental exceedances for the report period.

Facing Island environmental management

GPC is a trustee of Facing Island because of our position protecting the harbour. It is through this role that we are required to manage any potential impacts from development to the environmental, cultural and social values of the island. The Port of Gladstone has been identified as a priority port under the *Sustainable Ports Development Act 2015* (Qld). As a priority port, a master plan and port overlay were mandated for the Port of Gladstone. Facing Island is recognised in the Environmental Management Precinct of the master plan for priority port of Gladstone, as well as the port overlay.

During the 2020/21 financial year, we continued works on Facing Island's environmental management. These works included pest flora and fauna management, flora and fauna surveys including turtle monitoring, and clean-up programs for marine debris. We also began restoring the Rocky Point boat harbour with approximately 5,000 tonnes of rock delivered by tug and barge and placed by a front-end loader. We are resolute in making a difference, operating under the principle we will sustain our environments, and support and enhance the communities in which we operate.

Gladstone's Clinton Vessel Interaction Project

Marine works for GPC's Clinton Vessel Interaction Project (CVIP) commenced in early 2020 and were completed in September 2020 to schedule and under budget. Throughout the project there was a high level of transparency, including substantial community and stakeholder engagement, as well as detailed 24/7 online data sharing to ensure the local community was involved and kept up to date. The project met all strict approval conditions and monitoring thresholds.

A technical report prepared by Dr Paul L.A. Erftemeijer from DAMCO consulting was released in April 2021. The results demonstrated the dredging activities did not adversely affect the Outstanding Universal Values of the Great Barrier Reef World Heritage Area (GBRWHA). The report also showed there were no significant long-term changes in the health and no net loss of high ecological value sensitive receptors such as seagrass meadows and reefs. Scheduled Water Quality Objectives were met to sustain the particular environmental values that they support, and appropriate marine ecological condition monitoring was undertaken in accordance with the Monitoring Procedure to inform adaptive management actions to minimise or avoid impacts to marine ecological components, processes and services.

Direct impacts were confined to the dredge loading site (dredged footprint) and impacts outside of the lawful footprint were limited to water quality effects which were relatively small-scale and transient. Overall, various studies and monitoring activities for CVIP were reported to be scientifically sound and adopted relevant national and international best practices and performance standards. GPC also received praise in the report for going above and beyond the formal compliance requirements of the project to provide added value and context to the interpretation of monitoring results. The report concluded that CVIP constituted a commendable effort by GPC, setting a high benchmark (even internationally) in the way this dredging project was approached and managed.

Sustainable Sediment Management Project

The Sustainable Sediment Management Project was developed to help secure a robust, long-term solution for the management of maintenance dredging sediment. This includes exploring options to avoid or reduce maintenance dredging, and beneficially reuse dredged sediments. In the Port of Gladstone, feasibility studies were completed on four management options — Offshore Beach Nourishment, Habitat Creation, In-Channel Relocation, and Marina Sediment In-Channel Relocation.

The studies found all four options are relatively viable with varying degree of risk and financial impact. GPC is currently undertaking a process to progress plans to trial the two In-Channel Relocation options. If the trials are successful, we will adopt these options as long-term solutions as part of our ongoing maintenance dredging plans.

During the year, similar projects also commenced in the Port of Rockhampton and Port of Bundaberg. Stakeholder working groups were formed with representatives from a cross-section of government, industry, environment and community groups. Three forums were held for each port, to help us understand what our stakeholders value, what impact management options may have, and what options may be viable for more detailed feasibility studies.

Other 2020/21 GPC environmental highlights include:

- An 86% reduction in plastic bottles through GPC's water bottle campaign.
- Property and tenancy fire management plans audited and tested.
- Recertification to ISO 14001-2015 Environmental Management System.
- Launched Environment Updates on GPC's website.
- Completed the 2020 maintenance dredging campaign including a five-yearly Marina dredging program.
- Published GPC's water quality data on our website, in addition to blog updates for greater transparency.
- Introduced "Drain Buddies" - a cost-effective storm water control to prevent urban and industrial debris entering the marine environment.
- Annual Seagrass meadow monitoring in 2020 indicated Gladstone's seagrass were in a good condition for the second year in a row. The independent monitoring program was undertaken by James Cook University's (JCU) Centre for Tropical Water and Aquatic Ecosystem Research (TropWATER) on behalf of GPC.
- Conducted pest management activities on GPC land resulting in the protection of important habitats.
- A positive result on the Gladstone Healthy Harbour Report Card 2020. Not only was 2020 the first time that the Environmental component grade was good (B), but it is also the first time since monitoring and reporting began that water quality grade was very good (A).

OUR SERVICES

Gladstone Marina

The Gladstone Marina has seen a significant transformation throughout 2020/21, with GPC focusing on reviving the facility to attract new customers and put it on the map as one of Queensland's five-star marinas.

During 2020/21, we recorded a significant occupancy improvement of 8.8 per cent. We have started investigations and planning to increase infrastructure to cater for larger vessels to meet current and future demand.

In April 2021, the Gladstone Marina took centre stage in Queensland with GPC becoming the official naming right for the state's most iconic yacht race, the Brisbane to Gladstone Yacht (B2G). Moving forward we are focused on enhancing the marina for the benefit of regional and state tourism. We are future-proofing the Gladstone Marina's long-term sustainability and are committed to creating an award-winning facility for yachting and boating activity that attracts visitors from around the world.

Gladstone Marine Pilot Services

GPC is one of Australia's premier pilotage services for safety, complexity and variability of pilotage movements. Our Gladstone Marine Pilot Services (GMPS) pilots work cohesively to move ships as safely as possible and assist our ports to maximise throughput for our customers.

GMPS work around-the-clock to ensure safe and efficient pilotage for the Port of Gladstone, Port of Rockhampton and Port of Bundaberg. During 2020/21, GMPS pilots undertook 4,678 pilot movements.

In December 2020, GMPS received a certificate of international standard for maritime pilot organisations (ISPO) after meeting strict safety guidelines and standards as prescribed by ISPO and verified by Lloyds Register.

ISPO is an international group, which promotes a safety culture and includes 22 organisations who provide auditable services to ports and ship owners across the world, ensuring best practice and transparency to stakeholders.

SPOTLIGHT

Modernising infrastructure to benefit long-term customers and attract new customers

Trade through ports in Central Queensland and the Wide Bay-Burnett regions supports the Queensland and Australian economy, thanks to GPC's strong relationships with its customers and stakeholders.

To maintain future prosperity for the region, we are modernising vital infrastructure including securing the loading capacity of RGTCT for the next 25 years. In September 2020, we welcomed the Queensland Government's approval for our Shiploader 1 replacement project after reaching 40-years of operations. It is anticipated the replacement project will generate 200 jobs, including new and retained positions. The project is expected to span four years, from design to commissioning — demonstrating our confidence in future market demand as well as safeguarding jobs, trade and the region's prosperity.

We are also planning for the next 50 years by transforming the region into a containerised freight hub to stimulate job growth. In October 2020, we completed works on a $3.8 million dollar mooring dolphin at our Auckland Point terminal, allowing larger container vessels to berth.

Partnering with key stakeholders to support the region's environmental wellbeing

GPC is investing beyond our port boundaries and forging strong partnerships and vital connections across our region, Australia, and globally. We have been collaborating with influential organisations to become leaders in research and sustainable operations and support the region's environmental wellbeing. We demonstrated this commitment in September 2020 by signing a Memorandum of Understanding (MoU) with Central Queensland University (CQU) and establishing a strong partnership. As part of the agreement, GPC and CQU will form a Research Advisory Committee with the findings to be published for the benefit of the local community.

GPC and CQU's Coastal Marine Ecosystems Research Centre are working closely on a range of research topics to strengthen the understanding of a range of environmental, social and economic impacts of the management and operations of port facilities. The MoU demonstrates our commitment to creating success for our communities, Queensland and Australia, with valuable research that will position us as leaders in port operations across Australia and the world.

We also partnered with Australia's top science body, Commonwealth Scientific and Industrial Research Organisation (CSIRO) to better understand our local environments. With the help of the CSIRO, we successfully installed a new water quality and wind monitoring station at the Port of Bundaberg in January 2021. We also teamed up with Queensland Parks and Wildlife Service (QPWS) to install $113,500 worth of reef protection infrastructure — called environmentally friendly moorings — south of Gladstone at Pancake Creek to provide coral and seagrass protection against boat anchors.

Community

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

OUR PEOPLE

Our workforce	
Number of employees	**759** (742.43 full-time equivalent)
Full-time	**95.1%** (722 employees)
Part-time and casual	**4.9%** (37 employees)
Male employees	**80.1%** (608 employees)
Female employees	**19.9%** (151 employees)
Staff turnover rate 20/21 YTD	**9.35%** (71 people)
Voluntary turnover rate 20/21 YTD	**5.14%** (39 people)
Identify as Aboriginal and Torres Strait Islander People or Australian South Sea Islander People	**4.5%** (32 employees)
Number of apprentices and trainees	**59**
Average age of workforce	**45.7**

Table 3: Our workforce as at 30 June 2021

Celebrating and empowering our female leaders and employees

GPC is home to many inspiring and talented female employees in all fields including technology, environment, engineering, parks and gardens, and on our Executive Management Team.

In February 2021, Liné Corfixen, GPC's Manager for Trade Strategy and Port Operations was nominated as a finalist for the Daily Cargo News' Australian Maritime & Shipping Industry Awards. Liné was nominated for the category of Women in Shipping & Maritime Logistics for her leadership and focus on safety through one of the most challenging years as we dealt with a global health pandemic. Leading by example, she was able to inspire a shared vision focused on safety, care, and action, with her diverse teams in the Port Services and Performance department. Promoting and embedding our values in a time of uncertainty ensured we could continue to be facilitators of prosperity and remain resolute in our focus on creating success.

Women were also empowered in March 2021, when we hosted an International Women's Day breakfast to recognise the achievements of our female employees and raise awareness for balance and inclusion, cementing our commitment to gender equality in the workforce.

Enterprise Agreement

On 15 May 2020, GPC commenced an informal discussion with relevant unions to develop a new Enterprise Agreement for its workforce. State Government approval was obtained on 3 August 2020 to begin official bargaining. We have subsequently worked collaboratively with relevant unions to progress the logs of 130 individual claims. We reached agreement with all unions on the terms of the proposed enterprise agreement on 22 March 2021. GPC submitted the 'in-principle' agreement to the Office of Industrial Relations Commission and received formal notification on 12 July 2021 of the approval of the Gladstone Ports Corporation Limited Enterprise Agreement 2020. GPC will now meet with the unions to discuss arrangements for the confirmation of the access period and ballot process. If the ballot is successful, employees will be advised an application for the approval of the Agreement will be made to the Fair Work Commission. The Agreement may commence operation seven days after its approval by the Fair Work Commission.

Reconciliation in action

During 2020/21, GPC successfully progressed with second STRETCH Reconciliation Action Plan (RAP) despite challenges presented by COVID-19 restrictions. Planning for the third RAP is underway to implement in 2023, as we continue to grow relationships built on trust and respect with the Traditional Owners of the region — the Byellee (Bailai), Gooreng Gooreng, Gurang and Taribelang Bunda peoples.

The RAP ensures we deliver on our commitment to our Aboriginal, Torres Strait Islander and Australian South Sea Islander peoples in our communities, guided by the four key pillars of relationships, respect, opportunities and accountability. As Australia's first port authority to develop a RAP, we are determined to deliver real outcomes, particularly when it involves our workforce.

As at 30 June 2021, of our 759 strong workforce, 32 employees (4.5 per cent) self-identified as Aboriginal, Torres Strait Islander or Australian South Sea Islander peoples. We have increased our target to achieve five per cent by 2022.

Some key achievements from the year in line with our RAP are listed below.

- Commenced production of a cultural awareness e-learning module to provide employees with a range of opportunities to build and extend their knowledge and understanding of First Nations People. GPC is currently in the process of collaborating with traditional owners with plans to launch the module in 2022.
- Recruited five trainees through the Cross Industry Operations Traineeship program to advance their skills in Administration, Warehouse Operations, Building Services, Parks and Recreation and Marine Operations.
- Recruited an Indigenous trainee rigger scaffolder on a two-year traineeship.
- Hosted a graduation ceremony for four trainees on the completion of GPC's 18-month Cross Industry Operations program — the trainees are the third group to successfully graduate since the program started in 2016.
- Raised awareness for Close the Gap Day by commissioning two Indigenous artists to hand paint a large mural at East Shores.
- Provided leadership pathways for two Cross Industry Operations trainees and one former CIO trainee who attended the Queensland Indigenous Youth Leadership Program.
- Incorporated Acknowledgment of Country in all employee email signatures to show awareness of and respect for Traditional Custodians of the land.

OUR HEALTH AND SAFETY

ISO 45001 safety management system accreditation

In 2020/21, GPC transitioned our safety management system certification from the Australian Standard (AS/NZS 4801) to the new International Standard (ISO 45001). An internal gap analysis audit and application of business improvements took place throughout 2020 to ensure compliance of our safety management system to the new international standard. The ISO 45001 audit was conducted on-site by external auditors in February 2021 and we successfully achieved certification. By achieving international certification, we are recognised as an industry leader with a strong commitment to safety, giving assurance to our internal and external stakeholders that our safety management system is effective.

Life Saving Commitments and fatal risk prevention

GPC's Life Saving Commitments program commenced roll-out in November 2020. The roll-out was complemented with the roll-out of GPC's fatal risk prevention system, which identified critical controls to prevent fatal risks from occurring. These initiatives assist with reinforcing our commitment to safety, raising awareness of safety amongst our workforce, and engaging employees to align their behaviours with our desired safety culture.

An embedding strategy for the Life Saving Commitments was also developed in conjunction with key stakeholders. Initiatives identified through the embedding strategy commenced implementation during 2021/22 and will continue into 2022/23 to ensure the program is effectively implemented and sustained for years to come.

Safety risk management

A key safety initiative identified for 2020/21 was to effectively implement and embed the safety risk management system. The whole business has been involved in improving compliance and application of our key on the job risk management tools — PORTs, job safety analyses (JSAs), and Safe Work Instructions. Key activities included the introduction of a safety risk management verification tool, an update of the PORT risk assessment tool, new safety risk management mandatory training, and the review, improvement and redesign of JSAs and Safe Work Instructions for activities and equipment across GPC. Significant improvement and progress have been made throughout the year with all teams contributing positively.

'Switch On' refresher program

During 2020/21, GPC began trialling and refining its 'Switch On' refresher training course. We first introduced the 'Switch On' values-based safety program in 2016. Since then, all employees in the business have completed the two-day training program and all new starters continue to complete this training.

The refresher is to reinvigorate and embed our knowledge of the key models including the Circle of Choice and our Top 4 as well as GPC's Safety Culture (above the line behaviour) Model. Our Safety Culture Model provides our employees with a structure aligned to their role level to assist in understanding the safety behaviours we expect and aid in developing our desired safety culture.

The 'Switch On' refresher has been designed throughout 2020/21 in conjunction with key stakeholders from across GPC. It is a half-day training course which will be rolled out to the business from July 2021 onwards.

RESPONDING TO COVID-19

In challenging times, GPC has delivered high performance outcomes across our operations — remaining resolute, agile and focused on the task at hand.

Our Crisis Management Team (CMT) has been active since the onset of the COVID-19 pandemic in January 2020 and continues to provide a coordinated, measured and scalable response to emerging issues. An effective program of communication and education, along with strict guidelines for cleaning, hygiene, physical distancing and access control, have contributed to maintaining the health and safety of all persons who access our facilities. Many of the innovative and adaptive strategies developed during this time will be retained post-COVID-19.

We have enhanced relationships with external agencies including Queensland Health, Maritime Safety Queensland, Department of Agriculture, Australian Border Force, and the Local District Disaster Group to facilitate information sharing and situational awareness during the pandemic. Our operations have been flexible and responsive with no impact on permanent or casual staffing levels. We continue to be extremely proactive in our COVID-19 response and have been successful in balancing the welfare of essential port workers, seafarers, tenants, and service providers with the current economic and operational imperatives.

SPOTLIGHT

Supporting the community through COVID

GPC played a key role in helping the local and Queensland economy recover from the challenges and impacts of COVID-19. In October 2020, we offered training support to two displaced apprentices who were half-way through their training with other businesses in the region. The two local apprentices were unable to complete their training due to the combined negative impact of COVID-19 and a downward trend of businesses employing apprentices. As part of the offer of support, we covered all their training costs and provided tuition, protective clothing and a tool allowance.

The GPC Community Investment Program (CIP) was needed more than ever by our local communities this year. The CIP contributes to a sustainable future for our regions through a variety of categories including our Profile Partner, Community Partnerships, Grants and Donations, and Community Support. During 2020/21, the Grants and Donations category of the program provided $115,396 to support worthy community groups. These grants supported 20 activities in our three operational areas of Gladstone, Rockhampton and Bundaberg. Activities are assessed against our investment criteria, which include values, strategic alignment, corporate reputation, community reach, impact, and value for money.

Embracing healthy lifestyles in the community

GPC is resolute in making a real difference in our community, operating under the principle that we will sustain our environments and support and enhance our local communities.

In August 2020, amid the COVID-19 pandemic, we lifted community spirit by encouraging locals to set their own personal fitness goal as part of our social media community fitness initiative, Active August. The initiative inspired the community to exercise in GPC's parklands and supported the Boyne Island Environmental Education Centre as the community beneficiary, with $20,000 worth of new canoe equipment.

In April 2021, we announced our new-look community fun run event, the Port to Park 2021. The Port to Park FunD Run is a community fun run coordinated by GPC to support and enhance the Gladstone community by raising funds for local schools and supporting a major community beneficiary. The initiative is an event for people of all ages and abilities, designed to encourage people to focus on their own health, fitness and wellbeing. In the past decade, our FunD Run initiative has injected more than $415,000 into the local Gladstone community.

Delivering quality community assets for generations to cherish

The community is at the forefront of GPC's decision-making, and we have implemented a number of projects which increase greenspace and offer a wide range of high-value assets and infrastructure such as the East Shores precinct and the Auckland Hill viewing platform.

East Shores

The East Shores precinct provides a world-class recreational hub for residents and visitors to meet, relax, exercise and have fun, in addition to the 43 hectares of existing space at the nearby Gladstone Marina and Spinnaker Park. Designed by Urbis Pty Ltd the community parkland reflects a sustainable industrial city and generates local pride for the people of Gladstone, while demonstrating the contribution of Gladstone's coal exporters. GPC acknowledges the organisation's previous leaders for their vision and contribution, and encourage those yet to come, to continue the development of social infrastructure treasured by our Gladstone community.

In August 2020, we officially opened our newly developed East Shores 1B waterfront parklands. The East Shores 1B precinct includes the redevelopment of the Gladstone Maritime Museum which officially opened in April 2021 and showcases Gladstone's rich maritime history. The museum's new home is located alongside the iconic HMAS Gladstone II, providing access to tourists and locals alike. During 2020/21, the East Shores parklands received four awards and a nomination as a strong finalist. The awards include two from the Australian Institute of Landscape Architects (AILA) — a Landscape Architecture Award for Parks and Open Space, and a Regional Achievement Award. GPC was also awarded the Park of the Year for Region Awards of Excellence by Parks and Leisure Australia.

GPC was a runner-up for the International Association of Ports and Harbours (IAPH) Sustainability Awards for our Community Parklands project. Approximately 37 ports from 21 countries across the globe submitted entries for the 2021 World Ports Sustainability Awards in 2021. In November 2020, GPC's East Shores Parklands was awarded the Tourism, Attractions & Events category at the Gladstone Chamber of Commerce and Industry's Best in Business Awards. It is the third time our premier waterfront parklands have been recognised — we previously won the Tourism Attraction Award for East Shores in 2017 and 2018.

Auckland Hill Marina viewing platform

Construction of the contemporary viewing platform on Auckland Hill commenced in June 2021 and will continue through until March 2022, supporting approximately 55 local jobs throughout the project. The Marina viewing platform will provide a fresh vantage point to take in the Gladstone Marina and harbour views. Once complete, the project will feature seating, shade structures and a new staircase, connecting Auckland Hill to East Shores. GPC is progressing the Marina Viewing Platform project which commenced in June 2021. This is a separate project to the works at the Auckland Hill Harbour Outlook to upgrade public areas at Auckland Hill using federal government funding announced in May 2021. Delivery of these federally funded works are subject to Government and Council approvals

Boat Ramp upgrades

For the local boaties, GPC completed the much-needed revitalisation of the Calliope River boat ramp in September 2020. This involved replacing the old dirt car park with bitumen and 31 car and trailer parks as well as adding lighting for safety.

Assurance and governance

BOARD OF DIRECTORS

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

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 |BA (Hons), MScEnvMgt, GradCertBA, BA (Hons), GAICD
Director
Member – Finance, Audit and Risk Committee
Member — Governance and People 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 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 Ralston 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

Paul resigned from the board committees when he was appointed Acting Chief Executive Officer on 22 July 2021. He 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.

First appointed October 2020 | Current term 1 October 2020–30 September 2023

DR POYA JOHN 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

EXECUTIVE MANAGEMENT TEAM

Colin Cassidy PSM was engaged as GPC's Interim Chief Executive Officer from 4 May 2021 until 22 July 2021.

PAUL HEAGNEY
Acting Chief Executive Officer
22 July 2021 – Current

Paul has over 20 years' managerial, commercial and executive experience in commodities. He has experience in marketing, logistics, international trade, financial and operational risk management gained in the agriculture and resources industries. He was formally a director of the Australian Sugar Milling Council and Chairman of its inaugural Trade Committee, a director of Australian Molasses Trading, Chairman and Director of both M&M Molasses and Mourilyan Molasses Terminal Company. Paul is Principal of Kippax Consulting which provides advice focused on business strategy and development, international trade, commodities, and logistics. He has a Commerce degree from the University of Queensland and a Graduate Diploma of Applied Finance and Investment.

CRAIG WALKER
Chief Operating Officer
12 April 2021 – Current

Craig is an experienced senior executive having a strong background in commercial and operational settings, with proven successes in mergers and acquisitions, public and private sector transformations, regulated and non-regulated business in Australia and overseas. Craig has more than 20 years of senior executive experience in the ports, rail, manufacturing, resources, infrastructure and consulting sectors, specialising in strategic environments.

GERARD MELROSE
Acting Operations & Asset Management and Project Services General Manager
13 May 2019 – Current

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

ROWEN WINSOR
Executive General Manager People and Community
12 October 2015 – 31 August 2021

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

RUFUS GANDHI
General Counsel and Company Secretary
15 February 2020 – 31 August 2021

Rufus Gandhi 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.

CORPORATE GOVERNANCE

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

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

The former GPC subsidiary company Gladstone WICET Operations Pty Ltd (GWO) was deregistered on 13 June 2018.

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

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

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

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

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

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

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

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

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

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 two years and the Board has re-evaluated the ongoing role of this committee. Consequently, the Board decided to restructure the existing committees and form two new committees to absorb the roles and responsibilities of the previous committees. Memberships of the Committees are:

- **Finance, Audit and Risk Committee (FAR):** Adrienne Ward - Chair, Peter Corones AM, Grant Cassidy OAM, Dr Poya Sobhanian, Dr Prins Ralston and Peta Jamieson.
- **Governance and People Committee (GAP):** Grant Cassidy OAM - Chair, Peter Corones AM, Adrienne Ward, Dr Poya Sobhanian, Dr Prins Ralston, Peta Jamieson.

PRINCIPLE 1: Lay solid foundations for management and oversight

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

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

For the 2020/21 year, all directors were non-executive directors. Subsequent to 30 June 2021, one director became an executive director following his temporary appointment as Acting CEO. Further details will be reported in the 2021/22 annual report.

Roles and responsibilities of the Board

The Board provides leadership and sets the strategic objectives of GPC. The Board assumes overall responsibility for corporate governance practices within GPC and monitors the performance of the corporation, its management and employees. The Board, in conjunction with the Acting CEO, establishes and implements GPC's operational, financial and strategic direction as outlined in the one year (SCI 2020–2021), five years (Corporate Plan 2020–2025) and long-term (50-year Strategic Plan 2012–2062) plans. Ongoing Government, customer, community and employee consultation assists the Board to enact the corporate objectives defined in these plans.

Induction of new members and continuing professional development

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

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

Our organisation

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

CEO and Senior Executive Performance Review

In accordance with GPC's Corporate Governance Framework executive individual performance reviews were conducted and endorsed by the board. However, there were no performance-based bonus payments. Performance plans are conducted periodically throughout the year with a final performance plan assessment to be conducted during 2021-22 financial year.
Further, given the ongoing effects of COVID-19 on the broader Queensland economy, the annual total fixed remuneration (TFR) increases for senior executives were not progressed during the 2020-21 financial year.

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

Board meetings

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

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

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

Board committees

The Board may delegate its powers to a committee of directors. GPC has two committees: The Finance, Audit and Risk Committee (FAR) and a Governance and People Committee (GAP). One director on each committee is appointed Committee Chairperson by the Chair of the Board.

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

Director independence

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

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

- A material professional advisor or consultant is one whose fees to GPC in a financial year exceed $100,000.
- A material supplier is one whose sales to GPC in a financial year exceed 2 per cent of the value of GPC's total purchases including capital expenditure.
- A material customer is one whose purchases from GPC in a financial year exceed 2 per cent of GPC's gross revenue.
- A material contractual relationship, other than any of those described above, is one in respect of which the consideration payable under the contract exceeds $100,000.

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

Gaining independent advice

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

Board performance review

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

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

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

In accordance with the biennial review process, a Board performance review was conducted during the 2019/20 financial year. Directors' attendance at 2020/21 Board meetings was in accordance with their individual terms of appointment to the Board. Details are disclosed within the Notes to the Accounts.

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

Code of Conduct

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

Fraud and corruption prevention

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

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

Procedure on Public Interest Disclosure

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

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

Right to information and information privacy

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

GPC's Whistleblower's reporting hotline

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

PRINCIPLE 4: Safeguard the integrity of corporate reports

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

- Following the internal audit charter, and overseeing the internal audit and compliance functions of GPC.

- Making recommendations on the results of various internal audit reviews carried out throughout the year.
- Making recommendations based upon the reports of the external auditors.
- Reviewing and approving the annual financial statements.

The Finance, Audit and Risk Committee operates under a charter established by GPC's Board. During 2020/21, the Committee reviewed and observed the terms of its charter and had due regard to Queensland Treasury's Audit Committee Guidelines.

External audit arrangements

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

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

The QAO has conducted its annual independent assessment of GPC's finances and operations and concluded that the general purpose financial statements contained in this annual report present a true and fair view of GPC's financial position as at 30 June 2021.

Internal audit

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

The Committee also reviews the reports of the internal auditors and assesses their quality of work. Deloitte was appointed GPC's internal auditors from 1 January 2021 for a period of three years.

Dividend policy

GPC's Dividend Policy takes into account the return that shareholders expect from their investment and the ongoing capital investment requirements of our business. In 2020/21, the Board recommended to shareholders a dividend payment of 100% of net profit after tax, adjusted for any unrealised movements from the revaluation of non-current assets.

Records management

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

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

There were no directions or notifications issued by shareholding Ministers under the GOC Act for the 2020/21 financial year.

PRINCIPLE 5: Make timely and balanced disclosure

Corporate planning and disclosure

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

PRINCIPLE 6: Respect the rights of security holders

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

PRINCIPLE 7: Recognise and manage risk

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

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

- Behaving as a responsible corporate citizen, protecting employees, customers, contractors and their property, as well as the community and the broader environment from unnecessary injury, loss or damage.
- Achieving our business objectives by minimising the impact of risks we can meaningfully and realistically control which would otherwise significantly affect our assets and earnings.
- Finding the right balance between the cost of control and the risks we are willing to accept as the legitimate grounds for earning reward.

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

The principles behind the Risk Management policy are based on AS/NZ 31000 Risk Management – Principles and Guidelines, and Principle 7 of the Queensland Government's Corporate Governance Guidelines for Government Owned Corporations released February 2009. GPC in 2020/21 reviewed its Risk Management System for continuous improvement outcomes.

The Finance, Audit and Risk Committee is assisted and attended by the Acting CEO and the Chief Financial Officer.

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

- GPC's risk appetite and risk tolerance, as determined by the Board on a holistic enterprise wide basis, and with respect to relevant categories of operational risk.
- Assessment of the likelihood of occurrence, severity of impact of those risks, and any mitigating measures affecting those risks.
- The responsibility for risk oversight and management of specific risks to ensure a common understanding of accountabilities and roles.

- The risk treatment and mitigation policies and procedures developed by management, including procedures for periodic and critical reporting of matters to the Board and the Committee.
- Management's implementation of GPC's risk treatment and mitigation policies and procedures, to assess compliance and effectiveness.
- Overseeing the ethical conduct and governance functions of GPC.

PRINCIPLE 8: Remunerate fairly and responsibly

The Governance and People Committee is assisted and attended by the Acting CEO and the Executive General Manager for People and Community.

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

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

The Governance and People Committee continues to review and approve GPC's strategic plans for Health and Safety.

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

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*.

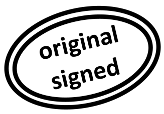
Independence declaration

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.



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 $'000	2020 $'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 $'000	2020 $'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 $'000	2020 $'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	2020
	$'000	**$'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 $'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 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:

	Note	2021 $'000	2020 $'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:

	Note	2021 $'000	2020 $'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 No.	2020 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 $'000	2020 $'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	2020
	$,000	$'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	2020
	$'000	$'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

Specified Executives		Monetary Expenses	Non-Monetary Expenses	Long Term Employee Expenses	Post-Employment Expenses	Retirement/ Resignation/ Termination Expenses	Total
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

Specified Executives		Monetary Expenses	Non-Monetary Expenses	Long Term Employee Expenses	Post-Employment Expenses	Retirement/ Resignation/ Termination Expenses	Total
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

Specified Executives		Monetary Expenses	Non-Monetary Expenses	Long Term Employee Expenses	Post-Employment Expenses	Retirement/ Resignation/ Termination Expenses	Total
Melrose, G							
Operations General	2021	312	22	8	39	-	381
Manager (Acting)	2020	267	22	8	33	-	330

Appointed Acting from 13 May 2019

Specified Executives		Monetary Expenses	Non-Monetary Expenses	Long Term Employee Expenses	Post-Employment Expenses	Retirement/ Resignation/ Termination Expenses	Total
Hall, R							
Chief Financial Officer	2021	236	12	6	22	27	303
	2020	-	-	-	-	-	-

Appointed 12 October 2020
Resigned 31 May 2021

Specified Executives		Monetary Expenses	Non-Monetary Expenses	Long Term Employee Expenses	Post-Employment Expenses	Retirement/ Resignation/ Termination Expenses	Total
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