Positioning Queensland for Prosperity

Annual report 2021/22

Gladstone Ports Corporation

Growth, prosperity, community.

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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.

GPC acknowledges that we are on the original lands of the First Nation peoples Bailai, Gurang, Gooreng Gooreng, Taribelang Bunda, Darumbal, Kabi Kabi and Butchulla whose land that we all share, live, work and play on. GPC acknowledges and pay our respect to all Elders of past, who have made the many sacrifices, contributions and paved the way for us all to be here today. GPC acknowledges our present and emerging Leaders who will continue the fight for a better and united Australia for all our generations of *today, tomorrow* and in the *future.* GPC also extend this respect to other Aboriginal, Torres Strait Islander and Australian South Sea Islander Elders and peoples within our operating footprint.

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 to be brave and make change by working towards equality of outcomes, and ensuring an equal voice.

ABOUT THIS REPORT

Gladstone Ports Corporation Limited (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 four ports — Port of Gladstone, Port of Rockhampton, Port of Bundaberg and the non-trading Port of Maryborough — over the past year (2021/22) and our financial position as at 30 June 2022. This is communicated in a clear and transparent manner, while adhering to the legislative requirements of the *GOC Act 1993* and the *Financial Accountability Act 2009* (Qld).

Our annual report reflects our sustainability journey, 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, underpinned by strong environmental, social and governance (ESG) credentials. Our report is themed by our values of growth, prosperity and community.

We have adopted the Annual Report Requirements for Queensland Government agencies (2021/22 reporting period).

Our port profile

OUR VISION, MISSION AND VALUES

During 2021/22, GPC's results and focus has been guided by our corporate vision and mission, our values, and our eight guiding principles. The strategic direction represents who we are and who we aspire to be. During 2022/23, 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 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, Bundaberg and Maryborough (non-operational). In 2021/22, our strong workforce of 779 employees (762.48 FTE as at 30 June 2022) were committed to safety and facilitated prosperity for the Central Queensland and Wide Bay-Burnett communities. Our portfolio of assets stretches across 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 four-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. Northern Trade Precinct — 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.

Port of Maryborough

On 1 March 2022, management of the Port of Maryborough (PoM) was transferred to GPC, bringing benefits through geographic proximity of GPC's existing ports and aligning the port and maritime responsibilities with Maritime Safety Queensland. As a non-trading Port, GPC undertakes limited responsibilities associated with managing the PoM.

TWO YEAR PERFORMANCE SNAPSHOT

Indicators	Actual 2020/21	Actual 2021/22	Change 2020/21 to 2021/22	2021/22 Target	Variance actual to target
Tonnage throughput (Mt)	123.1	119.9	-2.60%	125.3	-4.31%
Lost Time Injury Frequency Rate (LTIFR)	0	0	Nil	0	0.00%
Total number of injuries	22	20	-9.09%	20	0.00%
Environmental exceedances	0	1	100%	<10	100%
Total revenue ($M)	516.6	527.8	2.17%	512.0	3.09%
Earnings Before Interest and Tax (EBIT) ($M)	165.3	148.0	-10.47%	156.6	-5.49%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) ($M)	253.3	239.7	-5.37%	248.2	-3.42%
Net Profit After Tax (NPAT)	93.46	82.95	-11.25%	90.1	-7.94%
Total assets ($M)	2481	2395.6	-3.44%	2498.9	-4.13%
Return on assets (%)	6.7	6.2	-7.46%	6.2	0.00%
Capital investment ($M)	102.37	87.86	-14.17%	123.8	-29.03%
Dividends ($M)	93.1	0	-100.00%	90.1	-100.00%
Taxes paid to all ($M)	59	53.8	-8.81%	47.0	14.51%

Table 1: Two year performance 2020/21 - 2021/22

Note: For the 2021/22 year, shareholding Ministers approved the Directors' recommendation for the retention of dividends otherwise payable from final audited net profits after tax. The dividend retention is intended to be used to support future investment in critical infrastructure and growth initiatives.

Note: GPC did not hold any individual corporate and hospitality event during 2021/22 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 GPC 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.

2021/22 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 | *ONGOING*
- Environmental Offset Direction Strategy – to be aligned with Queensland Government's reporting requirements | *ONGOING*

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 | *DEFFERED*
- Promote Harbour health through transparent and proactive initiatives | *ONGOING*
- Optimised tactical approach and economic contribution articulation for blending capability at RG Tanna Coal Terminal | *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) | *COMPLETE*

Economic Future

- Develop an Economic Contribution Value Map to the extent of GPC's impact on the economy (local/state/federal/global) | *ON TARGET*
- 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 | *ON TARGET*
- 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 to be aligned with Queensland Government’s reporting requirements | *ONGOING*
- Develop strategy and reconfiguration strategies 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 Northern Trade Precinct | *ONGOING*
- Implement an Asset Management System aligned to ISO 55000 | *ONGOING*
- Revise GPC’s 50 year strategic plan | *ON TARGET*
- Land Use Plans and Development Assessment Improvement | *ON TARGET*
- 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 aligned with Queensland Government’s reporting requirements | *ONGOING*

2022/23 STRATEGIC PRIORITIES

Strategic priority		Description
1	Business protection and performance	Uncompromising approach to safety, accountability and compliance with a renowned signature corporate brand. Empower our people to deliver performance and results that is expected of us, by our customers and shareholders. Operating under an enterprise unified business model with a prioritised, sustainable pace of consolidation and system renewal.
2	Cargo handling and port operations	Assurance of prudent and efficient cargo handling activities. Meeting our responsibility to protect, preserve and promote the inherent value of our Ports for future generations. Optimising port capacity and adapting our business assuring our position, and the supply chains 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 State. Ensuring 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 the future opportunity. Develop rehabilitation plans. Ready the State of Queensland to capture the trade opportunities from emerging and yet unknown markets.

Table 2: Overview of Strategic Priorities 2022/23

2022/23 STRATEGIC PROGRAMS

Business protection and performance

- Deliver and execute an enterprise wide plan to implement and embed safety through the Safety Management Framework.
- Develop a rehabilitation strategy, tactical plans, with identified funding.
- Transition to a higher performance business operating model.
- ERP Renewal – feasibility and planning.
- Embed corporate Sustainability Strategy for inter-generational business prosperity where consistent with the Queensland Government's overarching Sustainability and ESG reporting requirements, incorporate appropriate climate change and ESG (Environmental, Social, and Governance) plans, development and Infrastructure planning, funding models and project plans for the renewables economy.

Cargo handling and port operations

- Undertake channel and reclamation optimisation strategy.

Social and economic future

- Enhancement of community facilities and foreshores access.
- Development and Infrastructure planning, funding models and project plans for the renewables economy.
- Develop overarching Financial and Commercial Strategy to underpin GPC's growth plan.
- Extend Cargo Handling and Port Services Agreements.

Intergenerational planning and enabling

- GPC's precinct outlooks aligned to the 50 year vision.
- ESG reporting architecture and standard to be in alignment with Queensland Government's ESG reporting requirements.

A message from the Chair

At GPC we have a long term vision for the future with our 2021/22 results helping us build a sustainable and prosperous future for Queensland and Australia.

Positioning Queensland for prosperity is the theme of our annual report this year and it is humbling to report that the results achieved by GPC in the past 12 months have done exactly that - positioned the State, region and community for long term prosperity.

I was honoured to join GPC as Chair on 1 October 2021, and have been warmly welcomed by the Board and management team. I am committed to driving investment in our state's resources industry, and will utilise my extensive background in ministerial and policy oversight of Queensland's major publicly owned utilities and their key infrastructure projects to ensure our success.

I'd like to thank and congratulate former Chair Peter Corones AM, whose tenure finished in September 2021. Mr Corones' advocacy was integral in helping improve the region's economic development and liveability. His dedication to the region and passion for the port hasn't gone unnoticed by the business, customers and community after starting with GPC in 1994, holding board positions until 2012 before returning as director in 2015 until 2018, when he was appointed Chair. I feel privileged to continue his legacy, advocating for our region and State.

This year in May, we welcomed our permanent Chief Executive Officer, Craig Haymes to the management team. Mr Haymes is a highly experienced civil engineer with more than 30 years of experience in multinational companies with a reputation for leadership, business operations, project management, sustainability performance, corporate governance and all with a focus on environmental protection and maintaining a safe workplace.

I would also like to acknowledge the efforts of Paul Heagney who undertook the role of Acting Chief Executive Officer for the past 10 months. Mr Heagney who joined our Board on 1 October 2020, returned to his substantive board duties in May.

The Board of Directors welcomed Ryl Gardner to the team in October 2021. I would also like to make special mention and acknowledge the contribution of Director Adrienne Ward whose term ended on 30 September 2021.

The Board is focused on securing opportunities through emerging diversity of energy and trade for Queenslanders. GPC was honoured to welcome the Queensland Premier, Treasurer and Founder of Fortescue Metals Group, Dr Andrew Forrest to the Port City in October last year when the world's largest green energy hydrogen manufacturing facility was announced for Gladstone. GPC has proven its ability to convert trade opportunities into economic reality and we expect hydrogen to offer a unique opportunity for the region as part of a global energy transition.

We know one in four jobs in the regions relies on trade with our ports significantly contributing to Queensland's economy. That is why our Shiploader 1 replacement project is so critical for the State and Australian manufacturing. The $63.9M shiploader project for the Port of Gladstone's RG Tanna Coal Terminal will be built at GPC's Port Central Precinct, creating 200 construction jobs and securing the capacity for the RG Tanna Coal terminal for another 25 years. The new shiploader will replace GPC's oldest shiploader which has been operating for more than 40 years. Traditionally, machines of this size are constructed overseas and imported into Australia, so to see the shiploader being fabricated right here in Gladstone is a great achievement, not just for GPC but for the community and for the State. It is significant projects such as these which demonstrate our role in building a sustainable and prosperous future for the State and Australia.

Our people are some of the most skilled in the industry and we continue to be leaders in our region. We are extremely proud of our results and our dedicated employees who are the backbone of the business.

The Board recognises that 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 in which we operate for their valued support as we continue to grow and develop our business over the next 12 months, providing prosperity, sustainable operations and delivering value to our shareholders.

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Dr Anthony Lynham
Chair of the Board

The CEO's review

As the gateway for Australian trade, jobs and prosperity – we are positioning GPC to be Australia's premier multi commodity port.

GPC has a proud history of creating and facilitating prosperity for Queensland and we are proud of our results this financial year, achieving significant profit of $82.95M.

At GPC, we are setting ourselves up for success by focussing on safety and environmental performance and we're looking to the future by embracing innovation and delivering on our environmental, social and governance ESG obligations.

That is why I am so proud to have joined the GPC team this year in May and why I am dedicated to ensuring the Port's 108 year legacy will live on well into the future. What stands out most for me is GPC's remarkable performance, the proud history that resonates throughout the business, and the energy and eagerness to prepare and plan for the future. That is exciting for the community, region and State and I'm proud to play a role in securing GPC's future.

Combined with the Ports of Rockhampton, Gladstone and Bundaberg throughput, GPC handled 119.9Mt of cargo, generated a revenue of $527.8M and achieved an earnings before interest and tax of $148M.

It's a testament to GPC's strong relationships with its customers, its resilience and adaptability and its diverse trade base.

New energies and diversification are definitely leading the way in Queensland. During the financial year, our LNG trade continued to grow. Aside from delivering significant results, the organisation has seen several projects get off the ground, including the $63.9M Shiploader 1 Replacement project which not only shows confidence in future market demand for exports, but is great news in terms of jobs, trade, and the region's prosperity.

Larger cruise vessels will also be able to visit our port in the near future with work underway on the $12M dollar wharf upgrade at Auckland Point, being undertaken by a local firm employing local expertise.

The Port of Bundaberg also continues to grow, with work commencing on the Common User Infrastructure project this year. The project partly funded by the Australian Government under the Hinkler Regional Deal is in conjunction with our strategic planning work to promote the Port of Bundaberg and surrounding State Development Area, and we expect the project to stimulate industry growth for the region. In Gladstone, we're continuing to work with proponents, stakeholders, the State Government and the Gladstone Regional Council to facilitate the future of hydrogen and ammonia in the region. Ports operate in ever-changing markets and we know the export of hydrogen and ammonia has the potential to position Australia as a leader in the global market.

I have already experienced our strong and compelling community spirit, our strong commitment to looking after our workmates as we do with our family at home and the support we provide to the communities we live in. It's evident from the stories we share about our apprentices who generously support the Leukaemia Foundation each year to the amazing milestones achieved by our employees including Kara Moore, GPC's first female shiploader operator and one of only very few in Queensland and Australia.

As I settle my family, we're excited to explore the region and broader community and what it has to offer. I want to thank the entire team for their support since I commenced in my role. Trade through GPC's three operational-ports contributes to Queensland's economy — demonstrating our role in building a sustainable and prosperous future for the State and the nation.

The executive management team and I are focused on ensuring continuity and stability for the business, while exploring exciting new opportunities as they arise and increasing our throughput for the benefit of our regions.

On behalf of GPC, it is with great pride I present the 2022 annual report for one of Australia's premier multi-commodity port and the gateway to Australian trade, jobs and prosperity.

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Craig Haymes
Chief Executive Officer

Growth

We are delivering for Queensland through investment in our three operational port precincts to harness opportunities and secure our region's economic prosperity.

TRADE BREAKDOWN

GPC is cementing its position as one of Australia's premier multi-commodity ports, facilitating the export of more than 30 different products exported around the world.

In total, GPC's three operational ports in Gladstone, Rockhampton and Bundaberg recorded a throughput of 119.9 Million tonnes (Mt), with 119.41Mt, 0.08Mt and 0.35Mt respectively. This was primarily led by coal, LNG, alumina and associated products.

KEY COMMODITIES

- Coal — in 2021/22, the coal industry accounted for 55 per cent of GPC's total throughput, with total exports of 66.37Mt reflecting down 5.3 per cent on 2021/22 and 11.4 per cent under budget. The reduction in coal exports, are generally attributed to a number of COVID-19 influences, mine related supply issues including weather related disruption events.
- LNG — GPC is one of Australia's largest LNG ports. In 2021/22 GPC recorded 23.50Mt of total LNG throughput.
- 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 2021/22. 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

GPC 50 Year Vision

GPC has a long history of strategic planning and our 50 year Vision under review contemplates a moderate rate of growth of outer harbour channel development. GPC is focused on the inner harbour channel growth to further increase trade capacity to the Gladstone State Development Area and for the emerging renewable energy trades such as Hydrogen and Ammonia.

More broadly, the vision document offers insights into the possible development pathway for each of GPC's Ports assessed from a range of scenarios using intelligence gained through macro and mega trends, GPC's stakeholders, customers; international and domestic shifts. The forward vision is themed by transitions and with strong ESG credentials outlining sustainable development in the interests of Growth, Prosperity and Community.

GPC is readying Queensland for the future and looks forward to engagement with key stakeholders as we progress our new 50 year Vision alongside the Long term planning Precinct Outlooks for Bundaberg, Port Central, Rockhampton (Port Alma) and Northern Trade Precinct areas.

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).

The first legislative step of preparing a new Land Use Plan (LUP) for the Port of Gladstone is the preparation and consultation on a Statement of Proposal (SoP). Public consultation on the document was completed in September 2021. The SoP gave stakeholders an understanding of the major considerations for the LUP and how to make a meaningful contribution towards its preparation.

The drafting phase of the new Port of Gladstone LUP is nearing completion. Public consultation will be undertaken and submission of the LUP anticipated for Ministerial approval during the 2022/23 financial year.

Port of Bundaberg

The Port of Bundaberg (PoB) has served as a vital link for the Bundaberg region's industry for more than a century and is located in a growing tourism destination.

Since the PoB was transferred to GPC in November 2009, GPC has been working to develop the port to operate to its full potential in a measured and sustainable manner to bring further growth and prosperity to the Bundaberg region in terms of trade and tourism.

The PoB has received major investment from both the public and private sectors over the past five years with more than $120M invested in new gas, electricity, optic fibre, sewer, road and drainage infrastructure, as well as the development of a new plasterboard factory - one of only four in Australia.

GPC shares a vision with Bundaberg Tourism to develop the region into a Gateway Destination for the Southern Great Barrier Reef and is working with key stakeholders in realising that vision. In the 2021/22 financial year, GPC began working on its Tourism, Community and Infrastructure Master Plan for the Burnett Heads Boat Harbour and surrounds. GPC will continue further engagement with the Bundaberg Regional Council, Bundaberg Tourism and the boat harbour marina developer to identify priorities and the next steps.

One of the region's newest tourism experiences is the Lady Musgrave HQ pontoon which was designed and built at the PoB – providing a world class reef experience including high quality accommodation and under water observatory, powered completely by wind and sun.

The development of Pacific Marine Base Bundaberg by Pacific Tug is also progressing, with Pacific Tug and GPC currently working with the State Government on a business case to assess a future stage of development to manage over-size, over-mass cargoes necessary to support the burgeoning renewable energy industry in Queensland. Stage 1 of the development is fully funded and includes a 97 metre long wharf. The new marine base will help grow the PoB and increase jobs and port capability to benefit the entire region into the future.

Under the guidance of GPC, the PoB has facilitated more than a dozen projects.

1. The Common User Infrastructure Conveyor project supported by the State and Federal Government with funding under the Hinkler Regional Deal, is being developed in a partnership between GPC and Sugar Terminals Limited. The design connects port storage areas to existing sugar shiploading and wharf infrastructure to be utilised for other dry bulk products. The construction is underway and expected to be commissioned in 2023.
2. GPC has developed a Master Plan for a new Multi-Product Export Storage facility with detailed design and development approvals for Stage 1 commenced. The project is supported by the State Government with $1M worth in funding for ancillary infrastructure with the project expected to be delivered in 2023. This work is necessary for the success of the Common User Infrastructure conveyor project.
3. Significant asset renewal works to the John T Fisher Wharf including optimisation of use will support new trade opportunities, including liquids, chemicals and small cruise ships.
4. Major maintenance works, including upgrades to roads, potable water infrastructure and continued channel dredging.
5. Undertaking of land tenure and lot reconfiguration to facilitate the development of Stage 1 of the Gateway Marina located in the heart of the Burnett Heads Boat Harbour.
6. Oceanic Water pipeline infrastructure to the port’s aquaculture for Monsoon Aquatics, to facilitate its world leading research and development in the propagation of corals.
7. Supporting Gidarjil Development Corporation with additional lease area for its new NATA-accredited water quality laboratory and additional educational facilities.
8. Preparation of Stage 2 of the Mangrove Boardwalk through purchasing materials with support through the Skilling Queenslanders for Work program and Gidarjil Development Corporation.
9. Commenced a five year partnership with Burnett Mary River Group (BMRG) to facilitate and support the development of artificial roosts for shorebirds in the Barubbra Island Conservation Park and continue the shorebird monitoring program at the PoB - with a $250,000 investment by GPC as part of its community partnership with BMRG.
10. Obtained dredging approvals for the development of an insurance trench for the port’s main shipping berth to minimise the requirement for emergency dredging during turtle nesting season and the impacts on port customers caused by siltation events caused by flooding in the Burnett River. These works are scheduled to commence in late 2022.

KEY GROWTH AND DEVELOPMENT

Shiploader 1 Project

GPC owns and operates the RG Tanna Coal Terminal (RGTCT) in the Gladstone harbour which utilises three shiploaders to load bulk cargo onto seaborne vessels. The ship loaders were constructed over an extended period of time with the construction of Shiploader 1 commencing in 1978 and loading its first ship in April 1980. After 43 years, GPC is replacing Shiploader 1. The replacement project will secure the capacity of RGTCT for another 25 years. The project involves decommissioning the old shiploader and rebuilding a new one on Port land at the Port Central Precinct, before transferring it via a heavy lift ship to its new home for operation at RGTCT.

The estimated total cost of this project is $63.9M. Design activities commenced in March 2022, with the shiploader expected to be operational in 2024. The project will support more than 200 local jobs, being a combination of new and retained opportunities which will benefit the region. There will be a variety jobs supported such as boilermakers, riggers and scaffolders, painters, fitters, electricians and engineers.

Common User Infrastructure Project

The Common User Infrastructure project at the Port of Bundaberg will provide an opportunity for the Wide Bay Burnett region and surrounds to increase exports of bulk commodities including minerals, timber products (wood pellets and woodchip) and agricultural produce. The initial tender process opened on QTenders on 22 November 2021 and closed on 21 January 2022. As there was no tender submissions for the civil works package, this package was reissued to market by way of a select tender process on 23 February 2022 and closed on 22 March 2022. The design plans were completed in 2021.

The project has now been awarded to a local contractor with works commencing in June 2022. The project is a $21M infrastructure investment into the Port of Bundaberg, optimising existing infrastructure in a partnership between the Australian Government under the Hinkler Regional Deal, Queensland Government, Sugar Terminals Limited and GPC.

Renewable Energy

The fast emerging renewables trade including such potential exports as Ammonia and Liquified Hydrogen has been central to the ports diversification planning and facilitation. GPC's Northern Trade Precinct has been identified as the ideal precinct for renewables development, which is located adjacent to the 27,000 hectare Gladstone State Development Area and has capacity to expand to 10 berths. Gladstone has decades of experience providing energy to the markets in Japan, Korea, India, Malaysia and GPC is focused on the region continuing to be the northern hemisphere's port of call well into the future with the renewable revolution.

GPC has been working with a number of proponents to facilitate hydrogen in the region with established agreements already in place. GPC is well-positioned to be Australia's leading hydrogen export location by 2030.

GPC is an active member of the CQH2 Technology Cluster an organisation made up of Central Queensland-based leaders facilitating skills development and regional capacity, capability and innovation to meet and sustain the emerging industry. Since signing an MOU in 2021, the group have been working to identify skills and qualifications needed and align investment to those skills.

Sumitomo Australia (Sumitomo), GPC, Gladstone Regional Council (GRC), Australian Gas Networks (AGN) as part of the Australian Gas Infrastructure Group (AGIG) and CQUniversity Australia (CQU) are all members who have joined forces to explore opportunities to develop a hydrogen ecosystem in Gladstone.

Trade diversification at Barney Point Terminal

GPC is continuing to diversify our Barney Point Terminal, transitioning the terminal from coal to a mixed-use bulk export facility, providing support to our local and regional customers. For almost 50 years, the facility was used primarily for coal operations, exporting approximately 4.5Mt of coal annually up until May 2016. Now the multi-commodity facility is home to stockpiles of calcite, limestone and magnesite.

During mid-2021, GPC's Barney Point Terminal saw its highest throughput since its diversification in 2016.

GPC currently exports just under 200,000t from its Barney Point Terminal, with a potential pathway to export of 1Mt per annum.

Port of Rockhampton: A strategic asset for Australia

As Australia's largest facilitator of hazardous 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. The Port of Rockhampton's 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 staged and 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 a national hub for hazardous 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 hazardous goods and explosives so we can continue to service domestic trends and address global shifts.

SPOTLIGHT

Welcoming Cruise Ship Passengers back to the Port City

GPC's East Shores lays out the red carpet for cruise ship passengers to the Port City, with the award-winning parklands offering visitors a beautiful entrance to explore the region. Visitors are spoilt for choice with GPC offering three picturesque, waterfront parklands to play, relax and explore including the multi-award winning East Shores Precinct.

GPC, Gladstone Area Promotion & Development Limited, Gladstone Regional Council and relevant government departments, have been working collaboratively with cruise liners to establish the Port of Gladstone as a cruising destination.

During the 2021/22 financial year, GPC has undertaken several projects to prepare for the arrival of cruise ships including a number of projects totalling more than $12M to future-proof the wharf at Auckland Point 1. The project commenced in January 2022 and is being completed by a local marine contractor, Joseph Engineering Pty Ltd. Once complete, the new fender will improve berthing for vessels, by modernising the existing timber fender system and facilitating berthing for larger cruise vessels visiting Gladstone in the future. The works will include new marine pylons, buffer and securing equipment to replace the old structure and extend the life of the Auckland Point wharves. Further strengthening works will enable the largest cruise ships to visit the region once complete in 2023.

GPC has also joined forces with the Australia, Queensland and local governments to redevelop an iconic tourist attraction and vantage location, the Port City's famous Auckland Hill. The location of Auckland Hill is perfectly positioned in walking distance to the cruise terminal and adjacent to GPC's foreshore parklands that provide uninterrupted views across the harbour. The project received $5M in funding from the Australian Government under the Regional Recovery Partnerships program and a further $5M funding contribution from GPC, provided on behalf of the Queensland Government.

Once complete, the revamped Auckland Hill will feature a modern harbour viewing lookout, increased accessibility and walkways, landscaped community spaces, revitalised infrastructure and facilities for the community and additional car parking. Cruise passengers will also be given bird's eye view of the Port City at GPC's separate project to construct a new Marina Viewing Platform.

Hydrogen Super Highway

Central Queensland and the Gladstone Region are emerging as renewable energy superpowers, and with GPC's infrastructure and planning in place, its journey has begun on the hydrogen super highway.

In October 2021, GPC welcomed mining magnate Andrew 'Twiggy' Forrest and the Queensland Premier to the Port City which was announced as the new home for Fortescue Future Industries (FFI) world's largest green energy hydrogen manufacturing facility. A $115M manufacturing facility is set to be built at Aldoga, west of Gladstone and is expected to inspire the significant growth in the world's green hydrogen production capacity and bring thousands of jobs to Queensland's energy industry for years to come.

The world's first hydrogen vessel bunkered in GPC's harbour in January for its long voyage back to Japan. The short pit-stop was part of the *Suiso Frontier's* two-week journey, transporting the liquefied hydrogen from the Port of Hastings to Kobe in Japan.

Commissioned in 2021, the newly built tanker can transport liquid hydrogen over long distances by sea and is carrying hydrogen produced as part of the Hydrogen Energy Supply Chain (HESC) project. Its key feature is a 1,250-cubic-metre storage tank which is able to carry liquefied hydrogen at 0.125 per cent of its original volume when it was in its gas state. Stretching 116 metres (m) and 19m wide, the hydrogen vessel is miniature compared to GPC's usual cape size visitors which are more than double the length, roughly measuring between 270 and 300m. The hydrogen vessel's short bunker stay was a glimpse into the future.

Port Operator's Career a Century in the Making

GPC's Kara Moore is paving the way for females in the industry as she embarks on intensive training to become Gladstone Ports Corporation's (GPC) first female shiploader in its 108 year history. The 39 year old will join a handful of females who are shiploader operators in Australia after more than decade of working at the Port as GPC's first ever female dozer operator. Kara officially began training for her new role in May 2022. The training process involves one-on-one guidance from level five ship loading mentors, a log book and training plan before Kara officially receives competency to operate.

Kara who will celebrate her 15 year work anniversary this June said she was ready for a new challenge after a career operating dozers and working in construction. She'll be training on GPC's oldest shiploader, Shiploader 1 which means she'll be the first female and the last custodian of Shiploader 1. Once Kara completes her training which is expected to take between four and six months, she'll join GPC's team of 64 shiploader operators as the first female crew member. GPC is home to more than 200 operators across all GPC sites who operate heavy machinery including six female dozer operators who have a combined 52 years of experience.

Prosperity

As we look to the future, sustainability is being embedded across our business and operations to meet the demands of emerging and global issues in the local community and beyond.

OUR SUSTAINABILITY JOURNEY

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

Ports are a significant and vital part of trade globally. Supported by a comprehensive network of road, rail and shipping channels, our three operating 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.

As GPC continues on its Sustainability and ESG journeys, the focus is on embedding our Sustainability Strategy into every aspect of the organisation using mechanisms such as the Corporate Strategic Framework, Planning processes and our people culture. GPC will ensure its activities listed above are in alignment with the Queensland Government's Sustainability and ESG reporting requirements.

Environment, Social and Governance (ESG) approach

ESG forms part of Sustainability at GPC and informs and records GPC's performance against key criteria which will drive the direction of the organisation through continual improvement. The key criteria are material matters that have been constructed with input from our customers and communities and will be aligned with the Queensland Government's Sustainability and ESG reporting requirements.

Responding to climate change

As part of GPC's Sustainability Strategy, 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. GPC will ensure its activities listed above are in alignment with the Queensland Government's Sustainability and ESG reporting requirements.

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 2021/22 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 one environmental exceedance for the report period.

Material Risk Project

In 2020, GPC embarked on a Safety Material Risk program, designed to raise the profile of high risk hazards and activities, promote compliance with GPC's systems, support the expected behaviours required by all workers and ensure workers stay safe for their Top 4. Some of the success factors out of this program included the identification of risk owners, critical controls and critical control owners supported by an assurance program to confirm implementation of the critical controls and compliance. In 2021, the organisation started the same process for environmental material risks with the aim of achieving the same successes. The key environmental material risks have been identified as below;

- Regulatory and reputational impact from a series of non-compliance operational events related to; nuisance dust, wharf spillage, land contamination, stormwater and work over water.
- Regulatory, reputational and financial impact from environmental harm requiring rehabilitation due to land use (GPC's and tenants).
- Reputational impact from a perception of dredging and reclamation development activities.
- Reputational and financial impact due to rapid changing legislative landscape and perceived inability to influence and adapt resulting in increased compliance requirements and expectations.

The program is currently being designed and will be fully implemented in the 2022/23 financial year.

Seawall Habitat Enhancement

GPC and CQUniversity (CQU) are undertaking a Seawall Habitat Enhancement study within the Port of Gladstone, which aims to investigate the viability of creating new intertidal sediment habitat adjacent to reclamation areas. This investigation is assessing the incorporation of 'Working with Nature' principles into the development of port infrastructure, where habitat creation is considered during the planning and construction phases. The existing construction of reclamation areas in the port has shown increases in tidal flows adjacent to the seawall, with numerical modelling used to find the most suitable flow control structures required to prevent the erosion of potentially placed sediments. Key habitats being assessed include mangrove, oyster and seagrass through two GPC funded PhD Scholarship at CQU. This project and partnership is being driven through these research scholarships with one Ecological Engineering scholarship awarded to PhD Candidate Rory Mulloy in November 2021. The second PhD scholarship will focus on understanding the environmental economics associated with these ecosystem services and was awarded to PhD Candidate Rodrigo Zilleruelo in March 2022. GPC and CQU are now in the process of seeking approvals to install the rock groins near Northern Trade Precinct before beginning to place the sediment and commence mangrove, seagrass and oyster trials.

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.

At the Port of Gladstone feasibility studies were completed in 2021 on four management options — Offshore Beach Nourishment, Habitat Creation, In-Channel Relocation, and Marina Sediment In-Channel Relocation. All options were deemed feasible and in 2022, GPC progressed to implement two of these management options (In-Channel Relocation and the Marina Sediment In-Channel Relocation), and they are now undergoing regulatory approval processes.

During 2021/22 feasibility studies were also completed for the Sustainable Sediment Management Projects at the ports of Bundaberg and Rockhampton. At the Port of Rockhampton the Channel re-alignment option was shown to be the best option to reduce dredging. At the Port of Bundaberg In-channel placement and offshore beach nourishment were evaluated as the most preferred by stakeholders. All three of these options were deemed feasible with the In-channel placement option in Bundaberg planned for approval processes in 2022/23.

Other 2021/22 GPC environmental highlights include:

- Recycled 90 hard hats to waste management company Teracycle, after they reached their expiry date as part of GPC's hard hat recycling initiative.
- Certification to the ISO14001-2015 Environmental Management System was once again achieved during the 2021/22 financial year confirming the successful embedment of the risk management system into our business processes. Through targeted programs, GPC continues to improve our environmental performance in the key risk areas of storm water, dust, product spillage, hydrocarbon spills and waste management.
- Annual Seagrass meadow monitoring in 2021 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.
- Positive results achieved for the health of the harbour on the Gladstone Healthy Harbour Report Card 2021 with the water quality score the highest since 2014. The overall environment score was B (Good) for the second consecutive year and water and sediment Quality received a grade of A (Very good). GPC is a proud founding partner of GHHP and holds a seat on the Management Committee providing valuable support to the overall governance of the Partnership.
- Lighting at Berth 3 and 4 of the Auckland Point Terminal have been upgraded to include turtle friendly lights, as per the lighting design, which reduces light shed to the marine environment.
- The preservation of the threatened ecological community of Semi-Evergreen Vine Thicket (SEVT) at our Ticor Quarry is a commitment actioned this year through innovative monitoring and treatment programs. The two major threats to this community are pests and fire, with Rubber Vine being identified as the primary concern. A staged pest management program, using chemical control followed by biological control, will reduce the impact of this weed on the rare and significant ecosystem.
- GPC identified that the consumption of single use water bottles was excessive. As a result, the supply of single use plastic bottles was brought back to the original intent and only available for maintenance shutdown work where there is no access to potable water. Over a 12-month period, GPC reduced the use of single use water bottles by 86 per cent with GPC employees embracing the use of the 1 litre insulated and reusable water bottles gifted to them.

- As part of GPC's Drain Buddies program, GPC installed 21 gross pollutant traps on strategic port land, which further complements the 12 installed in the region by the Gladstone Local Marine Advisory Committee as part of the broader campaign called "what's down our drains?" an average of 211 kilograms of litter (including organic matter) was collected each time the traps were serviced. Cigarette butts and filters topped the list followed by plastic films, foil wrappers and glass, which were all prevented from reaching the marine environment.
- Priority reef sites in the Gladstone Harbour are being investigated to help us restore them and to enhance our knowledge of the general viability of reef restoration in Gladstone environments. The project aims to engage with and increase community awareness of local coral reefs and their importance.
- Providing support to CQU on the seagrass bio-filters project.

OUR SERVICES

Gladstone Marina

During the 2021/22 financial year, GPC's Marina was awarded international accreditation for its clean and fish friendly Marina with the port achieving a high score of 99 per cent from the peak marina body in the Asia Pacific, the Marina Industries Association (MIA).

The Gladstone Marina has seen significant upgrades throughout 2021/22 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 2021/22, GPC recorded a significant occupancy improvement of 9.5 per cent and over 30 per cent increase in revenue. GPC has also undertaken planning to increase infrastructure to cater for larger vessels to meet current and future demand.

GPC celebrated its second year as the naming right for the Brisbane to Gladstone Yacht (B2G) Race in April 2022. As part of the naming right sponsorship GPC provided the Queensland Cruising Yacht Club (QCYC) with a newly renovated race office in the heart of the Marina in 2022.

GPC is 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) is home to 36 (FTE) pilots including a pilot manager who 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 2021/22 GMPS pilots undertook 4664 pilot movements.

In February 2022, Deputy President Asbury of the Fair Work Commission approved the Gladstone Marine Pilots Enterprise Agreement 2021 (the Agreement). The Agreement commenced on 9 February 2022 with a nominal expiry date of 31 October 2025.

SPOTLIGHT

Trainee Pilot Celebrates Career Highlight

GPC's Lawrence Fioravanti is celebrating a significant career milestone this year, after graduating from trainee Marine Pilot to a fully licensed Marine Pilot for the Port of Gladstone. The US expat, moved to Australia six years ago as a ship loadmaster at QGC's LNG Plant, with a dream to someday become a Marine Pilot.

"I had always known that I wanted to be a Marine Pilot from the moment I was introduced to the Maritime Industry. Before moving to Australia as a ship loadmaster, I spent a decade at sea working predominantly on BG Group owned Gaslog LNG Chartered LNG Vessels which are the very same vessels that come into Gladstone Harbour," Captain Fioravanti said.

Mr Fioravanti said he had always wanted to return to what he loved - sailing. "I had promised myself that I was not going to stay any longer than 12 months as a loadmaster because I didn't want to lose sight of the end goal which was becoming a marine pilot. I applied for a Trainee Marine Pilot role with Gladstone Marine Pilot Service in September 2019 and was very fortunate to be selected,"

"I have now been doing what I love for two years but if someone told me 10 years ago that I would be piloting in Australia's premier port of Gladstone I wouldn't have believed them," he said.

In 2022, Mr Fioravanti officially became a level 1 unrestricted pilot. From ship handling to being out on the water every day, Mr Fioravanti said he also loves the people he works with. "I also really enjoy the interaction with each ship's crew. I find the challenge of building a relationship with the Captain and crew very rewarding. I am also really looking forward to piloting the Gaslog vessels and reconnecting with old colleagues." GPC's pilot service works around-the clock ensuring safe and efficient pilotage for the Port of Gladstone, Port of Rockhampton and Port of Bundaberg.

Supporting Vulnerable Habitats

GPC is committed to maintaining a balance between its operations and the surrounding environments, and recognises its port facilities and services are located in estuarine environments. During the 2021/22 financial year, GPC supported these habitats, to ensure their protection well into the future, including protecting the region's unique biodiversity through an award-winning marine pest initiative. The program, launched by Queensland Department of Agriculture and Fisheries (DAF) and adopted by GPC is protecting the region's unique biodiversity through an early detection of marine pests. The program was hailed at the Australian Biosecurity Awards in November 2021 as an outstanding environmental initiative. The marine pest program includes the deployment of settlement arrays, from four locations within the Port of Gladstone as well as five yearly plankton tows to identify the presence of any introduced marine pests.

The approach acts as an early warning system and uses molecular diagnostics to detect the introduced marine pests. GPC's environment team have been instrumental in making sure the program was a success with the adoption of the program demonstrating collaboration between industry and government with economic, environmental and social sustainability underpinning everything GPC does. GPC is also working with the Burnett Mary Regional Group for natural resource management to increase shorebird numbers in the region with $224,000 funding for the region's first artificial shore bird roost. The project was launched in In August 2021, and will span for five years allowing shorebirds to rest closer to their foraging grounds at the Port of Bundaberg. The artificial roosts are made from floating, long-line oyster bags. The project will measure the increase of shorebird numbers in the region utilising camera technology and support from BirdLife Australia.

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	**779** (762.48 full-time equivalent)
Full-time	**95.8%** (746 employees)
Part-time, job-share and casual	**4.2%** (33 employees)
Male employees	**78.8%** (614 employees)
Female employees	**21.2%** (165 employees)
Staff turnover rate 21/22	**7.70%** (60 people)
Voluntary turnover rate 21/22	**5.52%** (43 people)
Identify as Aboriginal and Torres Strait Islander People or Australian South Sea Islander People	**5.1%** (40 employees)
Number of apprentices and trainees	**46** Apprentices and **13** Trainees **– 59** Total
Average age of workforce (including apprentices and trainees)	**46.1**

Table 3: Our workforce as at 30 June 2022

Note: The involuntary turnover rate is due to end of contracts including 15 cessation of apprentice/traineeships, one co-op student placement and one graduate Mechanical Engineer)

Celebrating and empowering our female leaders and employees

GPC is proud of its inspiring and talented female employees in all fields, including technology, environment, engineering, operations and parks and gardens.

In February 2022, Liné Corfixen, GPC's Manager for Trade Strategy and Port Operations was given the highly commended award for Women in Shipping at the Daily Cargo News' Australian Maritime and Shipping Industry Awards. Liné was nominated for the category of Women in Shipping and 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.

In May 2022, Kara Moore became GPC's first female shiploader operator – joining a handful of females in Australia after more than a decade working in operations at the port. Kara celebrated her 15 year work anniversary in June after she originally started at the port as GPC's first female dozer operator. GPC currently has a team of 64 shiploader operators and Kara is the first female to join the crew in GPC's 108 years.

GPC continues to empower its female employees through initiatives such as an International Women's Day lunch in March 2022 to recognise the achievements of female employees and raise awareness for balance and inclusion, cementing a commitment to gender equality in the workforce.

Enterprise Agreement

On 28 September 2021, Deputy President Masson of the Fair Work Commission approved the Gladstone Ports Corporation Enterprise Agreement 2020 (the Agreement). The Agreement commenced operation on 5 October 2021 and will reach its nominal expiry date on 31 October 2024. The Agreement includes a total of 12 per cent in wage increases.

Reconciliation in action

GPC's workforce is home to 5.1 per cent of employees who self-identify as Aboriginal and Torres Strait Islander People or Australian South Sea Islander People – a target which was set in 2020/21 and achieved in the 2021/22 financial year.

GPC has operated its Indigenous Affairs program under the strategic direction of an authorised Action Plan (RAP) since 2012 – the first port authority in Australia to develop a RAP.

During 2021/22, GPC commenced the drafting process for its fourth STRETCH RAP with public release expected by the end of 2022.

Other key highlights and achievements this financial year include:

1. Partnering with Good Start Early Learning creating a complete GPC support pathway for Aboriginal and Torres Strait Islander or Australian South Sea Islander students from their early years to university.
2. GPC's first Cross Industry Trainee, Nicole Smith was made a permanent employee in the role of Mentor and Liaison Officer for Indigenous Affairs in 2022 after starting as a trainee in 2016.
3. Hosted a graduation ceremony for four trainees on the completion of GPC's CIO traineeship.
4. Celebrated Australian South Sea Islander Day in August with cultural food, dance, music and stories from the community.
5. Raising awareness for National Reconciliation Week through employee barbeques and morning teas.
6. Recognising and celebrating local elders in the community during NAIDOC Week.
7. Recipient awarded Talent Today, Talent Tomorrow University Scholarship.
8. Total of 20 bursaries and seven recognition awards given to secondary school students from Gladstone and Bundaberg as part of the Talent Today Talent Tomorrow Bursary.

OUR HEALTH AND SAFETY

Life Saving Commitments

GPC completed the roll out of its Life Saving Commitments program and has commenced embedding the program into the organisation through a number of key initiatives. These initiatives include a corporate mandatory training eLearning module, signage and other branded collateral, themed monthly bulletins, introduction of Life Saving Commitment Verifications, Switch On to Safety Family Day and inspirational speaker presentations to workgroups.

The embedding strategy for the Life Saving Commitments was 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.

These initiatives assist with reinforcing our commitment to safety, raising awareness of safety amongst our workforce, and engaging employees to improve our safety culture.

Fatal Risk Prevention System

The Life Saving Commitments complemented the roll-out of GPC's Fatal Risk Prevention System, which identified Critical Controls to prevent Fatal Risks (relevant to RGTCT, Port Central Precinct and the Quarry) from occurring. All Critical Control Owners have completed their first round of Critical Control Verification activities. Actions to improve compliance or effectiveness were identified and these are tracked through GPC's action management system – SAI360. Critical Control and Fatal Risk Owners are now working to evolve and improve the system by reviewing initial Fatal Risk bow tie risk assessments and the Critical Control verification templates to further improve the system. The Fatal Risk Prevention System will next be implemented across the broader GPC teams and locations.

Competency to Operate and Safety Risk Management

A key safety initiative identified for 2020/21 was to effectively implement and embed the safety risk management system. Activities identified through this initiative continued in 2021/22 with 670 employees now having completed the new Safety Risk Management training. Significant progress has been made across all GPC teams in establishing Job Safety Analysis (JSA) and Safe Work Instructions.

The safety risk management system underpins the Competency to Operate (CTO) system initiative which was launched at the end of 2020. Over the last 18 months, significant progress has been made designing the CTO system and developing training and assessment tools for high risk mobile equipment. The Safety and Training Team have worked with leaders to identify equipment CTO requirements and perform training needs analyses to identify persons required to complete CTO training.

Significant progress has been made across Operations and Maintenance teams in completion of CTO training. Of particular note are the design and roll out of the davit crane, overhead crane, forklift, elevated working platform and franna crane CTO packages. CTO package design has also commenced with Port Alma and Port of Bundaberg. CTO package development, roll out and system implementation will continue into 2022/23.

'Switch On' refresher program

The 'Switch On' refresher training is a half-day training course which was rolled out to the business from July 2021 onwards. During 2021/22 535 GPC employees undertook the 'Switch On' refresher training course. The 'Switch On' values-based safety program was originally introduced 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 purpose of the refresher training course is to reinvigorate and embed our knowledge of the key Switch On models including the Circle of Choice and our Top 4 as well as roll out GPC's Safety Culture (above the line behaviour) framework. Our Safety Culture Framework provides our employees with a structure aligned to their role to assist in understanding expected safety behaviours to aid in developing and achieving our desired safety culture. Delivery of the Switch on Refresher will continue into 2022/23.

Responding to COVID-19

Throughout the 2021/22 financial year, COVID-19 has continued to challenge businesses across the world. Despite the challenge, GPC has remained resolute, focused and agile and continued to delivered high performance outcomes across our operations. Since the onset of the pandemic, our Crisis Management Team (CMT) and Covid Response Management Committee (CRMC) has been active and successfully coordinated measured responses through the 2021/22 financial year. GPC led by example in demonstrating support and compassion for seafarer's health and wellbeing, by permitting crew changes in line with the Queensland government's restrictions so seafarers could return home.

The controlled process was conducted to effectively manage the safety of employees, the community and the seafarers. In November 2021, GPC partnered with Queensland Health and Nhulundu Health Service to provide four vaccination clinics across its sites for employees and contractors with booster vaccinations offered in February 2021.

The entire community also benefited from GPC's valuable contribution of a facility on Alf O'Rourke Drive allowing for public COVID-19 testing. Throughout the 2021/22 financial year GPC proactively carried out effective communication, strict hygiene measures and provided education resources and confidential vaccine support services including confidential telephone consults with a doctor as well as offering employees an opportunity to talk to a doctor onsite. Along with installing 30 hand sanitising stations across its sites, distributing rapid antigen tests and N95 masks and facilitating and refining work from home processes, which have all contributed to maintaining the health and safety of all persons who access our facilities.

As a result of GPC's proactive response, it has created a culture of self-awareness around preventative measures and improved capacity in emergency and crisis management. Many of the innovative and adaptive strategies developed during this time are expected to be retained well after COVID-19. GPC continues to be agile and monitor the environment closely, ready to respond to emerging issues.

SPOTLIGHT

Switch on to Safety Family Day

Hundreds of family members including grandparents, parents and children were given a behind-the-scenes look at where their family members go to work, as part of GPC's Switch on to Safety Family Day.

Multiple events were held throughout the 2021/22 financial year, giving employees' families an opportunity to go onsite where mum and dad work, for a first-hand look of RG Tanna Coal Terminal, including the wharf area and GPC's Mobile Equipment Workshop. Importantly, the family day was designed to give employees an opportunity to have valuable conversations around the importance of staying safe and how GPC supports employees to do so. There were plenty of interactive activities to keep the families entertained, including a bus tour, giant puzzles and the opportunity for families to make their mark by stamping their hands on GPC's Top 4 Hand Mural. GPC's coloured dozers stole the show including Noela the pink Breast Cancer Awareness dozer and James Dean the blue Men's Health dozer. The young and young-at-heart were even given an opportunity to get up close to the dozers with a chance to sit in the driver's seat and toot the horn.

Families didn't go home empty handed with GPC sending the message about safety by providing them with a commemorative magnet with a family photo and 'I am a Risk Manager' hard hats and safety glasses to encourage families to keep having safety conversations at home.

GPC is committed to making sure all employees go home safely and its Switch On to Safety Family Day aimed to reinforce messaging around the importance of our Top 4 in switching on and staying safe at work.

Embracing healthy lifestyles in the community

Port to Park Fun Run

GPC's Port to Park fun run encouraged locals to get up and get moving, provided vital funds for health programs at local schools and supported an important community cause.

The newly branded fun run showcases the Port's spectacular parklands and was previously known for the past decade as the 'Botanic to Bridge' before it was re-branded with a new name and running course in 2021. The event includes the 9-kilometre Koongo Dash and the 3-kilometre Yallarm Family Run. Both race names recognise the language of the Traditional Owners of the land – the Bailai and Gooreng Gooreng Nations – with Koongo meaning place of water and Yallarm meaning place of shells.

The course starts and finishes at GPC's award-winning East Shores before winding through the Marina Parklands and Spinnaker Park – areas which were originally created from reclaimed land to give the community more green, open spaces to enjoy. The Port to Park event not only encourages get locals to get active outdoors and supports their physical and mental health but each year it aims to support schools across the region with funding. All registration fees for school-aged participants are donated back to their nominated school. In 2021/22, 27 local schools were supported with more than $18,767 to use for health, sport and recreation equipment and materials, such as sports gear or school breakfast clubs. Port to Park encompasses GPC's commitment to empower and collaborate with local community groups, not-for-profits, schools and organisations to improve the region's prosperity.

In August 2021, Gladstone's Act for Kids was chosen as the community beneficiary. The not-for-profit organisation which provides therapy and support services to children and families was assisted with $20,000 in vital funding for a local 'Safe Harbour Therapy Garden' project in Gladstone. The garden opened in May 2022 and provides vulnerable children with an inclusive, safe, play-based, educational space to support their wellbeing.

Supporting Accessibility in the Region

GPC has improved accessibility in the region through its community investment program, giving locals living with a disability an opportunity to visit the beach with funding for a new beach wheel chair at the Boyne Island Environmental Education Centre (BIEEC).

BIEEC offers community members free access to the equipment. The Hippocampe beach wheelchair at BIEEC can be booked for several days at a time depending on availability, it's free to hire and can be used anywhere in the Gladstone region. The wheels can be easily removed and each chair will partly fold down to fit in a large car, station wagon or SUV.

Assurance and Governance

BOARD OF DIRECTORS

DR ANTHONY LYNHAM | BDSC BMed (HONS), FRACDS (OMS) FRCS Ed
Chair
Member – Audit and Risk Committee
Member – People, Performance and Culture Committee
The Honourable Dr Anthony Lynham is a maxillofacial surgeon with extensive experience in ministerial and policy oversight of Queensland's major publicly owned utilities and key infrastructure projects. Dr Lynham began his surgical career in Queensland and became recognised here and internationally for his work in the surgical management and prevention of maxillofacial trauma. In 2014, he was elected as the Member for the Electorate of Stafford before serving as a Senior Minister in the Queensland Government. Dr Lynham is well known for his tenacious work in improving working conditions and driving investment in our state's resources industry. Under his leadership the most significant reforms in mining health and safety that our state has seen were introduced protecting our workers now and into the future.

First appointed 26 August, 2021 | Current term 26 August, 2021 – 30 September 2025

GRANT CASSIDY OAM | FAICD
Director
Chairperson – 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 CQUniversity 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, GAICD
Director
Member – People, Performance and Culture Committee
Peta has extensive experience in Queensland State Government, Brisbane City Council and the Local Government Association of Queensland (LGAQ), and is the director of her own management consultancy. She has a breadth of both executive and operational experience and a clear understanding of how government, its policies and processes work. 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

DR PRINS RALSTON | DJS, LLM, LLB, BBus (ACC), BBus (Comp), FCPA, FAICD, FACS
Director
Member – Audit and Risk 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

DR POYA SOBHANIAN | BDSc (UQ), GAICD
Director
Member – Audit and Risk Committee

Dr Poya (PJ) has in-depth knowledge of Central Queensland 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

RYL GARDNER | BA (Econ & IR), GDip Management
Director
Chairperson – People, Performance and Culture Committee

Ryl is a senior HR specialist with more than three decades of practical experience across a range of industries and government sectors, including construction, retail, service sector, mining, tourism and hospitality, and manufacturing from commencement to established operations. As an experienced leader, Ryl has also managed her own management consulting and coaching business for more than 20 years. She has in-depth knowledge of best practice and business improvement in employee management, including a demonstrated ability to execute workforce plans and people strategies to improve individual and company performance. Ryl is a strong advocate of Central Queensland with strong family ties to the region. She has been a Member and Chair of the CQUniversity (CQU) Gladstone Regional Engagement Committee since 2010. She is an appointed Member of the CQU

Ceremonial and Honorary Awards Committee, an Industry Advisor to the Faculty of Business (HR) – Bachelor and Masters Programs and a Student Mentor.

First appointed October 2021 | Current term 1 October 2021 – 31 May 2024

PAUL HEAGNEY | BCom, GDipAppFinInv
Director
Member – People, Performance and Culture Committee

Paul returned to the board committee after his appointment as Acting Chief Executive Officer ended on 11 May, 2022. 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 3 May 2022 – 30 September 2023

EXECUTIVE MANAGEMENT TEAM

CRAIG HAYMES
Chief Executive Officer
1 May 2022 – Current

Craig Haymes is a highly experienced civil engineer with more than 30 years of experience in multinational companies across Australia, Canada and the United States. He has held numerous senior executive positions with ExxonMobil and INPEX and been involved in the implementation and operations of major projects and assets in environmentally sensitive areas in multiple regions and countries. Craig has a reputation for leadership, business operations, project management, sustainability performance, corporate governance and all with a focus on environmental protection and maintaining a safe workplace. He is also passionate about volunteering and participating in the community in which he lives and works.

JENELLE DRUCE
Chief Financial Officer
26 June 2022 – Current

Jenelle Druce is a CPA qualified accountant with three decades of experience within the port industry and with Government Owned Corporations (GOC). Jenelle's experience includes Bundaberg Port Authority prior to their amalgamation with Port of Brisbane Corporation Limited and then Gladstone Ports Corporation Limited. Jenelle has a reputation for her in-depth analysis and financial solutions with a commitment to making business numbers transparent and accurate for better business decision-making. She is committed to financial performance of the organisation and compliance with all relevant Acts, Standards and Regulations and delivery of all statutory requirements including financial statements and associated disclosures.

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 & Project Services General Manager
13 May 2019 – Current

Gerard was appointed as Acting Operations General Manager in May 2019 before taking on the Acting Asset Management and Project Services General Manger role. His substantive role at GPC was as Logistics Manager, which he commenced in March 2016. Gerard has worked for GPC for more than 14 years across a number of areas including business development, risk, insurance, and human resources.

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

Note: Paul Heagney was engaged as GPC's Acting Chief Executive Officer from 22 July 2021 to 11 May 2022.The overlap between the positions was a handover period during which time the financial delegation remained with the ACEO whilst the CEO was inducted.

Note: Rowen Winsor was engaged as GPC's Executive General Manager People and Community from 12 October 2015 to 31 August 2021.

Note: Rufus Gandhi was engaged as GPC's General Counsel and Company Secretary from 15 February 2020 to 31 August 2021.

Note: An executive restructure and recruitment campaign process commenced on 11 August 2022.

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 appropriate practices in sustaining economic, environmental and socially focused operations, whilst being consistent with the Queensland Government's Sustainability and ESG reporting requirements. 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, in consultation with our key stakeholders and shareholders. 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 30 November 2021, the Board established an Audit and Risk Committee (ARC) and a People Performance and Culture Committee (PPCC). Prior to this, the Board had a Finance, Audit and Risk (FAR) Committee and a Governance and People (GAP) Committee. The newly reconstituted Board decided to restructure the existing committees.

Memberships of the Committees are:

- Audit and Risk Committee (ARC): Grant Cassidy OAM – Chairperson, Dr Anthony Lynham, Dr Prins Ralston, Dr Poya Sobhanian.
- People, Performance and Culture Committee (PPCC): Ryl Gardner – Chairperson, Peta Jamieson, Dr Anthony Lynham, Paul Heagney.

PRINCIPLE 1: Lay solid foundations for management and oversight

Our Directors are appointed by the Governor in Council, pursuant to the GOC Act. No director is subject to retirement by rotation. The Board is supported by two sub committees, the Audit and Risk Committee (ARC) and the People Performance and Culture Committee (PPCC).

The criteria for Board membership are in accordance with the GOC Act.

One director became an independent director following his temporary appointment as Acting CEO. Paul Heagney was engaged as GPC's Acting Chief Executive Officer from 22 July 2021 to 11 May 2022.

Roles and responsibilities of the Board
The Board provides leadership and sets the strategic objectives of GPC. The Board assumes overall responsibility for corporate governance practices within GPC and monitors the performance of the corporation, its management and employees. The Board, in conjunction with the CEO, establishes and implements GPC's operational, financial and strategic direction as outlined in the one year (SCI 2021–2022), 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 CEO leads the management team and is responsible for GPC's organisational structure. The structure is approved by the Board. The CEO is directly responsible to the Board for the administration of the organisation.

CEO 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 conducted during 2021/22 financial year.

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

Board meetings
The Chair and CEO discuss and finalise the agenda for each meeting; standing items may include:

- Apologies, declarations of interest or pecuniary interest and minutes of previous meetings.
- Management action list.
- Matters for decision.
- Matters for discussion including monthly CEO and CFO reports.
- Strategic topic.
- Correspondence.

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: Audit and Risk Committee (ARC) and People, Performance and Culture Committee (PPCC). One director on each committee is appointed Committee Chairperson by the Chair of the Board. Elected Management personnel also attend these meetings. GPC's external and internal auditors have a standing invitation to attend Committee meetings.

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

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

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

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

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

Board performance review

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

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

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

In accordance with the biennial review process, a Board performance review is due during the 2022/23 financial year. Directors' attendance at 2021/22 Board meetings were 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 CEO's annual business update sessions. Policies are available on the GPC intranet.

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

Code of Conduct

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

Fraud and corruption prevention

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

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

Procedure on Public Interest Disclosure

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

The PID Procedure outlines that the Company Secretary is the PID Officer for the purposes of the Procedure and GPC as a whole. GPC's PID Procedure outlines how to determine if a PID exists, how to make a PID, how to record a PID, how the PID is assessed and how to manage that PID. All PIDs and related activities are recorded by the PID Officer in a PID Register for audit purposes and reported to the Audit and Risk Committee by the PID Officer on a regular basis.

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 – four have been resolved and one remains open.

Right to information and information privacy
During the reporting period, GPC received one request for information in accordance with the *Right to Information Act 2009* (Qld) and *Information Privacy Act 2009* (Qld). The request remained open on 30 June 2022.

PRINCIPLE 4: Safeguard the integrity of corporate reports

The Audit and Risk Committee is attended and assisted by the 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 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 Audit and Risk Committee operates under a charter established by GPC's Board. During 2021/22, 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 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 2022.

Internal audit
Internal audit is an independent function that assists the Board and management in the effective discharge of their responsibilities.

The 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. For the 2021/22 year, shareholding Ministers approved the Directors' recommendation for the retention of dividends otherwise payable from final audited net profits after tax. The dividend retention is intended to be used to support future investment in critical infrastructure and growth initiatives.

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 2021/22 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 agreement between GPC and shareholding Ministers. Performance reports are presented quarterly to shareholding Ministers. Reports against key performance indicators are provided to the Board on a monthly basis. In addition, the CEO regularly advises the shareholding Ministers' departments on developing projects and GPC's proposed actions. This is also supported through written briefings as required.

PRINCIPLE 6: Respect the rights of security holders

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

PRINCIPLE 7: Recognise and manage risk

Our Board retains ultimate responsibility for risk management and for determining the appropriate level of risk that the Board is willing to accept in the conduct of our business activities. The CEO provides the interface between the business units and the Board.

Overall, the CEO has the ultimate responsibility for maintaining a Board-endorsed, robust corporate risk management system within GPC that through transparency in reporting reflects the true state of business risk exposure.

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

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

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

The principles behind the Risk Management policy are based on AS/NZ 31000 Risk Management – Principles and Guidelines, and Principle 7 of the Queensland Government's Corporate Governance Guidelines for Government Owned Corporations released February 2009. GPC in 2021/22 reviewed its Risk Management System for continuous improvement outcomes.

The Audit and Risk Committee's risk 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 People, Performance and Culture Committee is assisted and attended by the CEO and CFO.

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.

Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

GLADSTONE PORTS CORPORATION LIMITED

ACN 131 965 896

Growth, prosperity, community.

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 2022 was authorised for issue to shareholding Ministers in accordance with a resolution of the Directors on 26 August 2022.

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

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 2022.

The Board comprises non-executive Directors (including an executive Director for the period from July 2021 to May 2022), 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 2022.

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
Dr Anthony Lynham BDSC BMed (Hons), FRACDS (OMS) FRCS Ed, GAICD *Chair* Member – Audit and Risk Committee Member – People Performance and Culture Committee	The Honourable Dr Anthony Lynham is a maxillofacial surgeon with extensive experience in ministerial and policy oversight of Queensland's major publicly owned utilities and key infrastructure projects. Dr Lynham began his surgical career in Queensland and became recognised here and internationally for his work in the surgical management and prevention of maxillofacial trauma. In 2014, he was elected as the Member for the Electorate of Stafford before serving as a Senior Minister in the Queensland Government. Dr Lynham is well known for his tenacious work in improving working conditions and driving investment in our state's resources industry. Under his leadership the most significant reforms in mining health and safety that our state has seen were introduced protecting our workers now and into the future. First appointed August 2021 Current term 26 August 2021 – 30 September 2025
Grant Cassidy OAM FAICD *Director* Chair – Audit and Risk Committee	Grant is an experienced Company Director and a long-term resident and business owner in Central Queensland. For the past 20 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 CQUniversity 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 Director of the Northern Australia Infrastructure Facility Board and is Chair of the People and Remuneration 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 – People Performance and Culture Committee	Peta has over 25 years' experience working for and with all levels of government and 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. 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
Dr Poya (PJ) Sobhanian **BDSc (UQ), GAICD** *Director* Member – Audit and Risk Committee	Poya has extensive governance expertise and vast leadership experience having previously served as Local Government Councillor at Gladstone Regional Council, where he was Chair of the Commercial Services Committee strategically driving performance of Council businesses, overseeing Economic Development, and being a leader in the pursuit of a Hydrogen Hub for Gladstone since 2016, and as a non-executive director of the Gladstone Area Water Board and a strategic member of the business' Information Technology Optimisation Committee. Poya also serves Central Queensland as a non-executive Board Member of the Central Queensland Hospital and Health Service, where he has been Chair of the Audit and Risk Committee since 2019. As a Dentist, Poya is committed to caring for people and has a demonstrated track record of integrity and respect. He brings years of expertise in strategic planning and stakeholder development both of which stem from his passion for building communities from grassroots up. As the Managing Director of health services business, Sunland Health Group, Poya also brings an entrepreneurial spirit and commercial acumen. 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 – Audit and Risk Committee	Dr Prins Ralston is the CEO of Townsville City Council and has been an Executive and Board Director for over 30 years. Prins 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. Prior to joining Council, Prins was a principal at Nous Group and the independent Head of TaskforceNQ. TaskforceNQ was the coordinating body for the North Queensland region's recovery from the Health, Social and Economic impacts of the COVID-19 pandemic. Prins career experience includes 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 regions as well working with IFIP an UNESCO body. First appointed October 2020 Current term 1 October 2020 – 30 September 2023
Paul Heagney **BCom, GDipAppFinInv** *Director* Member – People Performance and Culture Committee	Paul has over 25 years' senior managerial and executive experience in commodities, international trade, and supply chains 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 holds a Commerce Degree from the University of Queensland and a Graduate Diploma of Finance and Investment from the Securities Institute of Australia. Paul was Acting Chief Executive Officer from July 2021 until May 2022. During this period he was an Executive Director and was not a member of any Board committees. First appointed October 2020 Current term 1 October 2020 – 30 September 2023

Ryl Gardner BA (Econ & IR) GDip Management MAICD, MAHRI *Director* Chair – People Performance and Culture Committee	Ryl is a senior HR Specialist with more than three decades of practical experience across a range of industries and Government sectors. As an experienced leader, Ryl has managed her own management consulting and Business Performance Coaching business for more than 20 years. She has significant experience in designing and managing change processes and an in depth knowledge of best practice and business improvement in employee management. She is a strong advocate of regional Queensland with strong family ties to Central Queensland. First appointed October 2021 Current term 1 October 2021 – 31 May 2024

PREVIOUS DIRECTORS

Peter Corones AM MAICD	First appointed July 1994 Term expired 30 September 2021
Adrienne Ward MAICD	First appointed October 2018 Term expired 30 September 2021
Abigail Cheadle BBus (QUT)	First appointed October 2021 Resigned 4 December 2021

ACTING COMPANY SECRETARY

Name and qualifications	Experience and skills
Mariette Lansdell B.Comm (Hons), MBA, CGP, FCP, GAICD	Mariette Lansdell was engaged as the Company Secretary from April 2014 to February 2018. Mariette was re-appointed as Acting Company Secretary in June 2021. Mariette oversees governance, corporate compliance, internal audit, insurance and records and information management at the Corporation. Mariette is an experienced Company Secretary with a demonstrated history of working in private and government sector. She has over 20 years of experience in Marketing & Sales, Project Management, Audit, Strategy, Risk and Governance. Mariette was appointed as Acting Company Secretary from 1 June 2021

PREVIOUS GENERAL COUNSEL AND COMPANY SECRETARY

Rufus Gandhi LLB	Appointed 6 January 2020 Resigned 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 along with the non-trading Port of Maryborough;
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 $82.95M (2021: $93.46M) representing a decrease of 11% from the previous year. The results included net revaluation decreases of $5.24M (2021: net revaluation decreases of $0.02M). This related to write-down of assets of $8.75M and investment property revaluation increases of $3.52M. Total income was $527.80M, an increase from 2021 of $11.21M.

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:

	2022 $'000	2021 $'000
Dividends paid from prior year profits	93,084	79,550
	Cents per share	**Cents per share**
Dividend per share	23.15	19.79

For the 2021-22 year, shareholding Ministers approved the Directors' recommendation for the retention of dividends otherwise payable from final audited net profits after tax. The dividend retention is intended to be used to support future investment in critical infrastructure and growth initiatives.

REVIEW OF FINANCIAL CONDITIONS AND LIKELY DEVELOPMENTS

Trade performance remained steady during the year with all three GPC ports contributing to the 119.85MT throughput, 3.24MT less than last year's throughput as a result of reduction in coal exports generally attributed to a number of COVID-19 influences, mine related supply issues including weather related events. The Port of Gladstone recorded a throughput of 119.41MT led by coal, liquefied natural gas (LNG) and alumina-related exports. 66.37MT of coal exports were facilitated by the Port of Gladstone, 3.75MT decrease in exports.

Coal export volumes declined from previous year however, LNG exports continued to grow, with 23.50MT of LNG transported predominately into Asia, an increase of 0.49MT from previous year. 0.35MT of product was handled through the Port of Bundaberg during the year and an increased diversity of trade product is setting the foundation for future growth at the port. Ammonium nitrate was the major driver through the Port of Rockhampton further substantiating the Port as a significant contributor to facilitating hazardous goods for the State. The continuing uncertainty on the global demand profile and trade distributions due to COVID-19 and trade tensions in Europe have been considered to the extent that can be reasonably anticipated. Similar conditions are anticipated to continue through FY2023. The forecast for energy including coal and LNG in 2023 is anticipated to remain generally consistent with 2022 however, with more favourable weather conditions, coal exports are anticipated to be above 2022.

REVIEW OF FINANCIAL CONDITIONS AND LIKELY DEVELOPMENTS (CONTINUED)

Ordinary property revenue has increased during the current year following prior year rental relief by way of wavier and deferred payments offered to eligible tenants in accordance with *National Cabinet Mandatory Code of Conduct – Small and Medium Enterprises Commercial Leasing Principles during COVID-19*.

During the next five years, port development will focus on the availability of Port land areas that matches demand and the capacity of the shipping channels is matched to the potential growth of trade in such areas as renewables. The renewable energy sector will be a focus for the regions in which GPC operates, in particular Hydrogen and Green Ammonia developments, and the supporting wind and solar developments for green electricity. GPC will constantly monitor for the most diligent sequencing for investment and development ahead of what will be incremental channel staging to support sustainable development and growth emerging from increase shipping demand expected with renewables, containerised freight and other emerging trades.

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 2022.

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 2022 Annual Report.

RESPONDING TO CLIMATE CHANGE

During the year, the Group commenced development of a Climate Change Strategy (the strategy) which will guide GPC on opportunities to reduce carbon emissions and respond and adapt to the physical and transition risks of climate change. The strategy seeks to achieve this by outlining potential actions based on prioritised risks, opportunities and commitments.

The strategy encompasses the Group's climate change direction statement, strategic framework and strategic roadmap using a risk based approach to inform the Group's position, approach and opportunities to respond to climate change. It guides the Group's operations to be in line with the Queensland Government's climate change commitments, and aims to deliver multiple benefits including:

a) providing insightful and forward looking information to develop adaptation response options;

b) informing key assumptions and considerations for future disclosures on climate risk (developed with the Queensland Government); and

c) providing greater confidence to key stakeholders that climate change risk and uncertainty is being actively considered and addressed to enable a sustainable, resilient and fit-for-purpose business into the future.

The Group has already made achievements on 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 $181,229.

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 (15 held)	Finance, Audit and Risk Committee (2 held)	Governance and People Committee (1 held)	Audit and Risk Committee (2 held)	People, Performance and Culture Committee (3 held)
Dr Anthony Lynham[1]	11	1	0	2	3
Grant Cassidy OAM	15	2	1	2	1
Peta Jamieson	15	2	1	0	3
Dr Poya (PJ) Sobhanian	13	2	0	1	0
Dr Prins Ralston	15	1	1	2	0
Paul Heagney[2]	14	2	1	1	3
Ryl Gardner[3]	9	1	0	1	3
Abigail Cheadle[3,4]	2	1	0	0	0
Peter Corones AM[5]	6	1	1	0	0
Adrienne Ward[5]	6	1	1	0	0

[1] Appointed to Board in August 2021
[2] Became an Executive Director from 22 July 2021 to 11 May 2022 and Non-Executive Director from 12 May 2022
[3] Appointed to Board in October 2021
[4] Resigned December 2021
[5] Ceased September 2021

COMMITTEE MEMBERSHIP

Effective 30 November 2021, the Group established an Audit and Risk Committee (ARC) and a People Performance and Culture Committee (PCCC). Prior to this, the Group had a Finance, Audit and Risk Committee (FAR) and a Governance and People Committee (GAP).

Memberships of the Committees at the date of this report are:

Audit and Risk Committee:
Grant Cassidy OAM – Chair
Dr Anthony Lynham
Dr Poya (PJ) Sobhanian
Dr Prins Ralston

People Performance and Culture Committee:
Ryl Gardner - Chair
Dr Anthony Lynham
Peta Jamieson
Paul Heagney

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 (Court) by Murphy Operator Pty Ltd, Tobari Pty Ltd and SPW Ventures Pty Ltd. 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 by GPC. GPC will continue to vigorously defend the action as the claim is without merit, and was lodged five years after project completion. All reports and studies determine no evidence that the project negatively impacted the health of the harbour.

Pursuant to orders of the Court, the plaintiffs filed and served amended Statements of Claim on 9 May and 27 July 2018. The final supplementary evidence in relation to the existing Claim is to be provided by the plaintiffs to GPC on 30 September 2022.

GPC is progressing with the preparation of the evidence of its witnesses in readiness for a trial. The trial was originally listed to begin on 3 October 2022. However, the trial dates have been vacated. Trial dates will be determined by the Court at a future time. GPC does not expect a trial to occur before late 2023 or early 2024.

The plaintiffs intend to file a further amendment to their Claim by way of a proposed Second Further Amended Statement of Claim (2FASOC). The 2FASOC must be delivered to GPC by 14 October 2022. Any objections by GPC to the amendments proposed by the 2FASOC must be delivered by GPC to the plaintiffs by 28 October 2022. By 11 November 2022 the plaintiffs are to file and serve any application for leave to file the 2FASOC, supporting affidavits and submissions in relation to the leave application. By 25 November 2022 GPC is to file and serve any supporting affidavits and submissions in relation to the leave application. By 2 December 2022 the plaintiffs are to file and serve any submissions in reply. The dispute regarding the 2FASOC amendments will be heard by the Court on 12 and 13 December 2022.

SUBSEQUENT EVENTS

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:

Dr Anthony Lynham
Chair
Dated: 26 August 2022

Queensland
Audit Office
Better public services

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 2022, 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

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

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

original signed

26 August 2022

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Revenue from contracts with customers	6(a)	488,540	485,232
Other income	6(b)	39,264	31,360
Total income		**527,804**	**516,592**
Employee benefits expenses	6(d)	(144,266)	(137,235)
Operational expenses	6(c)	(138,237)	(124,685)
Depreciation/amortisation expenses		(91,726)	(88,007)
Finance costs	6(c)	(29,308)	(32,381)
Impairment	12(a)	(213)	(1,576)
Net profit/(loss) on disposal of non-current assets		(140)	270
Fair value revaluation decrease of property, plant and equipment	12(c)	(8,754)	(228)
Revaluation increase of investment properties	12(c)	3,517	204
Profit before income tax		**118,677**	**132,954**
Income tax expense	7(a)	(35,731)	(39,492)
Profit for the year		**82,946**	**93,462**
Profit attributable to:			
Owners of Gladstone Ports Corporation Limited		**82,946**	**93,462**
Items that will not be reclassified subsequently to profit or loss			
Revaluation increase/(decrease) of property, plant and equipment and intangible assets	12(c)	(46,985)	(1,552)
Income tax relating to components of other comprehensive income	7(e)	14,096	465
Other comprehensive income for the year, net of income tax		**(32,889)**	**(1,087)**
Total comprehensive income for the year		**50,057**	**92,375**
Total comprehensive income for the year is attributable to:			
Owners of Gladstone Ports Corporation Limited		**50,057**	**92,375**

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position as at 30 June 2022

Assets	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	8	43,145	37,700
Cash advance facility	9	150,381	188,950
Trade and other receivables	10	65,394	62,821
Inventories	11	15,950	15,569
Prepayments		5,739	6,040
Assets classified as held for sale		-	19
Total current assets		**280,609**	**311,099**
Non-current assets			
Property, plant and equipment	12(a)	1,960,974	2,013,414
Prepayments		448	-
Deferred tax assets	7(d)	28,936	28,551
Intangible assets	13	30,985	37,872
Right-of-use assets	21	2,916	4,222
Investment properties	14	90,770	85,796
Total non-current assets		**2,115,029**	**2,169,855**
Total assets		**2,395,638**	**2,480,954**
Liabilities			
Current liabilities			
Trade and other payables	15	40,475	46,198
Contract and other liabilities	16	19,941	24,178
Provisions	18	58,945	147,164
Lease liabilities	21	1,209	1,889
Income tax payable	7(c)	4,018	4,016
Total current liabilities		**124,588**	**223,445**
Non-current liabilities			
Contract and other liabilities	16	10,339	12,304
Borrowings	17	775,295	775,314
Provisions	18	22,133	23,233
Lease liabilities	21	9,217	9,670
Deferred tax liabilities	7(e)	315,569	336,948
Total non-current liabilities		**1,132,553**	**1,157,469**
Total liabilities		**1,257,141**	**1,380,914**
Net assets		**1,138,497**	**1,100,040**
Equity			
Issued capital		663,896	675,496
Asset revaluation reserve	19	391,472	424,936
Retained earnings		83,129	(392)
Total equity		**1,138,497**	**1,100,040**

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity for the year ended 30 June 2022

	Note	Issued capital $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
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**
Opening balance as at 1 July 2021		**675,496**	**424,936**	**(392)**	**1,100,040**
Total comprehensive income attributable to owners					
Profit for the year		-	-	82,946	**82,946**
Other comprehensive income		-	(32,889)	-	**(32,889)**
Transfers within equity					
Disposal of revalued assets		-	(575)	575	**-**
Transactions with owners in their capacity as owners					
Return of shareholders' equity[1]		(11,600)	**-**	**-**	**(11,600)**
Closing balance as at 30 June 2022		**663,896**	**391,472**	**83,129**	**1,138,497**

The accompanying notes form part of these financial statements

[1] The $11.6M net reduction in shareholders' equity relates to the $20.6M return of shareholders' equity to assist the Queensland Government's 2021-22 budget commitment to invest in initiatives backing maritime jobs in Queensland, which was partially offset by further equity adjustments for the shareholding Ministers' 2020-21 budget decision to contribute equity of $1.0M to help fund common-user facility ancillary capital works at the Port of Bundaberg, plus a $3.0M shareholders' equity contribution for a milestone completed under the Australian and Queensland Governments' 2020 project agreement for the Port of Bundaberg Common User Infrastructure (conveyor) project linked to the Hinkler Regional Deal, and a $5.0M shareholders' equity contribution for the Auckland Hill (Harbour Outlook) Economic Development project under the Australian and Queensland Governments' Regional Recovery Partnership agreement.

Consolidated Statement of Cash Flows for the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		571,853	570,948
Tax equivalents paid to Queensland Treasury		(43,396)	(49,325)
Net amounts from ATO		(25,448)	(24,484)
Payments to suppliers		(164,038)	(167,594)
Payments to employees		(143,904)	(137,304)
Payments for leases (short term, low value)		(561)	(524)
Interest received		1,033	1,387
Interest paid		(22,772)	(25,478)
Other finance costs		(6,536)	(6,927)
Net cash inflows from operating activities	8(a)	**166,231**	**160,699**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and investment properties		76	437
Purchase of property, plant and equipment		(88,702)	(94,420)
Purchase of intangibles		(4,053)	(7,951)
Advances to Queensland Treasury		38,569	27,601
Net cash outflows from investing activities		**(54,110)**	**(74,333)**
Cash flows from financing activities			
Repayment of borrowings		(19)	(876)
Payment of principal portion of lease liabilities		(1,973)	(2,166)
Dividends paid		(93,084)	(79,550)
Return of shareholders' equity		(11,600)	-
Net cash outflows from financing activities		**(106,676)**	**(82,592)**
Net increase/(decrease) in cash and cash equivalents		**5,445**	**3,774**
Cash and cash equivalents at the beginning of the financial year		**37,700**	**33,926**
Cash and cash equivalents at the end of the financial year	8	**43,145**	**37,700**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2022

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 along with the non-trading Port of Maryborough;
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*, the *Government Owned Corporations Act 1993 (Qld)*, 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 2022 were authorised for issue in accordance with a resolution of the directors on 26 August 2022.

(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.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

- Software as a Service Arrangements (SaaS)

  The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- *Customer's right to receive access to the supplier's software hosted on the cloud* (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- *Configuration or customisation costs in a cloud computing arrangement* (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise most costs related to SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the above agenda decisions has resulted in a reclassification of these intangible assets to either a prepaid asset in the Consolidated Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income. The financial impact of the retrospective adoption of this standard is not material, therefore it has been adjusted in the current year. The financial impact relating to the prior period is:

	$'000
Decrease in intangible assets	(4,894)
Increase in prepaid assets	237
Increase in operating expenditure	4,657

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group does not expect there to be any significant impact from these amendments.

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current*

  The amendments to AASB 101 affect the presentation of liabilities as current or non-current in the statement of financial position. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The Group does not expect there to be any material impact from these amendments.

- Narrow Scope Amendments to AASB 116 *Property Plant and Equipment*, AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* in relation to proceeds before intended use, onerous contracts.
  The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss.
  The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The Group does not expect there to be any material impact from these amendments.

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)
Recognition of intangible assets	Note 13
Provision for rehabilitation	Note 18

4. Interests in other entities

Details of the Group's subsidiary as at 30 June 2022 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 2022	30 June 2021
Gladstone Marine Pilot Services Pty Ltd	Pilotage services	Australia	100%	100%

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.

	2022 $'000	2021 $'000
Financial position		
Assets		
Current assets	281,056	311,099
Non-current assets	2,113,261	2,168,498
Total assets	**2,394,317**	**2,479,597**
Liabilities		
Current liabilities	123,607	222,302
Non-current liabilities	1,132,213	1,157,255
Total liabilities	**1,255,820**	**1,379,557**
Net assets	**1,138,497**	**1,100,040**
Equity		
Issued capital	663,896	675,496
Reserves	391,472	424,936
Retained earnings	83,129	(392)
Total equity	**1,138,497**	**1,100,040**
Financial performance		
Profit for the year	82,946	93,462
Other comprehensive income	(32,889)	(1,087)
Total comprehensive income	**50,057**	**92,375**
Commitments for the acquisition of property, plant and equipment by		
Due not later than 1 year	80,353	37,566

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 2022 or 30 June 2021.

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 at a point in 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.

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.

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

	2022 $'000	2021 $'000
Revenue from contracts with customers		
Types of services		
Cargo handling charges	303,840	299,759
Harbour dues	102,079	104,578
Tonnage rates	56,013	54,862
Pilotage	26,608	26,033
Total	**488,540**	**485,232**
Timing of revenue recognition		
Revenue for services recognised over time	303,840	299,759
Revenue for transactions transferred at a point in time	184,700	185,473
Total	**488,540**	**485,232**

Set out below is the changes in contract liabilities:

	2022 $'000	2021 $'000
Amounts included in contract liabilities at the beginning of the year	2,384	1,673
Revenue recognised at the end of the year	(376)	711
Amounts included in contract liabilities at the end of the year	**2,008**	**2,384**

6. Profit before income tax (continued)

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 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.

- 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.

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

	2022 $'000	2021 $'000
Within one year	2,008	2,384

(b) Other income

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

Interest received is recognised 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.

6. Profit before income tax (continued)

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.

	2022 $'000	2021 $'000
Other income		
Smallcraft services	1,804	1,326
Interest received	1,065	1,314
Property revenue (Note 14)	13,528	10,094
Recoverable works	11,482	6,796
Other shipping charges	8,850	9,240
Other	2,535	2,590
Total	**39,264**	**31,360**

(c) Expenses

	2022 $'000	2021 $'000
Operational expenses		
Contractors	43,726	46,081
Services and consultants	38,037	24,989
Indirect taxes and government charges	8,490	7,008
Materials and supplies	18,402	20,604
Energy	18,843	15,464
Insurance	7,464	7,151
Licence fees	281	140
Short term lease payments	459	441
Low value lease payments	102	83
Bad debts and expected credit loss provision	(39)	(197)
Other	2,472	2,921
Total	**138,237**	**124,685**
Finance Costs		
Interest on debt and borrowings	22,350	25,032
Interest on lease liabilities (Note 21)	424	445
Gain/loss on lease remeasurement	-	(23)
Competitive neutrality fee	6,534	6,927
Total	**29,308**	**32,381**

Finance costs

Finance costs are expensed in the period in which they occur using the effective interest method. 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 2022 or 2021.

6. Profit before income tax (continued)

(d) Employee benefits expenses

Employee benefits	2022 $'000	2021 $'000
Wages and salaries	103,998	98,416
Annual leave expense	6,951	8,806
Personal leave expense	4,268	4,594
Long service leave expense	2,995	1,242
Rostered day off ("RDO") Expense	33	(29)
Employer superannuation contributions	11,267	10,410
Employer defined benefits contribution	2,431	2,571
Other employee benefits	1,606	1,479
Employee related expenses		
Workers compensation premium	1,097	1,283
Payroll tax expense	5,095	4,940
Other employee related expenses	4,525	3,523
Total	**144,266**	**137,235**

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.

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

7. Taxation

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

Current tax - income tax equivalents

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

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

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

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

Offsetting deferred tax balances

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

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

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

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

7. Taxation (continued)

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

	2022 $'000	2021 $'000
Profit before income tax	118,677	132,954
Prima facie tax at 30% (2021: 30%)	35,603	39,886
Non-deductible (revenue)/expenses	638	442
Research and development tax offset provision	(839)	(934)
Prior year (over)/under provision	329	98
Income tax expense	**35,731**	**39,492**
Comprised of:		
Deferred tax asset	(385)	1,051
Deferred tax liability	(7,283)	(4,233)
Income tax payable	43,399	42,674
	35,731	**39,492**

(b) Amounts charged or credited directly to equity

	2022 $'000	2021 $'000
Deferred income tax related to items charged or credited directly to equity		
Net gain on revaluation of property, plant and equipment	253,059	267,155
Transition of new accounting standards	(2,920)	(2,920)
Deferred income tax reported in equity	**250,139**	**264,235**

7. Taxation (continued)

(c) Income tax payable

	2022 $'000	2021 $'000
Opening balance	4,016	10,666
Charged to income	43,399	42,674
Payments	(43,397)	(49,324)
Closing balance	**4,018**	**4,016**

(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.

	2022 $'000	2021 $'000
Opening balance	28,551	29,602
Amount credited to Statement of Profit or Loss and Other Comprehensive Income	385	(1,051)
Closing balance	**28,936**	**28,551**

(e) Deferred tax liability

	2022 $'000	2021 $'000
Inventory	4,079	3,993
Property, plant and equipment	299,994	321,459
Revenue received in advance	11,496	11,496
Closing balance	**315,569**	**336,948**

	2022 $'000	2021 $'000
Opening balance	**336,948**	**341,646**
Amount charged to Statement of Profit or Loss and Other	(7,283)	(4,233)
Comprehensive Income	(14,096)	(465)
Closing balance	**315,569**	**336,948**

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 $7.17M (2021: Nil). This balance relates to retentions held by the Group pursuant to Port Service Agreements and funds held by the Group pursuant to an Indigenous Land Use Agreement - Ancillary Agreement.

	2022 $'000	2021 $'000
Cash at bank and on hand	43,145	37,700
Total	**43,145**	**37,700**

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

	2022 $'000	2021 $'000
Profit for the year	82,946	93,462
Depreciation/amortisation expense	91,726	88,007
Revaluation of non-current assets	5,237	24
Impairment of non-current assets	213	1,576
Net profit on sale of property, plant and equipment	140	(270)
Gain/loss on lease remeasurement	-	(23)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(2,573)	3,671
(Increase)/decrease in inventories	(381)	(1,925)
(Increase)/decrease in prepayments	(145)	(1,610)
(Increase)/decrease in deferred tax asset	(385)	1,050
Increase/(decrease) in trade and other payables	(829)	(9,956)
Increase/(decrease) in contract and other liabilities	(6,202)	(1,233)
Increase/(decrease) in provisions	3,765	(1,191)
Increase/(decrease) in income tax payable	2	(6,650)
(Decrease)/increase in deferred tax liability	(7,283)	(4,233)
Net cash inflow from operating activities	**166,231**	**160,699**

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 2022, the balance held in QTC Cash Advance Facility was $150,381,000 (2021: $188,950,000).

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.

	2022	2021
Current	**$'000**	**$'000**
Trade receivables	70,559	68,138
Less: allowance for expected credit losses (ECL)	(5,274)	(5,403)
	65,285	**62,735**
Accrued interest	94	62
Other receivables	15	24
Total	**65,394**	**62,821**

Reconciliation of provision for expected credit losses:	2022	2021
	$'000	**$'000**
Opening balance as at 1 July	5,403	6,162
Provision for expected credit losses	(39)	(333)
Write-off	(92)	(426)
Closing balance as at 30 June	**5,274**	**5,403**

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 74% (2021: 72%) 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 2022. Actual credit losses over the 5 years preceding 30 June 2022 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 2022.

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 2022	AAA to A-	BBB to B-	Unrated
Receivables balance[1] ($'000)	32,513	9,614	23,250
Expected credit losses (ECL) %	0.05%	0.46%	1.44%
ECL	(15)	(45)	(335)
Balance not impaired	**32,498**	**9,569**	**22,915**

[1]Receivables balance excludes balances fully provided for

10. Trade and other receivables (continued)

30 June 2021	Credit Risk AAA to A-	BBB to B-	Unrated
Receivables balance ($'000)[1]	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

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*.

	2022 $'000	**2021 $'000**
Spares	15,954	15,569
Provision for obsolete stock	(4)	-
Total	**15,950**	**15,569**

In 2022, inventories of $13,120,254 (2021: $15,090,473) were recognised as an expense during the year and included in Operational Expenses – Materials and Supplies. Fuel amounting to $12,438,183 (2021: $9,326,009) 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

2022	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 2021	126,084	51,155	760,145	225,190	1,671	139,749	638,790	729	69,901	**2,013,414**
Work in progress ("WIP") additions	-	-	-	-	-	-	-	-	87,264	**87,264**
Transfers to/from WIP	4,707	478	42,463	10,620	86	12,959	26,345	429	(98,087)	**-**
Disposals	-	-	-	-	-	(1)	(218)	-	-	**(219)**
Transfers (to)/from investment properties	-	-	-	-	-	-	-	-	-	**-**
Depreciation	-	(2,300)	(8,753)	(8,237)	(150)	(6,664)	(57,308)	(121)	-	**(83,533)**
Revaluations	(2,629)	(1,780)	(9,925)	(8,837)	(74)	(5,361)	(27,127)	(6)	-	**(55,739)**
Impairment	-	-	-	-	-	-	-	-	(213)	**(213)**
Carrying amount at 30 June 2022	**128,162**	**47,553**	**783,930**	**218,736**	**1,533**	**140,682**	**580,482**	**1,031**	**58,865**	**1,960,974**

12. Property, plant and equipment (continued)

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

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)

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%-20.0%
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	2022 Net book value $'000	2021 Net book value $'000
Land	90,420	85,713
Buildings	45,058	46,623
Channels, swing basins and berth pockets	216,786	176,291
Commercial wharves	184,571	179,976
Recreational and fishing wharves	1,552	1,603
Roads and services (structural improvements)	154,000	147,361
Plant	520,259	543,388
Furniture and fittings	1,043	739
Capital works in progress	58,865	69,901
Total	**1,272,554**	**1,251,595**

(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 2032. 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 2.5% (2021: 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 6.4% (2021: 5.6%) 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	2,015,507	2,085,645
CPI rate -0.5 post tax	2,153,222	2,085,645
WACC rate +0.7 post tax	1,715,809	2,085,645
WACC rate -0.3 post tax	2,289,977	2,085,645
Terminal Growth Rate +0.5	2,358,121	2,085,645
Terminal Growth Rate -0.5	1,875,095	2,085,645
Expansionary Capital delayed 1 year	2,231,940	2,085,645
Expansionary Capital +5%	2,071,047	2,085,645
Expansionary Capital -5%	2,100,242	2,085,645

12. Property, plant and equipment (continued)

As required under AASB 116 *Property, Plant and Equipment*, the Group 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	2022 $'000	2021 $'000
Valuation adjustment to Consolidated Statement of Financial Position			
Property, plant and equipment revaluations	12(a)	(55,739)	(1,780)
Investment property	14	3,517	204
		(52,222)	**(1,576)**
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		(8,754)	(228)
Revaluation increase of investment properties		3,517	204
Other Comprehensive Income			
Revaluation decrement of property, plant and equipment		(46,985)	(1,552)
Total		**(52,222)**	**(1,576)**

(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	2022 $'000	2021 $'000
Impairment charged to Statement of Profit or Loss and Other Comprehensive Income	12(a)	213	1,576
		213	**1,576**

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 2022:

	Gross $'000	Accumulated Amortisation $'000	Balance at 30 June $'000
Purchased Intangible assets	41,990	(29,249)	12,741
Internally generated intangible assets	23,655	(9,495)	14,160
Capital WIP	4,084	-	4,084
Total	**69,729**	**(38,744)**	**30,985**

Represented by movements in the carrying amount and adjustments for SaaS accounting:

	Carrying amount at 1 July $'000	WIP additions $'000	Transfer (to)/from WIP $'000	Amortisation $'000	Adjustments $'000	Carrying amount at 30 June $'000
Purchased Intangible assets	12,465	-	4,059	(3,783)	-	12,741
Internally generated intangible assets	13,837	-	2,586	(2,263)	-	14,160
Capital WIP	11,570	4,053	(6,645)	-	(4,894)	4,084
Total	**37,872**	**4,053**	**-**	**(6,046)**	**(4,894)**	**30,985**

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	Transfer (to)/from	Carrying amount at

	1 July $'000	WIP additions $'000	WIP $'000	Amortisation $'000	Adjustments $'000	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**

14. Investment properties

	Note	2022 $'000	2021 $'000
Opening balance		85,796	81,605
Additions		1,438	3,956
Transfers (to)/from property, plant and equipment	12(a)	-	31
Transfers (to)/from assets held for sale		19	-
Net gain from fair value adjustment	12(c)	3,517	204
Closing balance		**90,770**	**85,796**

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 2022 year, the fair value has been determined based on independent valuations by Aon Valuation Services as at 31 March 2022, 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 2022. 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) 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 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.

	2022	2021
	$'000	$'000
Rental income derived from investment properties	13,528	10,094
Direct operating expenses (including repairs and maintenance) generating rental income	(1,075)	(992)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(749)	(768)
Profits arising from investment properties carried at fair value	**11,704**	**8,334**

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

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

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

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).

	2022	2021
Current	$'000	$'000
Trade creditors	35,889	42,970
GST payable	2,417	1,273
Other	2,169	1,954
	40,475	**46,198**

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.

	2022	2021

	$’000	$’000
Current		
Revenue received in advance	17,933	21,794
Contract liabilities	2,008	2,384
	19,941	**24,178**
Non-current		
Revenue received in advance		
	10,339	**12,304**

17. Borrowings

	Note	2022	2021
		$’000	$’000
Non-current			
Queensland Treasury Corporation loans	22(c)	775,295	775,314

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

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

Terms and Conditions

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

Interest rates

This loan is interest bearing with interest paid quarterly in arrears. The average interest rate for 2022 was 2.78% (2021: 3.1%).

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.

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	$’000	$’000	$’000	$’000
Queensland Treasury Corporation loans	775,295	717,837	775,314	844,397

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.

	2022	2021
Current	**$'000**	**$'000**
Employee benefits	51,670	47,516
Dividends	-	93,084
Rehabilitation	3,193	2,893
Other	4,082	3,671
Total	**58,945**	**147,164**
Non-current		
Employee benefits	3,042	5,728
Rehabilitation	19,091	17,505
Total	**22,133**	**23,233**

Employee benefits

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

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

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

	2022	2021
	$'000	**$'000**
Employee benefits obligation expected to be settled after twelve months	31,868	32,995
Total	**31,868**	**32,995**

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.

18. Provisions (continued)

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. For the 2021-22 year, shareholding Ministers approved the Directors' recommendation for the retention of dividends otherwise payable from the final audited net profits after tax.

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. Works have been undertaken on marine areas during 2022. Work associated with marine and land areas was undertaken during 2022 with work continuing in 2023 and including the removal of redundant infrastructure in remaining nominated areas.

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.

Provision movements	Rehabilitation		Dividend		Other	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current provision	3,193	2,893	-	93,084	4,082	3,671
Non-current provision	19,091	17,505	-	-	-	-
Closing balance of provision at 30 June	**22,284**	**20,398**	**-**	**93,084**	**4,082**	**3,671**
Opening balance of provision at 1 July	20,398	22,809	93,084	79,550	3,671	2,985
Additional provisions	2,000	-	-	93,084	-	686
Amounts (used)/paid	(114)	(1,375)	(93,084)	(79,550)	411	-
Unused amounts reversed	-	(1,036)	-	-	-	-

Closing balance of provision at 30 June	**22,284**	**20,398**	**-**	**93,084**	**4,082**	**3,671**

19. Equity

Issued Capital

	2022 No.	2021 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	2022 $'000	2021 $'000
Opening balances at 1 July		424,936	427,535
Revaluation – gross	12 (c)	(46,985)	(1,552)
Deferred tax		14,096	465
Disposal of revalued assets		(575)	(1,512)
Balance as at 30 June		**391,472**	**424,936**

20. Dividends

Cash dividends on ordinary shares declared but not paid:

	2022 $'000	2021 $'000
Final dividend declared but not paid	-	93,084

For the 2021-22 year, shareholding Ministers approved the Directors' recommendation of retention of dividends otherwise payable from final audited net profits after tax. In comparison, for 2020-21, the dividend calculation was based on 100% of final audited net profit after tax and adjustments for revaluation increments/decrements. The 2020-21 cash dividend was unfranked.

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.

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:

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.

21. Leases (continued)

Estimation of Incremental Borrowing Rate

For new or modified leases, the Group uses the 'rate implicit in the lease' where it can be readily determined, otherwise, the 'incremental borrowing rate' is used as the discount rate, which 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 the Group.

(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 2020	1,059	3,616	4,675
Additions (includes re-measurement)	-	1,676	1,676
Depreciation expense	(19)	(2,110)	(2,129)
As at 30 June 2021	**1,040**	**3,182**	**4,222**
Additions (includes re-measurement)	6	836	842
Depreciation expense	(19)	(2,129)	(2,148)
As at 30 June 2022	**1,027**	**1,889**	**2,916**

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

	Note	$'000
As at 1 July 2020		**11,920**
Additions		1,806
Accumulation of interest	6(c)	445
Payments		(2,612)
As at 30 June 2021		**11,559**
Additions		840
Accumulation of interest	6(c)	424
Payments		(2,397)
As at 30 June 2022		**10,426**

	2022	2021
Current	1,209	1,889

Non-current	9,217	9,670

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

	2022	2021
	$,000	$'000
Depreciation expense of right-of-use assets	2,148	2,129
Interest expense on lease liabilities	424	445
Expense relating to short-term leases (included in operational expenses)	459	441
Expense relating to leases of low-value assets (included in operational expenses)	102	106
Gain on lease remeasurement	-	(23)
Total amount recognised in profit or loss	**3,133**	**3,098**

The Group had total cash outflows for leases of $2,958,000 in 2022 (2021: $3,136,000). The Group also had non-cash additions to right-of-use assets of $842,000 in 2022 (2021: $1,676,000) and lease liabilities of $840,000 in 2022 (2021: $1,806,000). As at the date of the financial statements, there are no expected future cash outflows relating to leases that have not yet commenced.

(d) Extension and termination options:

There are no 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.

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 $13,528,000 (2021: $10,094,000).

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:

	2022	2021
	$'000	$'000
Less than one year	11,294	10,197
One to two years	9,392	9,535
Two to three years	8,124	8,163
Three to four years	7,369	7,028
Four to five years	6,687	6,378

More than five years	67,297	62,160
Total	**110,163**	**103,461**

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 allowance 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 2022 and 30 June 2021 the Group did not have any exposure to foreign currency.

(ii) Price risk

As at 30 June 2022 and 30 June 2021 the Group did not have any significant exposure to price risk.

22. Financial Risk Management (continued)

(iii) Interest rate risk exposure

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

As at 30 June 2022, 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 Consolidated 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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
+1% (100 basis points)	(394)	(463)	(394)	(463)
-1% (100 basis points)	464	546	464	546

(c) Liquidity risk

The Group is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. The Group manages liquidity risk through the use of a liquidity management strategy which aims to reduce the exposure to risk by ensuring the Group 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 the Group's corporate planning period.

The Group has available a business card facility with a limit of $300,000 (2021: $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 (2021: $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.

Maturity analysis of financial liabilities based upon management's expectations

Year ended 30 June 2022	Note	< 1 year $'000	1 – 5 Years $'000	> 5 years $'000	Total $'000
Financial liabilities					
Trade and other payables	15	40,475	-	-	**40,475**
Interest bearing loans and borrowings	17	-	-	775,295	**775,295**
Lease liabilities	21	1,209	931	8,286	**10,426**

		41,684	931	783,581	826,196

22. Financial Risk Management (continued)

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**

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 2022	1 July 2021 $'000	Payments $'000	Receipts $'000	Other $'000	30 June 2022 $'000
Financial liabilities					
Interest bearing loans and borrowings	**775,314**	(19)	-	-	**775,295**
Dividend payable	**93,084**	(93,084)	-	-	**-**
Lease liabilities	**11,559**	(2,397)	-	1,264	**10,426**
	879,957	**(95,500)**	-	**1,264**	**785,721**

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**

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 not pay a dividend for the 2022 financial year following shareholding Ministers approval of the Directors' recommendation for the retention of dividend otherwise payable.

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 2022 and 30 June 2021.

24. Commitments and contingencies

Capital expenditure commitments contracted but not provided for:

These commitments relate to expenditure on capital projects in progress	2022 $'000	2021 $'000
Due not later than one year	80,353	37,566

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:

	2022	2021
	$	$
Remuneration	330,200	220,000

Additional amounts paid in 2022 relates to 2021 audit
The estimated fee for 2022 is $265,000 (2021: $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 People Performance and Culture Committee oversee and recommend executive Total Fixed Remuneration (TFR) to the Board for the Chief Executive Officer (CEO) or senior executives (including temporary appointments). GOC boards can determine the TFR up to market median for the position's work value as advised by an independent remuneration consultant to ascertain an appropriate level of remuneration and attract appropriately skilled applicants. The Group's remuneration policy is subject to the Queensland Government's policy and any annual increases to CEO and senior executive remuneration are approved by the Board with written notification to shareholding Ministers.

The Group's remuneration policy is based on a Total Fixed Remuneration (TFR) concept. TFR is the sum of salary, superannuation, salary sacrifice item and other benefits (e.g. motor vehicle, club memberships, additional annual leave provisions). Items in the TFR specifies the total annual cost to the Group for providing the benefit. TFR excludes any performance incentives as well as any tools of trade, equipment or other items provided solely to perform in the position. Short-term benefits are disclosed as the gross salary package (excluding bonuses) and may be taken either as salary or salary sacrificed. 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 the CEO and each senior executive incurred in the financial year during the period of their appointment.

GOC boards have discretion to approve annual TFR increases (capped at 10% per annum) to senior executive's remuneration levels, subject to the TFR not exceeding the latest market median for the position's work value, in line with the Policy for Government Owned Corporation Chief and Senior Executive Employment Arrangements Version 27 October 2021.

26. Key management personnel disclosures (continued)

There are no performance payments available to the CEO and senior executives. Termination entitlements, in the event of termination by the Group, 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 the Group 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. CEO and senior executives are not entitled to both termination and redundancy payments.

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 Key Management Personnel (KMP) position;
- Non-monetary benefits consisting of provision of vehicle, telephone, health fund reimbursement, travel and accommodation benefits 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) 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 2022 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
Lynham A[1]		26 August 2021	30 September 2025			
(Chairman)	2022			56	6	62
	2021			-	-	-
Cassidy G		1 October 2018	30 September 2022			
	2022			53	5	58
	2021			55	5	60
Jamieson P		1 October 2018	30 September 2022			
	2022			51	5	56
	2021			52	5	57
Sobhanian PJ		1 October 2020	30 September 2023			
	2022			52	5	57
	2022			38	4	42
Ralston P		1 October 2020	30 September 2023			
	2022			52	5	57
	2021			38	4	42
Gardner R		1 October 2021	31 May 2024			
	2022			33	3	36
	2021			-	-	-
Heagney P[2]		1 October 2020	30 September 2023			
	2022			10	1	11
	2021			38	4	42
Cheadle A		1 October 2021	4 December 2021			
	2022			9	1	10
	2021			-	-	-
Corones P		1 October 2018	30 September 2021			
(Chairman)	2022			26	3	29
	2021			82	8	90
Ward A		1 October 2018	30 September 2021			
	2022			18	2	20
	2021			55	5	60
Davidson G		12 October 2017	30 September 2020			
	2022			-	-	-
	2021			17	2	19
Butel S		12 October 2017	30 September 2020			
	2022			-	-	-
	2021			18	2	20
TOTAL 2022				**360**	**36**	**396**
TOTAL 2021				**393**	**39**	**432**

[1] Appointed Director from 26 August to 30 September 2021 and appointed Chair from 1 October 2021

[2] Appointed Acting Chief Executive Officer from 22 July 2021 to 11 May 2022 and became an Executive Director during this time. No Director remuneration was 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
Haymes C							
Chief Executive Officer	2022	103	43	3	10	-	159
	2021	-	-	-	-	-	-
Appointed 1 May 2022							
Walker, C							
Chief Operating Officer	2022	505	18	10	47	-	580
	2021	541	-	13	48	-	602
Acting Chief Executive Officer from 13 December 2018 to 11 April 2021							
Druce, J							
Chief Financial Officer	2022	236	20	7	28	-	291
	2021	-	-	-	-	-	-
Acting from 9 August 2021 and appointed 24 June 2022							
Melrose, G							
Operations General	2022	307	22	8	39	-	376
Manager (Acting)	2021	312	22	8	39	-	381
Appointed Acting from 13 May 2019							
Heagney, P							
Chief Executive	2022	389	49	9	37	-	484
Officer (Acting)	2021	-	-	-	-	-	-
Appointed Acting from 22 July 2021 to 11 May 2022							
Blight, J							
People and Community	2022	111	9	2	11	-	133
Executive General Manager (Acting)	2021	-	-	-	-	-	-
Appointed Acting from 9 August 2021 to 4 January 2022							
Cassidy, C							
Interim Chief Executive	2022	47	5	-	-	-	52
Officer	2021	110	12	-	-	-	122
Appointed 4 May 2021 under a contract and 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							
Winsor, R							
People and Community	2022	62	18	1	5	168	254
Executive General Manager	2021	300	25	7	27	-	359
Resigned 31 August 2021							

26. Key management personnel disclosures (continued)

Specified Executives		Short Term Employee Expenses Monetary Expenses	Non-Monetary Expenses	Long Term Employee Expenses	Post-Employment Expenses	Retirement/ Resignation/ Termination Expenses	Total
Gandhi, R							
General Counsel and	2022	62	13	1	5	882	963
Company Secretary	2021	439	7	3	11	-	460
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							
Hall, R							
Chief Financial Officer	2022	-	-	-	-	-	-
	2021	236	12	6	22	27	303
Resigned 31 May 2021							
	TOTAL 2022	1,822	197	41	182	1,050	3,292
	TOTAL 2021	1,938	78	37	147	27	2,227

Other Payments

A number of former key management personnel of the Group are appearing as lay witnesses in a legal action taken against GPC. 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 2022 owned 100% (2021: 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 2021-22 reporting period, these Ministers are, or were:

- the Honourable Cameron Dick MP, Treasurer and Minister for Trade and 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.

	2022	2021
	$'000	$'000
Revenue		
Revenue from State of Queensland controlled entities	26,425	25,959
Property revenue from State of Queensland controlled entities	621	511
Interest received from QTC	778	1,271
Expenses		
Expenses incurred to State of Queensland controlled entities	26,175	26,173
Interest on QTC borrowings (includes administration fees)	22,367	25,908
Interest on lease liabilities with State of Queensland controlled entities	379	379
Electricity payments to State of Queensland controlled entities	4,971	8,130
NTER, Payroll Tax, Land Tax, Rates equivalent and competitive neutrality fee paid to Queensland Treasury	58,862	64,502
Assets		
Advance facility held with QTC	150,381	188,950
Trade and other receivables from State of Queensland controlled entities	947	(36)
Liabilities		
Accrued interest and fees payable to QTC	5,587	5,606
Trade payables to State of Queensland controlled entities	258	-
Electricity payable to State of Queensland controlled entities	21	1,419

Dividend and competitive neutrality fee payable to Queensland Treasury	1,631	94,850
Borrowings from QTC	775,295	775,314
Lease liabilities with State of Queensland controlled entities	8,563	8,415

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 \$0.24M (2021: \$0.43M) relating to lease liabilities with State of Queensland controlled entities in accordance with applicable lease agreements.

28. Number of employees

	2022	2021
	No.	No.
Number of employees at year end (Full Time Equivalent)	762	742

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 validating and reviewing the material climate related physical and transition risks where relevant to the Group's financial statements and in line with the Queensland Government's disclosure requirements, as identified through the development of the Climate Change Strategy, and supporting strategic roadmap, in the current year. 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. The Group will engage and align with the Queensland Government on a reporting framework for future disclosures on climate risk.

30. Events occurring after reporting period

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

GLADSTONE PORTS CORPORATION LIMITED

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 39 to 98 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 2022 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

A Lynham Dated: 26 August 2022

Chair

G Cassidy Dated: 26 August 2022

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 2022, 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 2022, 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.

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 • 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). At the date of this auditor's report, the available other information in the company's annual report for the year ended 30 June 2022 was the directors' 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.

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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.

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.

31 August 2022

B.P. Worrall

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane