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## About Our Report

This report details our activities and financial performance for the financial year ending 30 June 2022. It fulfils Queensland Government requirements pursuant to section 50 of the *Government Owned Corporations Regulation 2014*.

The report is available online at [www.portsnorth.com.au](http://www.portsnorth.com.au).

Ports North welcomes your feedback on the Report and this can be sent to [enquiries@portsnorth.com.au](mailto:enquiries@portsnorth.com.au)



# About Us

Far North Queensland Ports Corporation, trading as Ports North, is a Queensland Government Owned Corporation responsible for the development and management of the declared Ports of Cairns, Cape Flattery, Karumba, Mourilyan, Skardon River, Quintell Beach, Thursday Island, Burketown and Cooktown.

Ports North's operations and facilities are vital to the economic development of the regional centres they service and the State's tourism and export performance.

Our ports handle bulk shipments of sugar, molasses, silica sands, zinc, fuel, fertilisers, log products, minerals, livestock and general and project cargo.

Ports North also has extensive marina and tourism facilities, particularly in Cairns.

Our range of strategic land holdings include approximately 228 hectares of freehold and 635 hectares of leasehold Strategic Port Land and properties across its ports.

The shareholding Ministers are the Honourable Cameron Dick, Treasurer and Minister for Trade and Investment, and the Honourable Mark Bailey, Minister for Transport and Main Roads.

## The Corporation's Vision

To be a successful, sustainable Port operator and a valued contributor to regional economic growth.

## The Corporation's Mission

To enable business and trade growth by:

- Providing and facilitating infrastructure
- Growing opportunities through sustainable business and regional economic development
- Connecting locally and globally

## The Corporation's Values

### Safe

- We are committed to providing the highest standard of safety for our workplace.

### Reliable

- We will be professional and responsive in seeking to deliver excellent service to all of our internal and external customers.
- We will seek to build effective relationships with the community and our stakeholders by being a responsible corporate citizen fostering social value and economic benefit to the region.
- We are committed to compliance with governance structure and procedure, transparent and accountable reporting and management of risk.

## Value Driven

- We will promote co-operation and teamwork, ethical and honest behaviour, respect and integrity while providing opportunities for staff to develop and acquire skills needed to meet our objectives.
- We are committed to sustainable outcomes by acting in a commercially astute manner whilst considering risk and environmental and social impacts of our activities to deliver sustainable commercial returns to shareholders.

## Corporate objectives are to:

- Identify and develop new trade and business opportunities and grow existing business to provide value to Ports North and its shareholders.
- Manage and develop Port property to provide sustainable commercial return to Ports North and its shareholders.
- Plan, develop and manage Port infrastructure and assets to improve Port efficiency, meet the needs of customers and contribute to sustainable regional development.
- Maintain organisational capability and a governance system to deliver the business requirements and maintain the organisation's reputation.

# Year at a Glance

## Financial Summary for the Year Ending 30 June 2022

	2022	2021
	\$'000	\$'000
Continuing Operations		
Operating Revenue	62,152	48,610
Operating Expenditure	72,072	57,089
EBIT	(9,920)	(8,479)
Net Profit / (Loss) from Ordinary Operations	(7,638)	(6,179)
Total Assets	411,416	408,232
Total Liabilities	39,332	46,815
Net Assets	372,084	361,417
Accounting Rate of Return	-2.42%	-2.08%
Debt to Equity Ratio	-	-
Current Ratio	4.68	2.60

# Our Ports

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## Port of Cairns

Cairns Seaport is a multi-purpose regional port that caters for a diverse range of customers from bulk, project and general cargo, cruise shipping, fishing fleet and reef vessel operations.

The Port's bulk cargo includes petroleum products, sugar, fertiliser and liquid petroleum gas.

The Port has long been the natural consolidation and redistribution centre for supplies that are shipped to the coastal communities north of Cairns as well as the Torres Strait Islands and the Gulf of Carpentaria.

As one of the top four Australian cruising destinations Cairns has major international and domestic cruise ships operating out of the Port.

The Cairns Marlin Marina is a 261-berth Marina accommodating a variety of cruising vessels, superyachts and reef vessel operations servicing the Great Barrier Reef.

The Reef Fleet Terminal provides the gateway to the Great Barrier Reef for passengers who visit the Reef from Cairns each year. Sailfish Quay, within the Cairns Marlin Marina, provides world-class superyacht berths for vessels up to 140m.

Cityport, located immediately adjacent to the Cairns CBD, provides a range of unrivalled waterfront tourism, commercial and residential property development opportunities.

The Port has widespread land holdings that are leased to port customers and is home to one of Australia's largest fishing fleets. The Port offers extensive and experienced ship building and repair services with a number of slipways and dry docks up to 3,000 tonne capacity for a diverse range of ship maintenance requirements.

## Port of Mourilyan

The Port of Mourilyan exports raw sugar and molasses from the Innisfail, Babinda, Tully and the Atherton Tableland sugar growing districts. It comprises onshore sugar and molasses handling and storage facilities and a single sugar loader and associated wharf located within a sheltered natural harbour.

Other facilities at the Port include a state-of-the-art stockpile facility used in the export of magnetite as well as a livestock export facility.

## Port of Cape Flattery

The Port of Cape Flattery is situated more than 200 kilometres north of Cairns on the east coast of Cape York Peninsula. It is used for the export of silica sand from the Cape Flattery mine, and is operated by Cape Flattery Silica Mines Pty Ltd (CFSM).

The company is the world's largest producer and exporter of silica sand. There are onshore silica sand handling and stockpiling facilities and a 500 metre single trestle jetty and conveyor running from the mine to an offshore berth and ship loader. There is also a general purpose wharf for the import of fuel and other supplies for the mine and for the mooring of two line boats which assist in ship berthing.

## Port of Karumba

The Port of Karumba is located at the mouth of the Norman River in the south-east corner of the Gulf of Carpentaria. The Port provides for general cargo, fuel, fisheries products, live cattle and the export of minerals from the New Century Resources mining operation.

## Port of Skardon River

Skardon River is located north of Weipa in the Gulf of Carpentaria. The Port is home to Metro Mining's bauxite export operation under a transhipping arrangement.

## Port of Quintell Beach

Quintell Beach is a community port with a barge facility located on the east coast of northern Cape York that services the needs of the Lockhart River community and remote grazing properties.

## Port of Thursday Island

The Port of Thursday Island is a community port located in a natural harbour in the Torres Strait at the most northern part of Australia. Ports North owns the wharf facilities, which are established on both Thursday Island and Horn Island. The Port services the needs of the two islands and also operates as a major transshipment point for the supply of essential cargoes to other islands of the Torres Strait.

The Port's strategic location means that a number of government agencies, including Customs and Fisheries patrols, are based there.

## Ports of Cooktown and Burketown

The Ports of Cooktown and Burketown are declared ports, however, no commercial trade takes place.

# Chairman & Chief Executive Officer's Report

## Overview

Ports North's underlying operating result (excluding asset valuation transactions) for the year ended 30 June 2022 is a profit of \$7.6 million compared to a loss of \$4.3 million in the previous year, an increase in the underlying operating result of \$11.9 million.

The operating result after tax for the year ended 30 June 2022 was a loss of \$7.6 million, compared to a loss of \$6.1 million in the previous year. The operating result before tax for the year ended 30 June 2022 was a loss of \$9.9 million, compared with a loss of \$8.4 million for the previous year. Asset valuation transactions decreased operating result before tax by \$17.6 million in the year ended 30 June 2022 compared with a decrease of \$4.1 million in the previous year.

The company's financial results have shown some recovery from the impacts of the COVID-19 pandemic, particularly at the Port of Cairns. Overall trade related revenues increased, principally general cargo imports at Cairns from the Kaban windfarm project, petroleum imports and sugar exports at Cairns, molasses exports at Mourilyan and mineral exports at Skardon River. The temporary fee relief package to support port customers impacted by the pandemic was extended into FY2022 and international cruise ship visits recommenced with two vessels visiting in June-22.

## COVID-19 Impact

Covid -19 continued to have an impact on some of our customers and tenants throughout FY2022 and Ports North continued to implement a rebate program to support those business impacted during the year. This rebate program which has been in place since February 2020 has been critical to support the regional economy and ensure that the businesses that were experiencing significant adverse COVID impacts could continue to operate. Rebate relief for marina and commercial reef fleet terminal tenants has been extended to 31 December 2022.

Ports North's total fee relief support to 30 June 2022 is \$9.5 million.

In addition, Ports North has also committed to freezing the Cairns Marlin Marina Schedule of Charges for commercial operators until January 2023.

## Tourism

Ports North is a key partner in, and supporter of, Far North Queensland's tourism industry with the Reef Fleet Terminal and Cruise Liner Terminal facilities in Cairns facilitating passenger experiences of the region and the Great Barrier Reef.

The industry continued to endure the impacts of the pandemic with cruise ship visitation remaining on hold until mid-June 2022 when Cairns welcomed its first large cruise ship in over 2 years. The return of cruise ships will provide a much needed boost for the Cairns economy and the visitation schedule for the remainder of 2022 is looking very positive.

Superyacht visitation to the Cairns Marlin Marina has started its post pandemic recovery with future bookings on the increase.

## New Business and Trade Development

Ports North's mission to enable business and trade growth by providing and facilitating infrastructure; growing opportunities through sustainable business and regional economic development and connecting locally and globally continued throughout the year.

Our trade performance has remained solid throughout the year with more than 8.56 million tonnes of cargo making its way through Far North Queensland's ports bound for domestic and international markets.

The Port of Cairns once again demonstrated its capability as a project cargo hub with the vital components of the \$373 million Kaban wind farm project being shipped through the port.

In regional ports, New Century Resources' trans-shipping operations through the Port of Karumba are continuing and Metro Mining's bauxite exports through the Port of Skardon River remain strong.

Ports North continues to work with interested parties in relation to Cape Flattery export opportunities and port development projects in Cape York.

A \$4 million project upgrade to the Horn Island cargo facilities to accommodate increased trade and vessel sizes was completed earlier this year. The works involved the construction of a new wharf berthing dolphin, supply and installation of a cone fender and fender panel, upgrades to the existing mooring bollards and construction of a new reinforced concrete barge ramp.

## Port Planning

As part of our commitment to supporting the economic growth of the Far North Queensland region, Ports North continued the development of its Ports Master Planning Project for both the Port of Cairns and Port of Mourilyan.

Ports North is now progressing the Master Plan document after consulting with customers and key stakeholders. The Master Plan will provide a long-term direction for the ports and identify future opportunities and infrastructure requirements.

As part of the master planning process, and in order to progress work for HMAS Cairns and the Cairns Marine Precinct (CMP) Project, Ports North prioritised the planning work for these projects, identifying sites for the Cairns Marine Precinct Infrastructure Investment Detailed Business Case and early work wharf construction.

This prioritised work allowed the Queensland Government to complete the expansion business case study and seek funding commitments for the project. Ports North are well advanced on the \$32 million project early works with planning and design work for the new wharves completed and the construction contract awarded in May 2022. The early works project is due for completion in April 2023.

## Environment

Environmental management and maintaining safe port operations is critical to Ports North as we operate ports located in or adjacent to areas of high conservation values.

We continue to work closely with the Great Barrier Reef Marine Park Authority (GBRMPA) to meet our requirements in relation to maintaining safe port operations and with James Cook University's TROPWater team to monitor the health of seagrass meadows across several of our ports.

Ports North have received approval from GBRMPA for another 10-year dredging permit for maintenance dredging at the Port of Cairns.

Our ongoing support of the Wet Tropics Healthy Waterways Partnership has been renewed with a commitment to continue promoting the work being undertaken and facilitating research. In addition Ports North remains an active participant in the Local Marine Advisory Committee and both State and National Port Environmental Working Groups.

## Sustainability Strategy

Ports North released its Sustainability Strategy in December 2021 following input and feedback from more than 100 port customers, employees, local industry representatives and community members. The strategy delivers an action plan to guide our sustainable future, while celebrating our proud history of sustainability work in the environment; community; and across diverse trade, development and tourism initiatives. It recognises the unique nature of our network of nine regional ports and will be aligned to the relevant Queensland Government policies and reporting frameworks on sustainability.

Together, these provide Ports North with a strategic framework to continue supporting environmental stewardship, community partnerships and economic prosperity throughout Far North Queensland. The strategy includes 27 actions across 4 themes – People, Planet, Prosperity and Partnerships and addresses a number of issues including climate change, water, waste, energy, technology, infrastructure development, asset management, safety and First Nations partnerships. Ports North will engage and align with the Queensland Government for a formal framework for future external reporting and disclosures on sustainability, ESG and climate risk.

## Community

Our support for the community and regional organisations continued throughout the year with Ports North participating in partnerships and sponsorship events which are major contributors to the economic output of the region.

We continue to provide support to Tourism Tropical North Queensland and the Great Barrier Reef Superyacht Group to assist with destination marketing for the region.

Our long-term commitment and partnership with the Cairns Indigenous Art Fair (CIAF) is ongoing and we continued support for the Cairns Museum/Historical Society, Business Liaison Association School Environmental Awards and a variety of charity, arts and cultural events.

## Stakeholders

Ports North would like to record its appreciation to our customers and facility users for their support and commitment and look forward to continuing to grow our relationship.

We also thank the staff of Ports North for their efforts and engagement over the past year. Their commitment to exceptional safety performance and environmental stewardship are fundamental to our shared success as an organisation and as a facilitator of regional prosperity.

## Community & Stakeholders

Ports North is a major contributor to economic output in the region with benefits impacting on many industry sectors including tourism, marine industry, transport, property and business services.

During FY2022 Ports North continued its partnerships with other local organisations and the community in a range of initiatives including sponsorship arrangements, establishment of consultative committees and collaboration with local cluster groups.

Ports North have supported a range of initiatives during FY2022 including:

- Community and regional events
- Arts, cultural and sporting events
- Tourism initiatives
- Environmental education awards
- Marine industry environmental initiatives and programs
- Charity events

As a key stakeholder in the region Ports North supports and participates in a number of consultative forums and cluster groups that are beneficial to the community and our operations. These forums include:

- Advance Cairns
- Cairns Chamber of Commerce
- Tourism Tropical North Queensland
- Regional Development Australia (Far North Queensland and Torres Strait)
- Port Advisory Groups in Cairns, Mourilyan, Karumba and Thursday Island
- Port of Cairns Cruise Shipping Group
- Port Security Committees
- Environmental Committees (local, state, national)
- Super Yacht Group - Great Barrier Reef

## Corporate Entertainment & Stakeholders

Ports North maintains policies, procedures and controls over expenditure on entertainment and hospitality to ensure that such expenditure constitutes an acceptable use of funds to advance our business interests and is properly accounted for in accounting records.

Ports North did not undertake any corporate entertainment and hospitality events over \$5,000 in FY2022.

## Our People

Ports North is committed to being an employer of choice with a work environment that attracts, develops and retains motivated capable people who can deliver on the business objectives. Our workforce of 80 full-time equivalent employees spans across a variety of professional, operational, technical, trade and administrative roles. As a regional organisation we have employees based in Cairns, Mourilyan, Thursday Island and Weipa.

Ports North recognise that to achieve the best outcomes for the business it is important to have an environment that supports initiative, innovation and sound performance. To assist in this area the Employee Consultation Group provide a forum for management and staff to share information, discuss issues and work proactively towards enhancing the performance of Ports North and job satisfaction for staff.

### Safety Performance

Ports North adopts a proactive approach to port safety management and is committed to developing and implementing safety systems that ensure good practice is achieved in both workplace health and safety and the conduct of safe marine operations.

A strong safety culture has been developed across the organisation over the years and our Port Safety Management System is under continuous review to ensure good safety performance is achieved.

Ports North recorded two minor lost time injuries during FY2022.

### Senior Management Team

**Chris Boland**

*Chief Executive Officer and Company Secretary*

**Sean Reardon**

*General Manager Planning and Infrastructure*

*Engineering, Capital Works, Major Projects, Asset Strategy and Maintenance, Contract Management, Dredging, Surveying and Environment, Sustainability*

**Kevin Malone**

*General Manager Commercial*

*Commercial Business Development and Management and Property Management*

**Kerry Egerton**

*General Manager Corporate Services*

*Company Secretary, Corporate Governance, Risk Management, Land Use Planning, Human Resources, Employee Relations, Safety, Marine Pilotage, Communications, Media, Community and Public Relations*

**Chris Tabe**

*General Manager Finance*

*Financial Management, Accounting, Information Systems and Procurement*

**Richard Stevenson**

*General Manager Operations (Cairns and Regional Ports)*

*Port Operations, Security and Emergency Management*

# Our Environment

Port North operates nine ports in Far North Queensland, the Torres Strait and Cape York. Five of these ports are located on the boundary of the World Heritage listed Great Barrier Reef Marine Park. The Port of Cairns is uniquely positioned between a World Heritage listed rainforest and reef and serves as the gateway for visitors to the Great Barrier Reef Marine Park. Consequently, a strong commitment to environmental leadership underpins everything that we do.

## Comprehensive Environmental Monitoring

Areas surrounding our ports are of great importance to port users and the broader community and we have continued our focus on regular checks of the general environmental health at each of our main port locations. This work is critical to understanding the physical, biological, and cultural attributes of the areas surrounding our ports.

Ports North have delivered long term environmental monitoring programs over many years. The seagrass monitoring programs at our ports are some of the longest programs of their type in the world and go back more than 25 years.

## Long Term Seagrass Monitoring

Ports North's long-standing partnership with TropWATER at James Cook University will continue, with our seagrass monitoring program extending through to 2025. Our long-term seagrass monitoring program provides an understanding of the condition and trends within our port environments. Information from this program is also used by a number of key stakeholders, including the Wet Tropics Healthy Waterways Partnership, traditional owner groups in the Torres Strait and State and Commonwealth governments.

A summary of the results over the last year is provided below:

Monitoring Program	Summary of Results
Cairns	Seagrass meadows within Trinity Bay have continued to increase in density and distribution and remain in a robust and productive condition.
Mourilyan Harbour	Seagrass meadows within the Harbour remain in a very poor condition and have not substantially recovered from the significant declines in biomass and distribution due to cyclone and flooding impacts in 2009-2011. In response James Cook University completed trials of potential restoration techniques for this important habitat.
Karumba	Seagrass meadows continue to recover from the reduced area and biomass condition that occurred following the wet season flood events in early 2018.
Thursday Island	Seagrass meadows remain in excellent condition, and well above the broader declined condition observed in other parts of the Torres Strait region. Presence of iconic and culturally significant marine fauna was observed during the survey work, providing further evidence of their healthy status.

## Marine Sediment Sampling

To support maintenance dredging at the Port of Cairns and Karumba, sampling of marine sediment was undertaken and the results assessed against the National Assessment Guidelines for Dredging (NAGD, 2009). All material has been found to be suitable for dredging and disposal at the approved marine material placement areas.

## Biosecurity Monitoring

During late 2021, isolated detections of priority marine pest species, including Asian Green Mussel, were reported by port users at the Port of Cairns and response activities initiated in collaboration with State and Commonwealth agencies. No subsequent additional detections occurred throughout the balance of the financial year.

Ports North continues to promote awareness of bio-security matters amongst port users and work collaboratively with State and Commonwealth biosecurity jurisdictions. Ports North also support Biosecurity Queensland's Marine Pest Preparedness and Awareness Program and continues to actively contribute to the Queensland Seaports e-DNA Surveillance (Q-SEAs) program at the Port of Cairns. Surveillance and control activity was conducted in collaboration with Biosecurity Queensland to minimise the passage of pest species to the Torres Strait.



## Partnering with Government, Industry, and the Community

Ports North recognise that healthy ecosystems underpin the economy and unique lifestyle on offer in Far North Queensland. Accordingly, our strong support for the Wet Tropics Healthy Waterways Partnership continues. Ports North are active members of both the Working Group and Management Committee and provide monitoring data that supports regional water quality report cards.

Ports North sponsored the Making Waves Healthy Waterways Forum and provided a keynote address at the International Conference on Business, Economics, Management, and Sustainability to discuss our approach to port environmental management.

Ports North continue to work closely with industry, government, and other Queensland ports on policy initiatives, including the Reef 2050 Long Term Sustainability Plan and Queensland Maintenance Dredging Strategy.

Local community activities also remain a key focus. Ports North again sponsored the Ports North Environment Awards for Far North Queensland secondary school students through the Business Liaison Association. Our Port Advisory Groups and Technical Advisory Consultative Committees (TACCs) continued to meet throughout the last 12 months to discuss port planning and management. Ports North also maintained ongoing involvement in the Cairns Local Marine Advisory Committee.

## Maintenance Dredging

Ports North have a long history of successfully delivering maintenance dredging campaigns at our ports. In recognition of this, the Port of Cairns was the first port in Australia to obtain a 10-year permit for maintenance dredging activities in 2010.

Long Term Maintenance Dredge Management Plans (LMDMPs) have been developed for all of our GBR port locations. The LMDMPs present the results of a considerable number of studies, capture valuable feedback from stakeholders and present a leading-practice framework for the long-term management of dredge sediment.

Consistent with the requirements of the Queensland Maintenance Dredging Strategy, Ports North:

- Prepared environmental risk assessments to inform the maintenance dredging schedule for Queensland ports.
- Conducted dredging activities in accordance with our LMDMPs.
- Reported on environmental outcomes following dredging activities, and to inform the Annual Reporting to TMR.

Maintenance dredging at the Port of Cairns included regular dredging for inner port and navy base areas, along with completion of the Cairns channel maintenance campaign in early July 2021. The Cairns TACC were provided regular progress updates throughout the year.

A new 10-year Marine Park Permit and Sea Dumping Permit for the Port of Cairns was issued to Ports North by the Great Barrier Reef Marine Park Authority in February 2022. The application and assessment process was supported by detailed studies that were undertaken in consultation with our TACC and other port stakeholders. As a result, a new LMDMP has been approved for the term through to 2032.

For the Port of Karumba, approvals for a revised channel navigational area and a new 10-year Sea Dumping Permit were obtained from state and federal agencies. The new channel navigation area is expected to reduce maintenance dredging volumes over the next 10 years.

Channel maintenance activities were completed at the Port of Karumba in June 2022 through a combination of dredging and bed-levelling. The Karumba TACC was informed of the works as well along with the outcomes of environmental monitoring conducted during the maintenance dredge campaign.

## Environmental Management and Compliance

Consistent with the ISO 14001 guidance, our Environmental Management System (EMS) continues to focus on both regulatory requirements and improving performance through the implementation of best practice environmental management measures across our operations.

We continued to maintain compliance with all environmental approvals for our operations and undertook these compliance activities in consultation with Local, State and Commonwealth agencies.

Management of legacy contamination across our port land holdings remains ongoing. Ports North remains engaged in the multi-agency response to Per- and Poly-fluoroalkyl Substances (PFAS), and the work of Department of Defence at HMAS Cairns. We also continued our use of entry and exit contamination assessments of leased land. Remediation activities continue for one of the vessel maintenance facilities at Cairns.

There were no serious or material level environmental events recorded across our operations, with four (4) nuisance incident events attributable to contractors engaged by Ports North. Each event was thoroughly investigated and closed out, with no environmental harm identified.

# Board of Directors & Corporate Governance

## Corporate Governance

The Board of Ports North has primary responsibility to shareholding Ministers to establish strategic direction, pursue established corporate objectives and monitor business performance. The Board recognises the importance of applying best practice corporate governance principles in fulfilling this responsibility and has committed to the highest level of integrity in the conduct of its operations. To satisfy this commitment, the Board has adopted a Directors and Senior Executives Code of Conduct and has further set out expectations of Ports North employees and others with whom Ports North has transacted business or continues to transact business in a Code of Employee Conduct.

## Shareholders

The Board of Directors is appointed by the Governor in Council and is accountable to the Treasurer and Minister for Trade and Investment and Minister for Transport and Main Roads for the performance of Ports North.

At 30 June 2022, all shares in Ports North were held by its shareholding Ministers on behalf of the Queensland Government. In accordance with the *Auditor General Act 2009* Ports North's, audit is carried out by the Queensland Audit Office or its delegate.

On an annual basis, Ports North submits to the Shareholders, and the Shareholders review and agree on, a Corporate Plan and Statement of Corporate Intent which specifies financial and non-financial performance targets. In addition, the shareholding Ministers can also direct that Ports North meet community service obligations and apply specified public sector policies in its operations. The Board has established policies and procedures, including a Disclosure to Shareholders Policy, to ensure that Shareholders are regularly informed through quarterly and Annual Reports of performance against approved plans and material developments likely to impact on the achievement of financial and non-financial targets.

## Board of Directors – role and responsibility

The role of the Board is to represent Shareholders and accept responsibility for the management of the business and its affairs. The Board's responsibilities include:

- determining strategic direction, vision and corporate objectives;
- approving policies, business plans, corporate plans and statements of corporate intent that realise Ports North's vision and corporate objectives;
- overseeing Ports North's financial position, monitoring performance and providing an oversight of management's implementation, mitigation and monitoring of risk management and internal control systems, to address Ports North's material business risks;
- evaluating and approving major capital expenditure and business transactions;
- ensuring adequate systems exist to monitor:
  - corporate compliance with legislation and relevant government guidelines and directives;
  - corporate performance against plans and forecasts; and
  - long term planning and risk management to ensure sustainable ongoing operations

- appointing the Chief Executive Officer with the prior written approval of shareholding Ministers and clearly defining the roles and responsibilities of that position;
- approving the appointment of other senior executives and managing succession for all senior positions; and
- modelling and driving an ethical organisational culture.

The Board of Directors Charter clearly defines the roles and responsibilities of the Board and individual directors and the matters which have been delegated to management. The Charter also provides the framework in which the operations of the Board are conducted.

## Board of Directors

**Russell Beer** LLB, GDLP

*Independent Director*

**Chairperson**

*Member, Audit and Risk Committee*

*Member, Human Resources Committee*

**Vanessa Maruna** LLB (Hons)/B.EnvPlan, MPIA, GAICD

*Independent Director*

**Deputy Chairperson**

*Chairperson, Human Resources Committee*

**Victoria Cuda** B.Bus, CA, GAICD

*Independent Director*

*Chairperson, Audit and Risk Committee*

**John Hogg** BSc

*Independent Director*

*Member, Audit and Risk Committee*

**Julia Leu** MBA, BA, GradDipED, GradDipComm

*Independent Director*

*Member, Human Resources Committee*

**Rob Giason** Fellow AMI, Fellow and Life Member AITO

*Independent Director*

*Member, Audit and Risk Committee*

## Board of Directors – Independence

The Board of Directors is appointed by the Governor in Council and all are non-executive directors. Independence of Directors is assessed on an individual basis having regard to each Director's circumstances and by reference to independence criteria outlined in the Board of Directors Charter which require an assessment of materiality. In determining materiality, the following guidelines are included in the Board of Directors Charter:

- a material professional advisor is one whose fees to Ports North in a financial year exceed \$150,000 or exceed 5% of the annual revenue of the professional advisor;
- a material supplier is one whose sales to Ports North in a financial year exceeds \$150,000 or exceed 5% of the annual revenue of the supplier;
- a material customer is one whose payments to Ports North in a financial year exceeds \$150,000 or exceed 5% of the annual operating costs of the customer; and
- a material contractual relationship is one where the consideration payable under the contract exceeds \$150,000 in any financial year.

An assessment of independence has been undertaken and all current Directors are considered to be independent.

The Board of Directors Charter and the Directors and Senior Executives Code of Conduct contain procedures for the disclosure of Directors' interests in matters to be considered by the Board and the manner in which such interests will be dealt with by the Board.

## Board of Directors – Professional Advice

The Board and its Committees may seek independent professional advice whenever it is considered appropriate. Individual Directors, with the prior approval of the Chairman, can procure professional advice, at Ports North' expense, on matters related to their responsibilities as a Director.

## Board of Directors – Structure and Process

Board meetings are conducted regularly and structured meeting agendas are prepared to ensure that appropriate time is committed to the principal functions of the Board. An annual Activity Plan has been developed which ensures that all necessary matters are addressed.

Each year the Board holds a special meeting to consider strategy formulation and planning, from which is developed a strategic outlook report. This report is then used by management as input into the annual business planning cycle. The Board approves the Annual Business Plan. Each year, consistent with the Government Owned Corporations Act, the Board submits a Corporate Plan and Statement of Corporate Intent for approval by the Shareholding Ministers.

The primary source of information for Directors is the monthly performance reports of the Chief Executive Officer and Executive Management Team. In addition, the Board receives regular briefings and presentations on Ports North operations and conducts site visits of operations as required. The Chairman regularly meets with the Chief Executive Officer to review business issues.

At the conclusion of each meeting the Board monitors and comments on the efficiency and effectiveness of the meeting. This monitoring extends to an assessment of the adequacy of reports, the allocation of time to allow full consideration of performance monitoring, consideration of strategic issues and approval of matters as well as the general conduct of the meeting.

The effectiveness of the Board and each of the Board Committees is reviewed annually. The review process for the Board involves an assessment of progress against its principal responsibilities and the preparation of a formal Board Performance Report for consideration by the Board. A similar process has been implemented for each of the Board Committees. Periodically, the Board meets without management in attendance to consider Board effectiveness and progress.

The Human Resources Committee, on behalf of the Board, assesses the performance of the Chief Executive Officer on an annual basis and sets performance targets linked to the strategic objectives of Ports North. This system of performance review applies to all management positions whereby key result areas and performance targets are agreed (at a corporate, business unit and individual level) and performance is measured in achieving the agreed targets. Reviews for all management positions were undertaken during FY2022.

## Risk Management & Compliance

Ports North has in place processes to identify, assess and manage risks to its operations to minimise the impact of unplanned events. This approach is articulated in its Risk Management Framework which also provides for structured risk assessments to be undertaken and the development of risk treatment plans.

The Audit and Risk Committee oversees the implementation of the Risk Management Framework and a strong internal control environment to protect Ports North's interests. Safety and Environmental Management Frameworks, Financial Risk Policies, Fraud Control and Corruption Policies and Security and Emergency Plans address the associated specific risks.

Before approving the financial statements, the Board receives a formal statement from the Chief Executive Officer and General Manager Finance that:

- the financial reports have been prepared in accordance with applicable Accounting Standards and present a true and fair view of the financial position and financial performance of Ports North;
- financial records have been properly maintained and are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the risk management and control system is operating efficiently and effectively in all material respects.

## Remuneration

Director remuneration is affected by the provisions of the *Government Owned Corporations Act 1993*.

Executive remuneration is approved by the board in accordance with the Policy for Government Owned Corporations Chief and Senior Executive Employment Arrangements October 2021.

Remuneration policies for management and staff are overseen by the Human Resources Committee which operates under the Human Resources Committee Terms of Reference.

Ports North' remuneration policies provide for a strategy that balances the needs of the organisation, individuals and shareholders. Policies recognise the need to contain costs to Ports North and optimise the return on Ports North' investment in its people.

Guiding principles that underpin the remuneration strategy are:

- Contribution to achievement of vision and corporate objectives
- Promotion of sustained superior performance
- Remuneration is competitive within the labour markets in which Ports North operates
- Transparency and fairness

An individual's remuneration is determined on appropriate market competitiveness and also having regard to the accountabilities and responsibilities of the position they hold. Remuneration may vary from year to year depending on how the individual and the organisation perform.

An 'at-risk' or incentive component of 5%, 10% or 15% (dependent on position) may be awarded to non-award staff for their performance in meeting set annual performance targets. In addition, minimum corporate standards of financial performance will need to be met before any performance payments are made.

These standards are determined by the Board of Directors annually. In making these determinations, organisation and individual performance objectives, standards and achievements will be taken into account.

The incentive is paid in the form of a one-off lump sum payment and employees must 're-earn' the incentive component each year.

## Board Committees

To increase its effectiveness the Board has established an Audit and Risk Committee, and a Human Resources Committee, each with terms of reference approved by the Board. Committee minutes are included in the papers for the next Board meeting and the Director chairing the Committee reports to the Board on matters addressed by the Committee.

### Audit and Risk Committee

The Audit and Risk Committee is comprised of three non-executive directors. The Chief Executive Officer and the General Manager Finance, who are not members of the Committee, also attend meetings.

The Committee's role and functions are detailed in an Audit and Risk Committee Charter. The objectives of the Committee are to:

- assist the Board in discharging its responsibilities in respect of financial reporting, other accounting requirements and regulatory compliance;
- assist the Board with ensuring that the ability and independence of the external auditor to carry out its statutory audit role is not impaired;
- ensure an effective internal audit and internal control system is maintained;
- oversee, monitor and review the performance of the internal and external auditors and the integrity of the audit process as a whole;
- review the financial reporting process, the system of internal financial control and the external audit process;
- review and ratify Ports North's systems of internal compliance and control, risk management and legal compliance, to determine the integrity and effectiveness of those systems;
- act as a formal forum for free and open communication between the Board, internal and external auditors and management; and
- ensure an appropriate framework is maintained for the management of strategic and operational risk.

### Human Resources Committee

The Human Resources Committee is comprised of three non-executive directors. The Chief Executive Officer and the General Manager Corporate Services, who are not members of the Committee, also attend meetings.

The Committee's role and functions are detailed in the Human Resources Charter. The objectives of the Committee are to:

- review and make recommendations to the Board, where appropriate, in respect of industrial relations strategies, enterprise bargaining agreements and remuneration structures for senior executives and others specifically covered by the Remuneration Policy;
- review and make recommendations to the Board, where appropriate, for amending Remuneration Policy and practices;
- consider and approve appointments for all senior executives and make recommendations to the Board on such matters relating to the Chief Executive Officer.
- obtain external advice, either independently or via management, as appropriate, on remuneration, risk and any other related matter to supplement members' knowledge and expertise; and
- obtain information necessary to enable the Committee to perform its function.

### Summary of Directions and Notifications Received Under the Government Owned Corporations Act

No Directions or Notifications were received under the *Government Owned Corporations Act* during the period.

### Summary of Overseas Travel

No overseas travel was undertaken this year.

# Key Performance Indicators

## General

The underlying operating result (excluding asset valuation transactions) for the year ended 30 June 2022 is a profit of \$7.6 million compared to a loss of \$4.3 million in the previous year (refer to reconciliation on page 14), an increase in the underlying operating result of \$11.9 million.

The operating result after tax for the year ended 30 June 2022 was a loss of \$7.6 million, compared to a loss of \$6.1 million in the previous year. The operating result before tax for the year ended 30 June 2022 was a loss of \$9.9 million, compared with a loss of \$8.4 million for the previous year. Asset valuation transactions decreased operating result before tax by \$17.6 million in the year ended 30 June 2022 compared with a decrease of \$4.1 million in the previous year.

The company's financial results have shown some recovery from the impacts of the COVID-19 pandemic, particularly at the Port of Cairns. Overall trade related revenues increased, principally general cargo imports at Cairns from the Kaban windfarm project, petroleum imports and sugar exports at Cairns, molasses exports at Mourilyan and mineral exports at Skardon River. The temporary fee relief package to support port customers impacted by the pandemic was extended into FY2022 at decreased amounts and international cruise ship visits also recommenced with two vessels visiting in June-22.

## Statement of Financial Position

Total current assets have increased to \$70.7 million at 30 June 2022 from \$37.5 million in the previous year, which reflects a higher cash balance principally due to the \$28.0 million equity contribution received for the Cairns Marine Precinct Early Works project.

Property, Plant and Equipment has decreased to \$159.5 million at 30 June 2022 from \$195.5 million in the previous year. The decrease of \$36.0 million in the carrying amount was due to:

- \$37.5 million revaluation decrease;
- \$6.6 million of depreciation expense; and
- \$8.1 million in additional new assets (principally Cairns Marine Precinct Early Works) net of disposals, write-offs and transfers.

At 30 June 2022, Ports North recognised a net revaluation decrease of \$37.5 million to the carrying value of Property, Plant and Equipment. This is principally made up of a revaluation decrease to Mourilyan (\$21.3 million) due to decreased forecast future trade revenues and a revaluation decrease to Cairns (\$20.0 million) due to increases to forecast CPI and Weighted Average Cost of Capital (WACC); partially offset by a revaluation increase of \$8.9 million to Cape Flattery due to increased future trade revenues.

Investment property value has increased to \$181.0 million at 30 June 2022 from \$175.1 million in the previous year. The increase of \$5.9 million in the carrying amount was due to:

- \$6.6 million revaluation increase of existing investment properties; partially offset by
- \$0.7 million of transfers to Property, Plant and Equipment.

Current liabilities have increased to \$15.1 million at 30 June 2022 from \$14.4 million in the previous year. This was principally due to an increase in the current tax liability due to an improved performance on the previous year and increased deferred revenue. Non-Current liabilities have decreased to \$24.2 million at 30 June 2022 from \$32.3 million in the previous year. This was principally due to lower deferred tax liabilities arising from a net revaluation decrease of property, plant and equipment. This means that less tax would be due should the company sell its assets.

Total Equity as at 30 June 2022 was \$372.0 million compared to \$361.4 million for the previous year. The change was due to a decrease in the asset revaluation surplus of \$9.6 million as a result of a decrease in the carrying amount of the company's assets, a decrease in the accumulated surplus of \$7.6 million reflecting this year's operating loss and a \$28.0 million equity contribution from the Queensland Government.

## Dividends

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

## Current Ratio

The current ratio at 30 June 2022 is 4.6 compared with 2.6 in the prior year.

## Debt to Equity Ratio

The Company had no debt as at 30 June 2022.

## Interest Cover Ratio

There was no interest expense incurred during the year.

Financial KPIs	FY2022 Plan	FY2022 Actual	FY2021 Actual
Earnings Before Interest and Tax (\$'000)	3,032	(9,920)	(8,479)
EBITDA (\$'000)	9,724	(3,228)	(1,614)
Net Profit After Tax (\$'000)	1,976	(7,638)	(6,179)
Return on Assets	0.70%	-2.42%	-2.08%
Return on Operating Assets	0.75%	-2.45%	-2.08%
Debt to Debt + Equity	0.00%	0.00%	0.00%
Return on Equity	0.55%	-2.18%	-1.79%
Interest Cover	0.00%	0.00%	0.00%
Current Ratio	4.81	4.68	2.60
Capital Expenditure (\$'000)	38,311	7,482	8,850
Planned Maintenance Performed (%)	100%	77%	93%

Non Financial KPIs	FY2022 Plan	FY2022 Actual	FY2021 Actual
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**Operational**

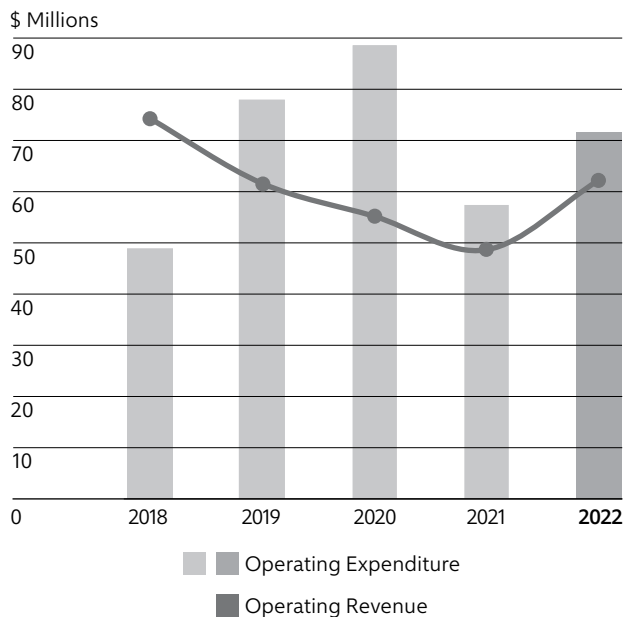
Trade ( tonnes)	8,257,674	8,558,259	6,725,691
No. of Vessels to Port (excluding internal movements)	2,041	2,105	1,792
Marina Berth Occupancy (%)	43%	52%	56%

**Reputation**

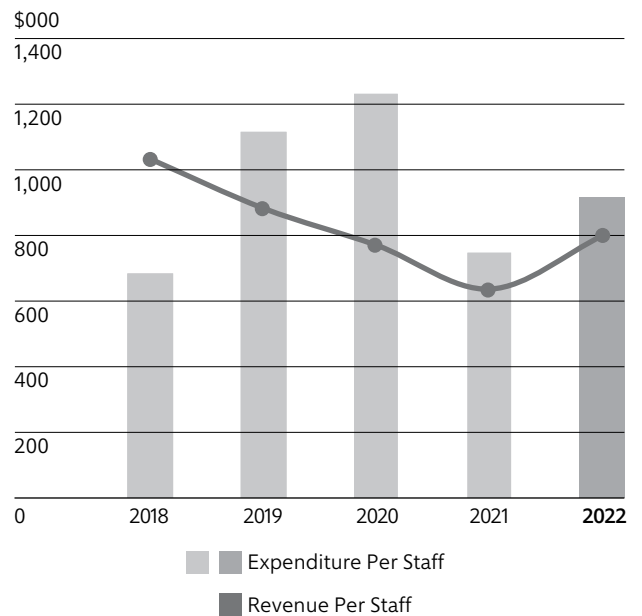
No. of Environmental - reportable breaches	0	0	0
No. of Security issues reported	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	0	16	16
Lost Time Injury Duration Rate (LTIDR)	0	14	13
Staff Turnover (annualised %)	15%	17%	12%
No. of Net FTE Staff numbers	80	78	77
No. of Community Complaints	<10	4	2
Compliance with Reporting Requirements (%)	100%	100%	100%

Reconciliation to Underlying Operating Result	Ports North		Port of Cairns		Regional Ports	
	FY2022 Actual	FY2021 Actual	FY2022 Actual	FY2021 Actual	FY2022 Actual	FY2021 Actual
Earnings Before Interest and Tax (\$'000)	(9,920)	(8,479)	(8,713)	(10,148)	(1,207)	1,669
Asset Valuation Transactions (\$'000)	17,614	4,108	14,568	4,108	(3,046)	-
Underlying Operating Result (\$'000)	7,694	(4,371)	5,855	(6,040)	1,839	1,669

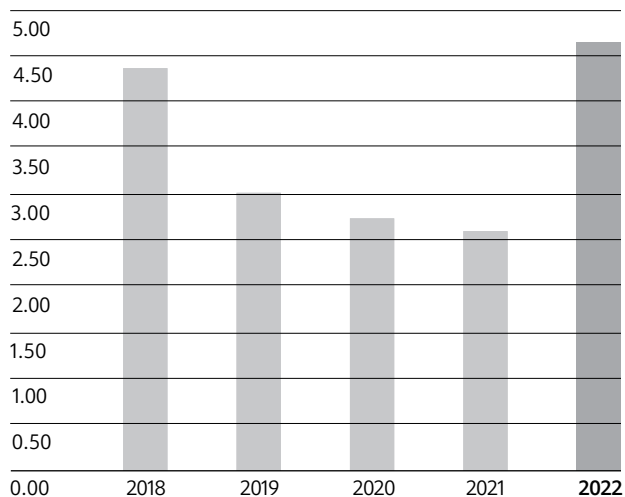
### Operating Revenue & Expenditure



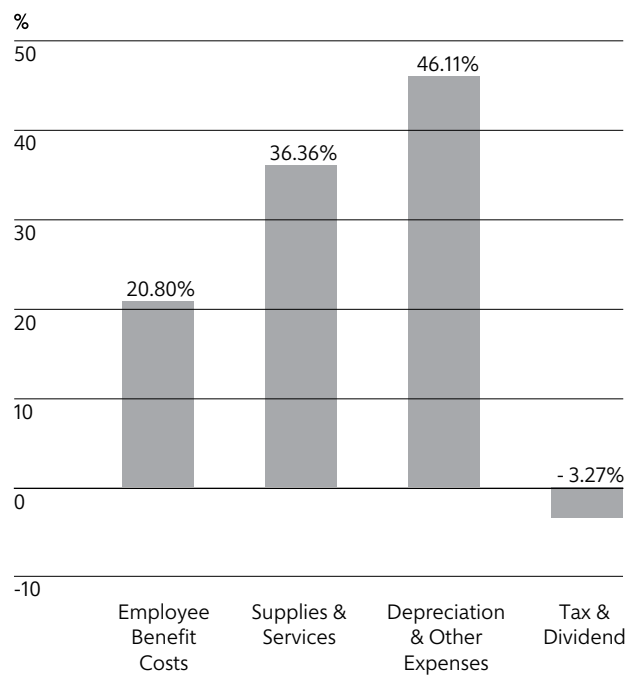
### Revenue & Expenditure Per Staff



### Current Ratio



### Expense Allocation





# Port Results

## Port of Cairns (including Port Pilotage) Results

The operating result before tax from Cairns port activities was a loss of \$8.7 million for the year ended 30 June 2022 compared with a loss of \$10.1 million in the previous year, a decrease of \$1.4 million.

The underlying operating result before tax (excluding asset valuation transactions) was a profit of \$5.8 million for the year ended 30 June 2022 compared with a loss of \$6.0 million in the previous year (refer to reconciliation on page 14).

Overall trade volumes were higher than the previous year due to higher general cargo imports from the Kaban wind farm project, higher petroleum imports and higher sugar exports; slightly offset by lower fertiliser imports and molasses exports. Marina revenue continued to be impacted by the COVID-19 pandemic with Ports North extending their temporary fee relief package to support commercial tourism and reef operators through to 30 June 2022. Passenger revenue also continues to be impacted with passenger numbers through the Reef Fleet Terminal improving on the previous year, however still reduced on historical numbers and rebates on passenger levies for commercial tourism and reef operators were extended through to 31 December 2021. Property revenue increased on the previous year, due to a reduction in the temporary fee relief package provided to check in counter and reef fleet retail customers and lease revenue generated from the Kaban wind farm project. Pilotage revenue increased on the previous year due to increased pilotage activity in Cairns from the Kaban wind farm project and resumption of international cruise activity, as well as higher pilotage activity in the regional ports, principally Thursday Island (masters exemption training) and Karumba (increased general cargo movements).

## Regional Ports Results

The operating result before tax from regional port activities was a loss of \$1.2 million for the year ended 30 June 2022 compared with a profit of \$1.7 million in the previous year, a decrease of \$2.9 million. The underlying operating result before tax (excluding asset valuation transactions) was a profit of \$1.8 million for the year ended 30 June 2022 compared with a profit of \$1.7 million in the previous year (refer to reconciliation on page 14).

The slight increase in underlying operating result from regional port activities was principally due to higher exports of minerals from Skardon River and higher molasses exports from Mourilyan, partially offset by a slight increase in depreciation as a result of last year's net asset revaluation increase and increased environmental consultancy expenditure relating to the new 10-year Sea Dumping Permit in Karumba.

## Our Performance

The operating result after tax for the year ended 30 June 2022 was a loss of \$7.6 million, which compares to a loss of \$6.1 million in the previous year. The operating result before tax was a loss of \$9.9 million for the year ended 30 June 2022 compared with a loss of \$8.4 million for the previous year.

The underlying operating result (excluding asset valuation transactions) for the year ended 30 June 2022 is a profit of \$7.6 million compared to a loss of \$4.3 million in the previous year, an increase in the underlying operating result of \$11.9 million (refer to reconciliation on page 14).

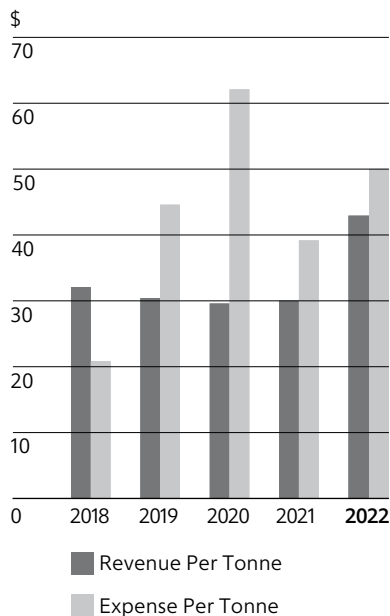
The company's financial results have shown some recovery from the impacts of the COVID-19 pandemic, particularly at the Port of Cairns. Overall trade related revenues increased, principally general cargo imports at Cairns from the Kaban windfarm project, petroleum imports and sugar exports at Cairns, molasses exports at Mourilyan and mineral exports at Skardon River. The temporary fee relief package to support port customers impacted by the pandemic was extended into FY2022 and international cruise ship visits recommenced with two vessels visiting in June-22.

Maintenance spending across all ports, excluding recoverable dredging activity at Karumba, decreased by \$1.7 million compared to the previous year. This is principally due to the timing of the Port of Cairns dredging. The annual dredging program for the year ended 30 June 2021 was completed in June 2021, with the next program commencing in July 2022. During the year ended 30 June 2022 Ports North completed major works across the marina pontoon systems, concrete repairs, replacement of steel fender piles and rubber cone fenders across a number of wharf infrastructure assets.

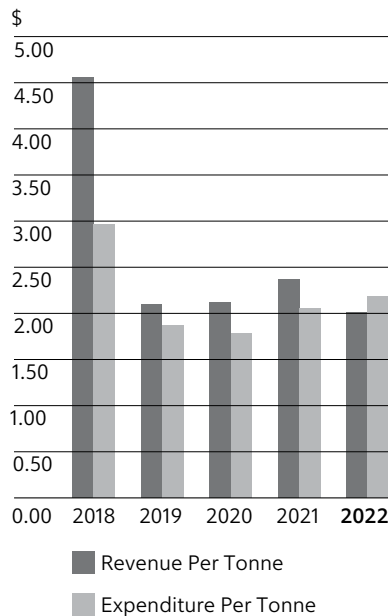
Asset valuation transactions decreased the operating result before tax by \$17.6 million in the year ended 30 June 2022 compared with a decrease of \$4.1 million in the previous year. The market value of the Company's Investment Property increased following an independent revaluation, resulting in a gain of \$6.6 million. The overall carrying values of property, plant and equipment across all ports have decreased for the year ended 30 June 2022. The impact of increased Consumer Price Index (CPI), Weighted Average Cost of Capital (WACC) and changes in trade assumptions at the regional ports has resulted in a revaluation profit decrease of \$24.2 million.



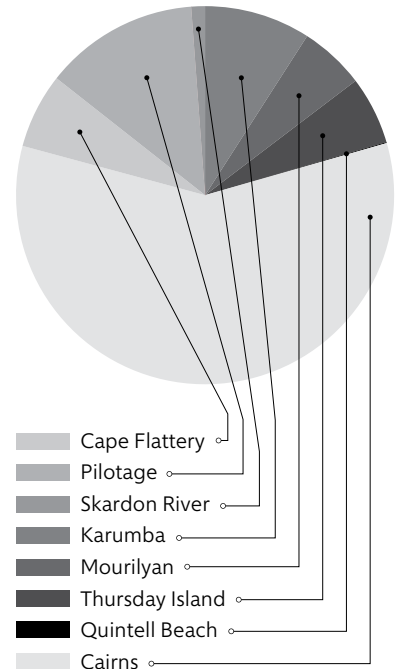
### Port of Cairns Revenue and Expenses Per Tonne



### Regional Revenue and Expenses Per Tonne



### Revenue by Port



### Port of Cairns Cargo Movements (Tonnes)

EXPORTS						IMPORTS					
Year	Sugar	Molasses	Petroleum Products	Other	Total Exports	Petroleum Products	Fertiliser	LPG	Other	Total Imports	Total Cargo
FY2017	304,911	86,688	12,232	322,863	726,693	488,922	37,046	16,198	90,800	632,966	1,359,659
FY2018	205,350	76,465	11,371	296,186	589,372	463,353	58,474	24,854	343,290	889,971	1,479,343
FY2019	297,412	62,737	15,367	176,541	552,057	551,581	25,177	28,442	149,274	754,475	1,306,532
FY2020	264,800	60,977	13,116	105,026	443,920	502,788	44,903	25,903	59,532	633,126	1,077,046
FY2021	187,561	64,731	14,639	115,592	382,523	437,890	49,556	25,576	48,550	561,572	944,095
FY2022	282,200	56,644	24,502	123,998	487,343	500,903	33,874	27,477	277,844	840,098	1,327,442
<b>Average Annual Growth</b>											
1 Year	50.46%	-12.49%	67.38%	7.27%	27.40%	14.39%	-31.64%	7.43%	472.29%	49.60%	40.60%
5 years	-1.49%	-6.93%	20.06%	-12.32%	-6.59%	0.49%	-1.71%	13.93%	41.20%	6.54%	-0.47%

### Regional Ports Cargo Movements (Tonnes)

EXPORTS								IMPORTS			
Year	Sugar	Molasses	Lead/Zinc	Silica Sand	Livestock	Minerals	Other	Total Exports	Other	Total Imports	Total Cargo
FY2017	594,000	129,415	-	2,147,240	3,500	51,387	14,203	2,939,745	62,418	62,418	3,002,163
FY2018	605,000	93,499	-	2,308,715	1,842	523,175	19,163	3,551,394	68,302	68,302	3,619,696
FY2019	571,750	68,833	93,120	2,563,453	4,508	2,483,445	13,106	5,798,215	64,564	64,564	5,862,779
FY2020	576,900	41,275	208,640	2,694,652	-	3,999,619	11,591	7,532,677	62,817	62,817	7,595,494
FY2021	544,980	77,594	265,896	3,027,964	-	1,792,059	10,554	5,719,047	62,548	62,548	5,781,595
FY2022	533,125	98,104	227,551	3,060,661	-	3,214,723	19,752	7,153,915	76,901	76,901	7,230,816

## Vessel Arrivals - Trading, Cruise and Navy

		FY2022	FY2021	FY2020	FY2019	FY2018	FY2017
<b>BULK TRADING VESSELS</b>							
Petroleum	- Cairns	43	42	38	28	29	24
LPG	- Cairns	20	18	22	22	20	15
Sugar	- Cairns	10	7	10	10	9	12
	- Mourilyan	14	14	16	16	18	16
Fertiliser	- Cairns	5	11	10	4	12	7
Molasses	- Cairns	7	8	8	7	9	9
	- Mourilyan	10	12	6	6	10	14
Silica Sand	- Cape Flattery	59	59	51	51	45	41
Livestock	- Karumba	-	-	-	5	2	4
Minerals	- Mourilyan	-	-	-	-	4	2
	- Skardon River	755	451	980	943	133	-
<b>Sub Total Bulk</b>		<b>923</b>	<b>622</b>	<b>1,141</b>	<b>1,092</b>	<b>291</b>	<b>144</b>
<b>OTHER TRADING VESSELS</b>							
General Cargo	- Cairns	566	523	575	709	666	633
	- Regional Ports	589	593	617	599	573	618
<b>Sub Total Other Trading</b>		<b>1,155</b>	<b>1,116</b>	<b>1,192</b>	<b>1,308</b>	<b>1,239</b>	<b>1,251</b>
<b>OTHER VESSELS - CAIRNS &amp; REGIONAL PORTS</b>							
Cruise Vessels	- International	2	-	33	55	58	53
	- Domestic	17	46	79	107	110	104
		19	46	112	162	168	157
Navy		8	8	3	10	38	32
<b>Sub Total Other</b>		<b>27</b>	<b>54</b>	<b>115</b>	<b>172</b>	<b>206</b>	<b>189</b>
<b>TOTAL</b>		<b>2,105</b>	<b>1,792</b>	<b>2,448</b>	<b>2,572</b>	<b>1,736</b>	<b>1,584</b>

# Statement of Corporate Intent

Ports North is required under the *Government Owned Corporations Act 1993* to include a summary of its Statement of Corporate Intent (SCI) in its annual report for the relevant year.

A summary of corporate strategies is presented here, with a full SCI laid before the Legislative Assembly at the same time as the tabling of the Annual Report.

## Strategies

## Progress Against Strategies

### 1. Identify and develop new trade and business opportunities and grow existing business to provide value to Ports North and its shareholders

- Ports North continues to work with Regional stakeholders exploring new trade opportunities through Cairns and the Regional Ports.
- Ports North has finalised arrangement with Windfarm importers to secure further project cargo activities through the port of Cairns.
- Ports North worked with cruise companies and Tourism Tropical North Queensland (TTNQ) to target additional cruise ship visits, overnight stays, and home porting opportunities for Cairns.
- Ports North is working with trade proponents to grow trade through Mourilyan Port and Cape Flattery including mineral sands.
- Ports North is working with Great Barrier Reef Super Yacht Group to target additional super yacht visits.
- Ports North is working with proponents and TMR on new Gulf mine export opportunities.

### 2. Manage and develop Port property to provide sustainable commercial return to Ports North and its shareholders

- Ports North provided rental rebates to COVID-19 impacted port customers.
- Ports North continues to engage with potential end users of Tingira Street lands.
- Property Management Systems and Land Use Plans are in place for all Ports North property.
- Land Acquisition strategies are in place for Cairns and Mourilyan and these will be updated based on Master Planning processes.

### 3. Plan, develop and manage Port infrastructure and assets to improve Port efficiency, meet the needs of customers and contribute to sustainable regional development

- Ports North has finalised the Master Plan for the Port of Cairns and Mourilyan utilizing lead technical consultants and submitted plan for Shareholder approval. Ongoing stakeholder engagement in the Master Plan is underway.
- Ports North completed the master planning work for HMAS Cairns and the identified site for the Cairns Marine Precinct.
- The Queensland Government finalised and announced the Cairns Marine Precinct expansion business case.
- Ports North has awarded contract to construct the Cairns Marine Precinct early works wharves.
- Ports North has finalised and issued its Sustainability Strategy for the organisation.
- Cairns Sea Disposal Permit new 10-year sea dumping permit in place.

## Strategies

## Progress Against Strategies

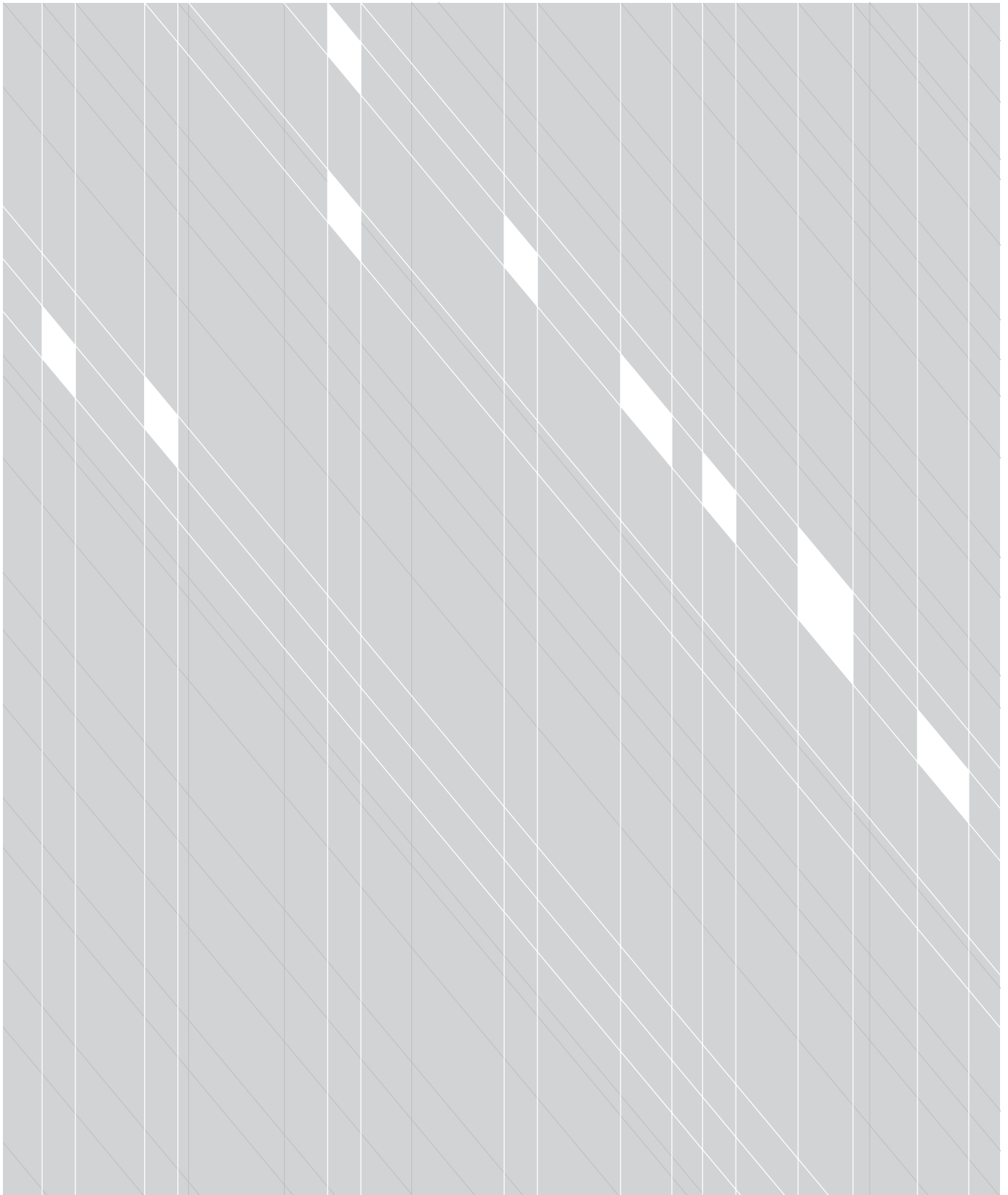
### 4. Maintain organisational capability and governance system to deliver the business requirements and maintain the organisation's reputation

- Ports North's business continuity and health pandemic plan enacted.
- The Environmental Management System for Ports North is in place and reflected in other business systems with quarterly reports to the Board.
- Effective Safety Management System in place.
- Active participation in the Cairns Superyacht Cluster, Tourism Tropical North Queensland, Advance Cairns and with close working relationships with the Cairns Chamber of Commerce, RDA and the Cairns Regional Council.
- Relationship with key stakeholders continues to be developed in the Regional Ports through Port Advisory Group meetings, engagement of local Port stakeholders.
- Human Resources Management Plan developed and progressively implemented.
- Ports North's staff Performance and Development Reviews undertaken.
- Effective Employee Consultation Group and regular presentations to staff on key Port issues.
- Ports North's Risk Management Framework in place and operational.
- Consistent with the Risk Management Framework the Board and Audit and Risk Committee receive quarterly updates outlining the status of the Risk Management System and the Key Strategic Risks.
- Effective security plans are in place with an exercise and audit program with a quarterly security report provided to the Board.
- Emergency Plans, Crisis Management Plan and Business Continuity Plans are in place and an exercise program established.
- Ports North's Policy Framework in place and Policy review, communication and education strategies implemented.
- Financial Management Practice Manual is in place with monthly review of financial performance by the Board and variances and emerging issues identified and actioned.
- Business Plans are in place with financial reporting monthly to the Board

# Ports North **Annual Director's Report & Financial Report**

for the year ended June 30 2022

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# Purpose & Scope

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Far North Queensland Ports Corporation Limited (the Company / Ports North) is a Company Government Owned Corporation (GOC) reporting under the *Government Owned Corporations Act 1993* (the Act). Under section 118 of the Act the Company must comply (as if it were a statutory body) with the requirements of the *Financial Accountability Act 2009* in relation to the preparation, giving to the appropriate Minister and tabling of annual reports.

These financial statements of the Company as at and for the year ended 30 June 2022 provide information relating to the financial position as at 30 June 2022 and the financial performance for the year ended on that date.

These statements have been prepared:

- To satisfy the requirements of the *Corporations Act 2001*, and other prescribed requirements; and
- To communicate information concerning the entity's financial performance for the year and its financial position at year end to a variety of information users, including:
  - Its shareholding Ministers,
    - Treasurer and Minister for Trade and Investment; and
    - Minister for Transport and Main Roads.
- Members of the Legislative Assembly;
- The maritime industry;
- The business community in general;
- Various government and semi-government instrumentalities; and
- Other interested parties.

The statements are general purpose in nature and provide a full presentation of all of the entity's financial activities.

Amounts shown in these financial statements may not add to the correct sub-totals or totals due to rounding.

## PRINCIPAL PLACE OF BUSINESS

Corner of Grafton and Hartley Streets  
Cairns, Queensland, Australia

PO Box 594  
Cairns, Queensland, 4870

# Directors' Report

for year ended 30 June 2022

The Directors present their report, together with the financial report, of Far North Queensland Ports Corporation Limited (the Company / Ports North) for the financial year ended 30 June 2022.

## DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

### Name and qualifications

#### **Russell Beer**

LLB, GDLP

Independent Director

*Chairperson*

Member, Audit and Risk Committee

Member, Human Resources Committee

### Experience and special responsibilities

Russell is a former Director and Shareholder of and now consultant to MacDonnells Law, one of Queensland's largest and longest established independent law firms. Russell specialises in corporate and government advisory law and has been involved in the development of many major projects and pieces of infrastructure in regional Queensland. Russell was a founding Director and long-term Chair of Advance Cairns and has served on many not-for-profit boards. He is currently the Deputy Chair of the Reef and Rainforest Research Centre Ltd. In 2009 Russell was awarded a Certificate of Outstanding Achievement by a Legal Practitioner by the Queensland Law Society, and in 2012 was named as Cairns Regional Council's Citizen of the Year.

Appointed October 2015

Current term: 1 October 2018 – 30 September 2023

#### **Vanessa Maruna**

LLB (Hons)/B.EnvPlan, MPIA, GAICD

Independent Director

*Deputy Chairperson*

Chairperson, Human Resources Committee

Vanessa is a partner of national law firm Holding Redlich and has managed the firm's regional Planning, Environment & Sustainability Practice since 2018 and became the national practice leader in 2021. Prior to joining Holding Redlich, Vanessa was the Managing Director of a Cairns based law firm and town planning practice. Vanessa has experience working on large scale master planned projects and has acted for local governments, developers and publicly listed companies providing town planning and legal advice on a large range of matters in Queensland. Vanessa is a former Chair of the Board of the JUTE Theatre Company and has served on a number of not-for-profit boards.

Appointed December 2016

Current Term: 15 December 2019 – 30 September 2022

#### **Victoria Cuda**

B.Bus, CA, GAICD

Independent Director

Chairperson, Audit and Risk Committee

Victoria has over 10 years' experience as a Chartered Accountant and has experience working in the property development and international education sectors. Victoria is the Deputy Chair of the Australian Institute of Company Directors FNQ Steering Committee and has actively contributed to a number of community boards and committees over the last 10 years.

Appointed October 2015

Current Term: 1 October 2018 – 30 September 2022

#### **John Hogg**

BSc

Independent Director

Member, Audit and Risk Committee

John served the people of Queensland as a Senator in Federal Parliament for 18 years. During this period, John was heavily involved in parliamentary committees and enquiries. John also served as President of the Senate for 6 years. John was previously the State Secretary of the Shop Distributive and Allied Employees' Association (Queensland) for 15 years and was its President for the last 25 years. In these key leadership roles John was responsible for the strategic and financial management of the organisation as well as its governance.

Appointed October 2018

Current Term: 1 October 2018 – 30 September 2025



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## Name and qualifications

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### **Julia Leu**

MBA, BA, GradDipED, GradDipComm, MAICD

Independent Director

Member, Human Resources Committee

## Experience and special responsibilities

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Julia Leu is a local council veteran with over 25 years' experience and was Mayor of the Douglas Shire Council from 2014 until March 2020, following 6 years as an independent Councillor with Cairns Regional Council. She is a passionate advocate for regional communities and has worked as a CEO and senior executive in community development, economic services and Indigenous education. Julia is currently on the State Library Board of QLD, Chair of the Public Libraries Advisory Group, President of Arts Nexus and President of the Port Douglas Community Services Neighbourhood Centre.

Appointed October 2020

Current Term: 1 October 2020 – 30 September 2023

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### **Rob Giason**

Fellow AMI, Fellow & Life Member AITO

Independent Director

Member, Audit and Risk Committee

Rob brings 45 years of Tourism experience and leadership from across multiple and diverse Australian regions, including CEO Tourism Tropical North Queensland, CEO Tourism Tasmania & Director of Marketing, Destination New South Wales. He possesses a passion for regional communities and their positive development. Rob is a Director of multiple not for profit Boards servicing the Indigenous Health, Charity and development sectors he is a Co-founder & Chair of Reef Restoration Foundation and also serves on the Australian Institute of Company Directors, Cairns Committee.

Appointed October 2020

Current Term: 1 October 2020 – 30 September 2023

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## COMPANY SECRETARY

Mr Christopher Boland was appointed to the position of Company Secretary on 14 November 2008 and Mrs Kerry Egerton was appointed to the position of Company Secretary on 24 November 2017.

### Chris Boland BE (Hon), GAICD

Chris has over 39 years of experience in engineering and port management. Chris is currently Chief Executive Officer of Ports North having previously held the position of General Manager of the Seaport business unit for 11 years.

### Kerry Egerton PGradDip (HR Management), GIA (Cert), MAHRI,

Kerry has over 37 years of experience in human resources and corporate management roles in both public and private sector organisations involved in maritime, aviation, mining and forestry industries. Kerry is currently General Manager Corporate Services, having held other management roles with the Ports North organisation for 21 years.

## PRINCIPAL ACTIVITIES

During the reporting period, Ports North was the owner and operator of the Port of Cairns, with responsibility for the management and development of the Cairns Seaport and Strategic Port Land including planning and implementation of the Cityport Project. Ports North was also the owner and operator of the Ports of Burketown, Cape Flattery, Cooktown, Karumba, Mourilyan, Skardon River, Thursday Island and Quintell Beach.

Also during the reporting period, Ports North provided Marine Pilotage to each of its Ports as well as the Port of Weipa.

## OPERATING AND FINANCIAL REVIEW

The Company's operating result for the year after income tax was a loss of \$7.638 million. This compares to an operating result of \$6.179 million loss in the previous financial year. The result for the year ended 30 June 2022 included the following major transactions:

	2022 \$'000	2021 \$'000
Increase in Fair Value of Investment Property	6,618	4,386
Revaluation of Property Plant & Equipment	(24,232)	(8,494)
	(17,614)	(4,108)

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In response to the ongoing economic impacts of the coronavirus (COVID-19), the Ports North Board has approved financial rebate relief packages for port customers to assist in mitigation of the effects of adverse impacts on our customers and the regional economy. The Board also approved extended payment terms for selected rental tenants from 30 days to 120 days for September to December 2021 and then to 90 days from January 2022.

Ports North uses an income based financial model to value its Property, Plant and Equipment. The model estimates cash flow projections based on future trade forecasts, probability outcomes and pricing outcomes. The results of the valuation in 2021-22 are significant due to uncertainties around global and domestic economic conditions, tourism and commodity demand.

## DIVIDENDS

Ports North's policy is to recommend and pay a dividend amount equivalent to 100% (2021: 100%) of Ports North's adjusted profit for the year. For the 2021-22 year, shareholding Ministers approved the Board's recommendation for the retention of dividends otherwise payable from final audited net profits after tax. The dividend retention is intended to be used by Ports North to support future investment in critical infrastructure and growth initiatives.

Dividends paid or declared by the Company since the end of the previous financial year were:

	2022 \$'000	2021 \$'000
Dividends Declared	-	-
Dividends Paid	-	2,790

## EVENTS AFTER THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item or transaction of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

## LIKELY DEVELOPMENTS

The Company will continue to pursue its principal activities during the next financial year.

## DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

	Board Meetings		Audit and Risk Committee Meetings		Human Resource Committee Meetings	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
<b>Directors</b>						
Mr R Beer	9	8	4	3	4	4
Ms V Maruna	9	7	-	-	4	4
Mrs V Cuda	9	8	4	4	-	-
Mr J Hogg	9	9	4	4	-	-
Ms J Leu	9	7	-	-	4	4
Mr R Giason	9	9	4	4	-	-

## PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

## ENVIRONMENTAL REGULATION

Ports Norths operations are subject to environmental regulations under both Commonwealth and State legislation in relation to its port management activities. There are many environmental regulations under legislation, including licence requirements relating to dredging, potential water and air, noise and land pollution, and waste management in relation to Ports Norths operations.

All environmental performance obligations are reviewed as part of our Environmental Management System (EMS) so as to ensure audit processes and consistency with the ISO 14001:2015 standard. Our system ensures that management remains relevant to our operations, that we identify and manage aspects and impacts of our operations and implement strategies to minimise potential impacts on the environment surrounding our ports. These processes and management practices are subject to government agency, internal and external professional agency audit, as well as ongoing review to ensure compliance.

In some situations, climate factors may give rise to significant judgements and estimation uncertainty associated with the recognition or measurement of assets or liabilities (e.g. provisions). Where there is significant risk that these assumptions may change within the next financial year (for example because of an uncertain regulatory environment), AASB 101 requires the assumptions on which the accounting is based to be explained. Ports North is not aware of any climate factors which give rise to significant judgements and estimation uncertainty or impact on other matter that requires disclosure regarding any significant environmental regulation in respect to its operating activities in the past year or next financial year.

## INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the financial year the Company maintained Directors and Officers Liability insurance cover and indemnified all Directors of the Company and named Senior Officers, in respect of any liability incurred in their capacities as an Officer of the Company and any related company and defence costs incurred in connection with an investigation or in a proceeding or action for liability incurred as an Officer of the Company and any related company. There were no known claims during the financial year. Directors' and Officers' insurance premium paid during the financial year was \$164,585.

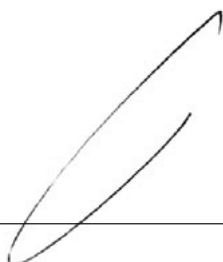
## LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 9.

## ROUNDING OFF

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Financial Report and Directors' Report. Amounts have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the Directors:



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**R Beer**  
Chairman

Dated at Cairns this 24th day of August 2022

# Auditor's Independence Declaration

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To the Directors of Far North Queensland 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 Far North Queensland 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.



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**Bhavik Deoji**

as delegate of the Auditor-General

24 August 2022

Queensland Audit Office

Brisbane

# Statement of Comprehensive Income

for year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>INCOME</b>			
<b>Revenue</b>			
User charges	A1.1	54,538	43,967
Interest revenue		259	202
Other revenue		737	55
Increase in Fair Value of Investment Property	B5	6,618	4,386
<b>Total Income</b>		<b>62,152</b>	<b>48,610</b>
<b>EXPENSES</b>			
<b>Expenses</b>			
Supplies and services	A2.1	25,374	28,325
Employee expenses	A2.2	14,512	13,059
Finance Costs	B8	10	16
Depreciation	B4.1 / B8	6,692	6,865
Write-off of Property, Plant and Equipment work in progress	B4.1	1,186	-
Write-off of Investment Property work in progress	B5	66	214
Loss on sale of Property, Plant and Equipment and Investment Property		-	116
Revaluation of Property, Plant and Equipment	B4.1	24,232	8,494
<b>Total Expenses</b>		<b>72,072</b>	<b>57,089</b>
<b>Operating Result before Income tax (equivalent) expense</b>		<b>(9,920)</b>	<b>(8,479)</b>
Income tax equivalent expense/(benefit)	A3	(2,282)	(2,300)
<b>Operating Result for the year</b>		<b>(7,638)</b>	<b>(6,179)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to operating result</b>			
Increase/(decrease) in asset revaluation surplus	B10.2	(13,850)	11,916
Other deferred tax adjustments	B10.2	4,155	(3,415)
<b>Total Other Comprehensive Income for the period, net of income tax</b>		<b>(9,695)</b>	<b>8,501</b>
<b>Total Comprehensive Income</b>		<b>(17,333)</b>	<b>2,322</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	B1	4,216	4,046
Advances	B2	53,339	22,651
Receivables	B3	12,285	8,234
Current tax asset	B9.1	-	2,225
Inventories		455	46
Prepayments		488	303
<b>Total current assets</b>		<b>70,783</b>	<b>37,505</b>
<b>Non-current assets</b>			
Property, plant and equipment	B4.1	159,551	195,547
Investment property	B5	181,082	175,151
Right-of-use assets	B8	-	29
<b>Total non-current assets</b>		<b>340,633</b>	<b>370,727</b>
<b>Total assets</b>		<b>411,416</b>	<b>408,232</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables		6,953	8,729
Current tax liabilities	B9.1	1,720	-
Employee benefits	B6	3,462	3,113
Provisions	B7	163	106
Income in advance		2,812	2,457
Lease Liabilities	B8	-	35
<b>Total current liabilities</b>		<b>15,110</b>	<b>14,440</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	B9.2	23,114	31,725
Employee benefits	B6	260	382
Lease Liabilities	B8	848	268
<b>Total non-current liabilities</b>		<b>24,222</b>	<b>32,375</b>
<b>Total liabilities</b>		<b>39,332</b>	<b>46,815</b>
<b>Net assets</b>		<b>372,084</b>	<b>361,417</b>
<b>EQUITY</b>			
Contributed equity	B10.1	275,178	247,178
Asset revaluation surplus	B10.2	88,960	98,655
Accumulated surplus		7,946	15,584
<b>Total equity</b>		<b>372,084</b>	<b>361,417</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

for year ended 30 June 2022

	Note	Contributed Equity \$'000	Asset Revaluation Surplus \$'000	Accumulated Surplus \$'000	Total \$'000
<b>Balance at 30 June 2020</b>		<b>247,178</b>	<b>90,687</b>	<b>21,733</b>	<b>359,598</b>
Effect of change for prior year deferred tax adjustment <sup>(1)</sup>		-	-	(343)	(343)
<b>Restated balance at 1 July 2020</b>		<b>247,178</b>	<b>90,687</b>	<b>21,390</b>	<b>359,255</b>
Operating Result		-	--	(6,179)	(6,179)
Other Comprehensive Income		-	8,501	-	8,501
<b>Total Comprehensive Income for the year</b>		<b>-</b>	<b>8,501</b>	<b>(6,179)</b>	<b>2,322</b>
Transfer from reserves to accumulated surplus	B10.2	-	(533)	373	(160)
<i>Transactions with owners in their capacity as owners</i>					
Dividend	B10.3	-	-	-	-
Equity Contribution	B10.1	-	-	-	-
<b>Balance at 30 June 2021</b>		<b>247,178</b>	<b>98,655</b>	<b>15,584</b>	<b>361,417</b>
Operating Result		-	-	(7,638)	(7,638)
Other Comprehensive Income		-	(9,695)	-	(9,695)
<b>Total Comprehensive Income for the year</b>		<b>-</b>	<b>(9,695)</b>	<b>(7,638)</b>	<b>(17,333)</b>
<i>Transactions with owners in their capacity as owners</i>					
Dividend	B10.3	-	-	-	-
Equity Contribution	B10.1	28,000	-	-	28,000
<b>Balance at 30 June 2022</b>		<b>275,178</b>	<b>88,960</b>	<b>7,946</b>	<b>372,084</b>

(1) Prior year adjustment for recognition of DTA relating to a temporary difference on revetment and carpark works and correction to recognition of prior period permanent adjustment.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# Statement of Cash Flows

for year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities</b>			
<i>Inflows:</i>			
Receipts from customers		52,428	44,988
Interest received		259	202
GST input tax credits from ATO		2,760	3,297
GST collected from customers		5,410	4,462
Income Tax (equivalent) received/(paid)		1,769	-
<i>Outflows:</i>			
Payments to suppliers and employees		(43,231)	(41,726)
GST remitted to ATO		(5,557)	(4,496)
GST paid to suppliers		(3,315)	(3,174)
Income Tax (equivalent) received/(paid)		-	(616)
<b>Net cash provided by operating activities</b>	CF1	10,523	2,937
<b>Cash flows from investing activities</b>			
<i>Inflows:</i>			
Sales of Property, Plant and Equipment and Investment Property		-	283
Advances from Queensland Treasury	B2	-	7,846
<i>Outflows:</i>			
Payments for Property, Plant and Equipment and Investment Property		(7,622)	(9,174)
Advances to Queensland Treasury	B2	(30,687)	-
<b>Net cash provided/(used) in investing activities</b>		(38,309)	(1,045)
<b>Cash flows from financing activities</b>			
<i>Inflows:</i>			
Proceeds from Equity Contribution		28,000	-
<i>Outflows:</i>			
Dividends Paid		-	(2,790)
Payment of principal and interest of lease liabilities	B8	(44)	(118)
<b>Net cash provided by/(used) in financing activities</b>		27,956	(2,908)
<b>Net increase/(decrease) in cash and cash equivalents</b>		170	(1,016)
<b>Cash and cash equivalents – opening balance</b>		4,046	5,062
<b>Cash and cash equivalents – closing balance</b>	B1	4,216	4,046

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to Statement of Cash Flows

### CF1 Reconciliation of Cash Flows from operating activities

	2022 \$'000	2021 \$'000
Operating surplus/(deficit)	(7,638)	(6,179)
<b>Non-Cash items included in operating result:</b>		
Net (gain)/loss on disposal of property, plant and equipment	-	116
Depreciation expense	6,692	6,865
Fair value (increase)/decrease to Property, Plant and Equipment	24,232	8,494
Fair value (increase)/decrease to Investment Property	(6,618)	(4,386)
Write off of Property, Plant and Equipment work in progress	1,186	-
Write off of Investment Property work in progress	66	214
Interest on lease liabilities	10	16
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in right-of-use assets	(551)	193
(Increase)/decrease in trade and other receivables	(4,046)	490
(Increase)/decrease in inventories	(409)	7
(Increase)/decrease in prepayments	(184)	(54)
(Increase)/decrease in deferred tax assets	798	(1,013)
Increase/(decrease) in trade and other payables	(2,890)	365
Increase/(decrease) in current tax liabilities	3,945	(614)
Increase/(decrease) in employee benefits	227	(220)
Increase/(decrease) in provisions	57	(3,081)
Increase/(decrease) in income in advance	356	413
Increase/(decrease) in lease liabilities	546	(174)
Increase/(decrease) in deferred tax liabilities	(5,255)	1,485
Net Cash Provided by Operating Activities	10,523	2,937

# Notes to Financial Statements

for year ended 30 June 2022

## BASIS OF FINANCIAL STATEMENT PREPARATION

### STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB), the *Corporations Act 2001* and *Government Owned Corporations Act 1993* (GOC Act) (including amendments). The report also complies with the applicable provisions of the *Financial Accountability Act 2009 (Qld)* and *Financial and Performance Management Standard 2019 (Qld)*. The Company is a for-profit entity for the purposes of preparing the financial statements.

New Accounting Standards early adopted and/or applied for the first time in these financial statements are outlined in Note D3.

### PRESENTATION AND MEASUREMENT MATTERS

#### Historical Cost Convention

The financial statements have been prepared under the historical cost convention, except where otherwise stated.

#### Functional and Presentation Currency

The financial statements are presented in Australian dollars, which is the company's functional currency.

#### Rounding

Amounts included in the financial statements are rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

#### Comparatives

Comparative information reflects the audited 2020-21 financial statements.

#### Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Company does not have an unconditional right to defer settlement beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

### CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the determination and use of certain management judgements, estimates and assumptions that affect the application of policies and resulting reported amounts. The Directors evaluate estimates and associated assumptions incorporated into the financial statements based on historical knowledge, best available current information, and other factors that are considered relevant. Such estimates, judgements and underlying assumptions assume a reasonable expectation of future events and are based on current trends and economic data. 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:

Impairment of Receivables - Note B3.1	Valuation of property, plant and equipment - Note B4.3
Assessment of useful lives - Note B4.4	Depreciation Note - B4.4
Valuation of investment properties - Note B5	Provision for long service leave - Note B6
Leases Note - B8	

### AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements were authorised for issue by the Directors on 24th August 2022. The directors have the power to amend and reissue the financial statements.

## Section 1 - Notes About Our Financial Performance

### A1 REVENUE

#### A1.1 USER CHARGES

	2022 \$'000	2021 \$'000
Charges for rentals and leases	13,552	8,335
Charges for use of facilities	22,064	16,948
Charges for services	18,922	18,684
	54,538	43,967

#### Accounting Policy – Revenue

Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expected to be entitled in exchange for those goods or services. Invoices issued to customers are usually payable within 30 days.

In response to the ongoing economic impacts of the coronavirus (COVID-19), the Ports North Board has approved financial rebate relief packages for port customers to assist in mitigation of the effects of adverse impacts on our customers and the regional economy. The rebate relief package provided in the current year as a result of COVID-19 is \$1.3 million (2021: \$5.7 million). This has been recognised as a reduction in user charges. The Board also approved extended payment terms for selected rental tenants from 30 days to 120 days for September to December 2021 and then to 90 days from January 2022.

#### Charges for rentals and leases

Revenue is recognised on a periodic straight-line basis over the lease term with invoices issued in advance on a monthly basis. Rentals and leases invoiced in advance at the end of the reporting period is recognised as a liability (Income in Advance) and generally expected to be recognised as revenue within one year. The performance obligation is satisfied upon completion of the lease term and recognised progressively upon completion of each periodic term (generally monthly).

#### Charges for use of facilities

Revenue is recognised over time as the port facilities are used, with the amount calculated using a schedule of charges, or contracted rates, associated with each performance obligation. The performance obligation is satisfied upon departure from the port facility with customers invoiced after departure.

#### Charges for services

Revenue is recognised over time as the services are provided, with the amount calculated using a schedule of charges, or contracted rate, associated with each performance obligation. The performance obligation is satisfied upon completion or delivery of service with customers generally invoiced after the service has been provided. Charges for services invoiced in advance at the end of the reporting period is recognised as a liability (Income in Advance) and generally expected to be recognised as revenue within one year.

### A2 EXPENSES

#### A2.1 SUPPLIES AND SERVICES

	2022 \$'000	2021 \$'000
<b>Supplies and services</b>		
Consultants and contractors	14,772	16,629
Electricity	1,862	2,863
Rates, utilities and land tax <sup>(1)</sup>	4,758	4,626
Insurance	2,521	1,904
Bad debts	10	142
Other supplies and consumables	1,451	2,161
	25,374	28,325

(1) As part of the Queensland Government's Land Tax Relief measures, Ports North received a rebate of \$0.9 million in 2021.

During the year, fees included in supplies and services of \$110,000 (2021: \$95,000) were paid or payable for services provided by the auditor of the entity in relation to the audit of the financial report. No other services were provided.

## Section 1 - Notes About Our Financial Performance continued

## A2 EXPENSES continued

## A2.2 EMPLOYEE EXPENSES

	2022 \$'000	2021 \$'000
Wages and salaries	10,724	9,738
Directors' fees	213	194
Wage and salary on-costs	3,140	2,607
Other employee costs and benefits	435	520
	<u>14,512</u>	<u>13,059</u>

**Accounting Policy – Employee Benefits**

Employee expenses include all costs relating to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, WorkCover premiums and superannuation.

Key management personnel and remuneration disclosures are detailed in Note D1.

## A3 INCOME TAX EQUIVALENTS AND OTHER TAXES

## A3.1 INCOME TAX EXPENSE

	Note	2022 \$'000	2021 \$'000
<b>The components of tax equivalents expense / (benefit) comprise:</b>			
Current tax		2,176	-
Deferred tax		(4,458)	(2,300)
<b>Income tax</b>		<u>(2,282)</u>	<u>(2,300)</u>
<b>Deferred income tax expense / (benefit) included in income tax expense comprises:</b>			
Decrease / (increase) in deferred tax assets	B9.1	797	(1,012)
Increase / (decrease) in deferred tax liabilities	B9.1	(5,255)	(1,288)
		<u>(4,458)</u>	<u>(2,300)</u>

## A3.2 NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE INCOME TAX PAYABLE

	2022 \$'000	2021 \$'000
Operating result before income tax expense	(9,920)	(8,479)
Tax expense / (benefit) at the Australian tax rate of 30% (2021: 30%)	(2,976)	(2,544)
<b>Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:</b>		
Fair Value adjustment	562	110
Entertainment	-	2
Depreciation adjustments	132	132
Income tax expense / (benefit)	<u>(2,282)</u>	<u>(2,300)</u>

## Section 1 - Notes About Our Financial Performance continued

### A3 INCOME TAX EQUIVALENTS AND OTHER TAXES continued

#### A3.3 INCOME TAX EXPENSE RECOGNISED DIRECTLY IN EQUITY

	Note	2022 \$'000	2021 \$'000
Revaluation of Property, Plant and Equipment	B9.2	(4,155)	3,415

#### Accounting Policy – Income Tax (Equivalents)

Ports North is exempt from income tax. However, pursuant to section 129 of the Government Owned Corporations Act 1993, Ports North is liable for income tax (equivalents).

The income tax (equivalents) expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities information is outlined in Note B9.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

#### Accounting Policy – Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated Goods and Services Tax (GST), unless the GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Trade receivables and trade payables are stated inclusive of the amount of GST receivable or payable. The amount of GST recoverable from, or payable to, the ATO is included with other receivables or other payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

## Section 2 - Notes About Our Financial Position

### B1 CASH AND CASH EQUIVALENTS

	2022 \$'000	2021 \$'000
Cash at bank and on hand	3,888	3,720
Deposits at call	328	326
	<u>4,216</u>	<u>4,046</u>

#### Accounting Policy – Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June 2022 as well as deposits at call and other short term, highly liquid investments with original maturities of six months or less, with financial institutions.

### B2 ADVANCES

	2022 \$'000	2021 \$'000
Advances	53,339	22,651

#### Accounting Policy – Advances

Under the Queensland Government's cash management regime, Government Owned Corporations (GOCs) advanced surplus cash to Queensland Treasury. Queensland Treasury pays interest on these advances at the Queensland Treasury Corporation (QTC) Cash Fund rate. Access to the advances is generally subject to negotiation periods of 24 to 48 hours.

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, advances include amounts deposited as an advance receivable from Queensland Treasury. The advance is managed by QTC on a whole of state basis.

Because of the short term nature of the advances, their carrying amount represents fair value.

### B3 RECEIVABLES

	2022 \$'000	2021 \$'000
<b>Current</b>		
Trade receivables	10,894	7,435
Less: Allowance for expected credit losses	(662)	(667)
	<u>10,232</u>	<u>6,768</u>
Other receivables	2,053	1,466
	<u>12,285</u>	<u>8,234</u>
<b>Non-current</b>		
Other receivables	-	-
	<u>-</u>	<u>-</u>
<b>Movements in the allowance for impairment loss</b>		
Balance at the beginning of the year	667	553
Impairment loss recognised/(reversed)	(5)	114
Balance at the end of the year	<u>662</u>	<u>667</u>

## Section 2 - Notes About Our Financial Position continued

### B3 RECEIVABLES continued

#### Accounting Policy – Receivables

Trade receivables are recognised at the amounts due at the time of sale or service delivery (i.e. the agreed purchase/contract price). Normal settlement of these amounts is required within 30 days from invoice date.

There are no significant concentrations of credit risk. The trade receivables balance is spread across a large number of different customers. Management have assessed the expected impairment of receivables.

Other receivables generally arise from transactions outside the usual operating activities of the Company and are initially recognised at their fair value, and subsequently measured at amortised cost.

All known bad debts were written-off as at 30 June 2022.

### B3.1 IMPAIRMENT OF RECEIVABLES

#### Accounting Policy – Impairment of Receivables

The allowance for impairment loss of trade receivables reflects estimates of historical credit losses, the subsequent historical default rate and adjustments for forward looking estimates resulting in expected losses per ageing category. In determining this allowance for impairment loss, the Company has adopted a simplified approach using a provision matrix.

The most readily identifiable loss event is where a debtor is overdue in paying a debt to the company, according to the due date (generally terms of 30 days). Economic changes impacting the Company's debtors, and relevant industry data, also form part of the Company's documented risk analysis. If no loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debtor or group of debtors. If the Company determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debt recovery actions), that amount is recognised as a Bad Debt expense and written-off directly against Receivables.

Due to the global financial uncertainty arising from COVID-19, the Company has observed an increase in credit risk and will continue to make on-going judgements, assumptions, and estimates in areas such as what constitutes a significant increase in credit risk, when a significant increase in credit risk has occurred and determining expected future cash flows in order to calculate impairment charges. Management have assessed the expected loss rates for trade receivables based on their judgement as to the impact of COVID-19 on the trade receivables portfolio. In addition, certain individual customers (where there is objective evidence of credit impairment) have been identified as having a significantly elevated credit risk and have been provided for on a specific basis. This has resulted in an expense of \$0.010 million for impairment provisions recognised in profit and loss in the year. This is a decrease of \$0.132 million from 2021. The Company's provision for impairment represents approximately 6.1% of trade receivables (2021: 9.0%).

## B4 PROPERTY, PLANT AND EQUIPMENT

### B4.1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

		2022 \$'000	2021 \$'000
Land	At fair value	34,123	32,743
Buildings	At fair value	1,242	2,683
Wharves	At fair value	75,058	83,879
Channels and swing basins	At fair value	38,325	70,585
Infrastructure and major plant and equipment	At fair value	1,351	2,036
Plant and equipment	At cost	2,424	2,500
	Accumulated depreciation	(260)	(321)
		2,164	2,179
Work in progress	At cost	7,288	1,442
<b>Total Property, plant and equipment</b>		<b>159,551</b>	<b>195,547</b>



## Section 2 - Notes About Our Financial Position continued

### B4 PROPERTY, PLANT AND EQUIPMENT continued

#### B4.1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT continued

##### Movements in property, plant and equipment

Reconciliations of the carrying amounts of each class of Property, Plant and Equipment at the beginning and end of the current financial year are set out below.

2022	Opening Carrying Amount	Additions	Disposals/ Write-offs	Depreciation	Transfers	Revaluations <sup>(1)</sup>		Closing Carrying Amount
						Recognised in Asset Revaluation Surplus	Recognised in Statement of Comprehensive Income	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Land	32,743	52	-	-	248	1,080	-	34,123
Buildings	2,683	-	-	(127)	-	(1,225)	(89)	1,242
Wharves	83,879	672	-	(3,416)	90	1,673	(7,840)	75,058
Channels and swing basins	70,585	-	-	(2,603)	(864)	(14,744)	(14,049)	38,325
Infrastructure and major plant and equipment	2,036	856	(3)	(253)	1,023	(634)	(1,674)	1,351
Plant and equipment	2,179	247	(2)	(260)	-	-	-	2,164
Work in progress	1,442	6,824	(1,185)	-	207	-	-	7,288
	<b>195,547</b>	<b>8,651</b>	<b>(1,190)</b>	<b>(6,659)</b>	<b>704</b>	<b>(13,850)</b>	<b>(23,652)</b>	<b>159,551</b>

(1) Revaluation of Property, Plant and Equipment in Statement of Comprehensive Income is 24,232. Variance of 580 is remeasurement of ROU perpetual lease asset which is carried at fair value. Refer to note B8.

2021	Opening Carrying Amount	Additions	Disposals/ Write-offs	Depreciation	Transfers	Revaluations		Closing Carrying Amount
						Recognised in Asset Revaluation Surplus	Recognised in Statement of Comprehensive Income	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Land	33,198	-	-	-	(120)	(335)	-	32,743
Buildings	3,315	-	-	(370)	-	(222)	(40)	2,683
Wharves	75,251	2,137	-	(3,156)	-	12,095	(2,448)	83,879
Channels and swing basins	76,234	2,244	-	(2,584)	-	555	(5,864)	70,585
Infrastructure and major plant and equipment	2,648	9	-	(302)	-	(177)	(142)	2,036
Plant and equipment	2,272	645	(419)	(319)	-	-	-	2,179
Work in progress	314	1,342	-	-	(214)	-	-	1,442
	<b>193,232</b>	<b>6,377</b>	<b>(419)</b>	<b>(6,731)</b>	<b>(334)</b>	<b>11,916</b>	<b>(8,494)</b>	<b>195,547</b>

#### B4.2 RECOGNITION AND ACQUISITION

##### Accounting Policy – Recognition Thresholds

Items of Property, Plant and Equipment with a cost or other value equal to or in excess of the thresholds set out below are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

Asset Type	Recognition Threshold
Land	\$1
Buildings	\$10,000
Wharves	\$10,000
Channels and swing basins	\$10,000
Infrastructure and major plant and equipment	\$10,000
Plant and equipment	\$5,000

## Section 2 - Notes About Our Financial Position continued

### B4 PROPERTY, PLANT AND EQUIPMENT continued

#### B4.2 RECOGNITION AND ACQUISITION continued

##### Accounting Policy – Cost of Acquisition

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Actual cost is the consideration at the date of acquisition plus any incidental costs attributable to the acquisition.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

#### B4.3 MEASUREMENT

##### Accounting Policy – Measurement of Property, Plant and Equipment

All asset classes except plant and equipment are measured at fair value. These assets are reported at their revalued amounts, being the fair value at the date of valuation less, where applicable, any accumulated depreciation and impairment losses. Accumulated depreciation at the date of revaluation is adjusted on a pro-rata basis and the net amount is restated to the revalued amount of the asset.

In respect of the abovementioned asset classes, the cost of items acquired during the financial year has been judged by management of the Company to materially represent their fair value at the end of the reporting period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The fair values reported by the Company are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs (refer to Note C1).

##### Accounting for Changes in Fair Value

Increases in the carrying amounts arising on revaluation of land, buildings and infrastructure assets are credited, net of tax, to Other Comprehensive Income and presented in the asset revaluation surplus in equity. To the extent that the increase reverses a decrease previously recognised in the Statement of Comprehensive Income, the increase is first recognised in the Statement of Comprehensive Income. Decreases that reverse previous increases of the same asset are first charged to the asset revaluation surplus in equity to the extent of the remaining surplus attributable to the asset with any balance charged to the Statement of Comprehensive Income. All other decreases are charged to Statement of Comprehensive Income.

##### Carrying Amounts that could have been recognised if Property, Plant and Equipment were carried at cost

If items of property, plant and equipment that have been revalued were stated on the historical cost basis, the carrying amounts would be as follows:

	2022 \$'000	2021 \$'000
Land	67,625	67,573
Buildings	7,735	8,040
Wharves	47,099	48,445
Channels and swing basins	107,997	110,682
Infrastructure and major plant and equipment	24,537	23,874
Plant and equipment	2,434	2,501
<b>Total</b>	<b>257,427</b>	<b>261,115</b>

## Section 2 - Notes About Our Financial Position continued

### B4 PROPERTY, PLANT AND EQUIPMENT continued

#### B4.4 DEPRECIATION EXPENSE

##### Accounting Policy – Depreciation Expense

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, over their estimated useful life to the Company. The useful life of assets is based on estimates and judgements. Straight line depreciation is used reflecting the progressive, and even, consumption of future economic benefits over the assets useful life.

Assets under construction (Work In Progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within Property, Plant and Equipment.

##### Depreciation Rates

For each class of depreciable asset, the following ranges of useful life are used.

Class	Useful Life
Buildings	3 – 52 years
Wharves	3 – 59 years
Channels and swing basins	8 – 60 years
Infrastructure and major plant and equipment	1 – 62 years
Plant and equipment	1 – 70 years

#### B4.5 NET GAIN AND LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

##### Accounting Policy – Gains and Losses on Disposal

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income. When revalued assets are sold, it is the Company's policy to transfer the amounts included in the asset revaluation surplus in respect of those assets to accumulated surplus.

### B5 INVESTMENT PROPERTY

	2022 \$'000	2021 \$'000
Land – at fair value	159,729	154,739
Buildings and Facilities – at fair value	21,270	19,890
Work in Progress – at fair value	83	522
<b>Total</b>	<b>181,082</b>	<b>175,151</b>

##### Accounting Policy – Investment Property

Investment Property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost including transaction costs. Where Investment Property is acquired at no or minimal cost it is recognised at fair value. Investment Property is subsequently carried at fair value, being revalued at each reporting date. Fair value is based on selling prices in an active market adjusted, if necessary, to reflect the nature, location or condition of the specific Investment Property. If there is no active property market, alternative valuation methods are used, such as recent selling prices in less active markets, or discounted cash flow projections.

Under AASB 140 *Investment Property*, investment buildings under construction are included within the Investment Property category. Investment buildings under construction are also measured at fair value, unless fair value cannot be reliably determined for an individual property (in which case, the property concerned is measured at cost until fair value can be reliably determined). In determining a fair value for investment buildings under construction, a value is determined as at reporting date for an equivalent completed building (using current construction plans and all available relevant information), and this value is adjusted proportionately to reflect the percentage of completion and remaining costs to complete construction as at reporting date.

Gains or losses arising from changes in the fair value of Investment Property are included in the operating result for the period in which they arise.

## Section 2 - Notes About Our Financial Position continued

## B5 INVESTMENT PROPERTY continued

**Reconciliation of Movement in Investment Property**

<b>2022</b>	Opening balance	Additions	Disposals / Write-offs	Net Gain / (Loss) from Fair Value Adjustment	Transfers	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	154,739	-	-	5,238	(248)	159,729
Buildings and Facilities	19,890	-	-	1,380	-	21,270
Work in progress	522	83	(66)	-	(456)	83
	175,151	83	(66)	6,618	(704)	181,082

<b>2021</b>	Opening balance	Additions	Disposals / Write-offs	Net Gain / (Loss) from Fair Value Adjustment	Transfers	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	149,210	2,163	-	3,246	120	154,739
Buildings and Facilities	18,750	-	-	1,140	-	19,890
Work in progress	-	522	(214)	-	214	522
	167,960	2,685	(214)	4,386	334	175,151

**Rental of Investment Property**

Investment properties are leased to tenants under operating leases with rentals payable monthly. Rental income and directly associated operating expenditure from investment properties is shown below.

	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Rental income	13,007	8,038
Direct operating expenses from property generating rental income	(4,487)	(3,556)
	8,520	4,482

Ports North leases significant assets at the Seaport to third parties under operating leases with varying terms. The method of calculation of amounts payable to Ports North under these leases also varies depending on the terms and conditions of the lease, with the majority being a fixed amount that is reviewed annually.

## Section 2 - Notes About Our Financial Position continued

## B5 INVESTMENT PROPERTY continued

	2022 \$'000	2021 \$'000
<b>Contingent rental recognised as revenue</b>		
Rentals and leases disclosed in the Statement of Comprehensive Income include the following amounts of contingent rent:		
Contingent rent	350	308
<b>Lease commitments receivable at balance date</b>		
Receivables disclosed in Note B3 include the following lease commitments receivable:		
Lease commitments receivable	4,362	1,557
<b>Future minimum lease payments receivable</b>		
Future minimum lease payments under non-cancellable operating leases at balance date not recognised in the financial statements are receivable as follows:		
Within one year	14,248	12,173
Within two years	11,815	10,651
Within three years	9,776	10,412
Within four years	9,396	8,841
Within five years	9,372	8,841
Later than five years	168,554	169,246
	223,161	220,164

## B6 EMPLOYEE BENEFITS

	2022 \$'000	2021 \$'000
<b>Current</b>		
Long service leave	1,835	1,556
Annual leave	1,014	957
Days in lieu	43	27
Public holidays	526	536
Rostered days off	44	37
	3,462	3,113
<b>Non-current</b>		
Long service leave	260	382
	3,722	3,495

**Accounting Policy – Employee Benefits**

Employee obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur. The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service or are expected to reach this threshold in the next 12 months. The non-current portion represents entitlement of those employees that have not yet reached, or are expected to reach, the required period of service in the next 12 months.

**Short-term employee benefits**

Wages, salaries, annual leave and long service leave due but unpaid at reporting date are recognised as an accrual in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, Work Cover premiums and employer superannuation contributions.

## Section 2 - Notes About Our Financial Position continued

### B6 EMPLOYEE BENEFITS continued

#### Long-term employee benefits

The provision for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. The provision for 2022 includes updated probability factors based on a five-year average of employee departures and periods of service, it is estimated the effect this has had in this period is \$0.034 million. Expected future payments are discounted using interest rates on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

#### Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy, if it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

### B7 PROVISIONS

	2022 \$'000	2021 \$'000
<b>Current</b>		
Dividend	-	-
Green and Fitzroy Island Jetty Management	163	106
	<u>163</u>	<u>106</u>

#### Movements in Provisions

2022	Dividend \$'000	Jetty Management \$'000	Total \$'000
Balance at the beginning of the year	-	106	106
Additional provisions	-	285	282
Amounts used / paid	-	(225)	(225)
Balance at the end of the year	-	163	163

2021	Dividend \$'000	Jetty Management \$'000	Total \$'000
Balance at the beginning of the year	2,790	397	3,187
Additional provisions	-	148	148
Amounts used / paid	(2,790)	(439)	(3,229)
Balance at the end of the year	-	106	106

#### Accounting Policy – Provisions

Provisions are recorded when the Company has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period.

#### Green and Fitzroy Island Jetty Management Fund

A provision has been recognised for monies held for the purposes of maintaining the Green Island and Fitzroy Island Jetties pursuant to the Jetty Management Agreement. The amount held is from the users of the jetty.

## Section 2 - Notes About Our Financial Position continued

## B8 LEASES

## Accounting Policy – Leases

Lessees must recognise all leases on the balance sheet as a right-of-use asset and a lease liability. A lease is a contract, or part of a contract, that conveys the right to use or control an asset (the underlying asset) for a period of time in exchange for consideration. Key judgements are made in applying AASB 16 Leases, including whether there is a right to obtain substantially all the economic benefits from the use of the identified asset, and the right to direct the use of the identified asset.

The company has identified a number of existing operating leases that have been recognised as a right-of-use asset and corresponding lease liability. These leases include permits to use perpetual land leases. AASB 16 is not applied to short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as office equipment and personal computers).

Lease liabilities are measured as the present value of lease payments over the lease term, discounted using the interest rate implicit in the lease contract (if can be readily determined) or the lessee's incremental borrowing rate on transition. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by prepaid or accrued lease payments, except for leases where the underlying asset is classified as investment property prior to transition, where it will be measured at fair value.

The opening balance and recognition of lease liabilities takes into consideration the specific terms of the existing lease contracts.

The incremental borrowing rate applied at the initial date of application (1 July 2019) is 3.535%.

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

<b>2022</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Modifications</b>	<b>Subsequent Re-measure<sup>(2)</sup></b>	<b>Depreciation expense</b>	<b>Closing balance</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Office Space	13	-	-	-	(13)	-
Mooring Facility	16	-	-	-	(16)	-
Right-of-use assets (excl. land and investment property)	29	-	-	-	(29)	-
Right-of-use assets recognised as Land <sup>(1)</sup>	256	584	-	10,001	-	10,841
Right-of-use assets recognised as Investment Property <sup>(3)</sup>	8	-	-	42	-	50
<b>2021</b>	<b>Opening balance at</b>	<b>Additions</b>	<b>Modifications</b>	<b>Subsequent Re-measure<sup>(2)</sup></b>	<b>Depreciation expense</b>	<b>Closing balance at</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Office Space	129	-	(78)	-	(38)	13
Residential Accommodation	61	-	-	-	(61)	-
Mooring Facility	32	-	-	-	(16)	16
Right-of-use assets (excl. land and investment property)	222	-	(78)	-	(115)	29
Right-of-use assets recognised as Land <sup>(1)</sup>	260	-	-	9,841	-	10,101
Right-of-use assets recognised as Investment Property <sup>(3)</sup>	8	-	-	42	-	50

(1) Right-of-use assets classified as property, plant and equipment (including land) are measured at an amount equal to the lease liability upon transition.

(2) Where right-of-use assets were previously measured at fair value (except for investment property), subsequent to recognition these right-of-use assets are re-measured at fair value under the revaluation model permitted for property, plant and equipment assets (including land).

(3) Where right-of-use assets were classified as investment property, no adjustment to the right-of-use asset is required upon transition.

## Section 2 - Notes About Our Financial Position continued

### B8 LEASES continued

The corresponding lease liabilities and the movements during the period are as follows:

	2022 \$'000	2021 \$'000
Opening Balance	(303)	(477)
Additions	(584)	-
Modifications	-	72
Remeasurement	5	-
Lease payments	44	118
Interest on lease liabilities	(10)	(16)
Closing Balance	(848)	(303)
Current	-	(35)
Non-current	(848)	(268)

## B9 TAX ASSETS AND LIABILITIES

### B9.1 CURRENT TAX ASSETS AND LIABILITIES

	2022 \$'000	2021 \$'000
Opening balance	2,225	1,611
Tax paid in respect of prior years	(2,225)	(1,611)
Over/(Under) provision of tax in prior years	-	-
Current year tax provision	(2,176)	-
Tax paid in respect of current year	456	2,225
Closing Balance	(1,720)	2,225



## Section 2 - Notes About Our Financial Position continued

### B9 TAX ASSETS AND LIABILITIES continued

#### B9.2 RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

The Company operates in one tax jurisdiction and have offset the deferred tax asset against the deferred tax liability because:

- i) The entity has a legally enforceable right to do so; and
- ii) The income tax equivalents are levied by the same tax authority.

Deferred tax assets and liabilities for the Company are attributable to the following:

	Assets		Liabilities		Net	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Amounts recognised in Statement of Comprehensive Income</b>						
Inventories	-	-	(137)	(14)	(137)	(14)
Investment Property	-	-	(42,613)	(40,584)	(42,613)	(40,584)
Property, Plant and Equipment	-	-	56,094	48,685	56,094	48,685
Allowance for impairment (receivables)	199	200	-	-	199	200
Provisions:						
Annual leave	304	287	-	-	304	287
Long service leave	629	581	-	-	629	581
Rostered days off	184	180	-	-	184	180
Tax losses utilised	-	1,077	-	-	-	1,077
Other items	355	144	(3)	-	352	144
	1,671	2,469	13,341	8,087	15,012	10,556
<b>Amounts recognised in equity</b>						
Revaluation of Property, Plant and Equipment	-	-	(38,126)	(42,281)	(38,126)	(42,281)
Tax assets (liabilities)	1,671	2,469	(24,785)	(34,194)	(23,114)	(31,725)
Set off of tax	(1,671)	(2,469)	1,671	2,469	-	-
Net tax assets/(liabilities)	-	-	(23,114)	(31,725)	(23,114)	(31,725)

#### B9.3 UNRECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

For the 2021 and 2022 years the Company had no unrecognised deferred tax assets and liabilities.

#### Accounting Policy – Income Tax Equivalents

Accounting policy information for the Company is outlined at Note A3.

## Section 2 - Notes About Our Financial Position continued

## B10 EQUITY

## B10.1 CONTRIBUTED EQUITY

## Accounting Policy

Where the company receives support by way of equity from the Queensland Government, the amount received is recognised directly as contributed equity by way of share issue.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

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 Company. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

	2022 \$'000	2021 \$'000
<b>Share capital</b>		
Ordinary shares of \$1 each, fully paid	275,178	247,178
<b>Movements:</b>		
Balance at the beginning of the year 247,177,528 shares (2021: 247,177,528 shares)	247,178	247,178
Issue of shares 28,000,000 shares (2021: nil shares) *	28,000	-
Balance at the end of the year 275,177,528 shares (2021: 247,177,528 shares)	275,178	247,178

\* The Queensland Government committed to a \$28 million equity contribution towards funding of the Cairns Marine Precinct early works (CMP). The company received \$28 million in December 2021.

## B10.2 ASSET REVALUATION SURPLUS BY ASSET CLASS

## Movements

2022	Opening Balance	Transfer from reserves to accumulated surplus	Revaluation	Other deferred tax adjustments	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000
Land	13,744	-	1,080	(324)	14,500
Buildings	1,903	-	(1,225)	367	1,045
Wharves	52,918	-	1,673	(502)	54,089
Channels & swing basins	29,125	-	(14,744)	4,424	18,805
Infrastructure and major plant and equipment	965	-	(634)	190	521
<b>Total</b>	<b>98,655</b>	<b>-</b>	<b>(13,850)</b>	<b>4,155</b>	<b>88,960</b>

## Section 2 - Notes About Our Financial Position continued

## B10 EQUITY continued

## B10.2 ASSET REVALUATION SURPLUS BY ASSET CLASS continued

2021	Opening Balance	Transfer from reserves to accumulated surplus	Revaluation	Other deferred tax adjustments	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000
Land	14,061	(118)	(335)	136	13,744
Buildings	2,134	(104)	(222)	98	1,875
Wharves	44,505	(63)	12,094	(3,610)	52,822
Channels & swing basins	28,699	-	556	(167)	29,734
Infrastructure and major plant and equipment	1,288	(248)	(177)	128	480
Total	90,687	(533)	11,916	(3,415)	98,655

**Accounting Policy – Asset Revaluation Surplus**

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

## B10.3 DIVIDENDS

	2022 \$'000	2021 \$'000
Dividends provided for	-	2,790

**Accounting Policy – Dividends**

Provisions are made for the amount of dividend as appropriately determined or recommended by Directors, on or before the end of the financial but not yet paid at balance date. For the 2021-22 year, shareholding Ministers approved the Board's recommendation for the retention of dividends otherwise payable from final audited net profits after tax. The dividend retention is intended to be used by Ports North to support future investment in critical infrastructure and growth initiatives (2021: nil dividend paid due to an adjusted net loss after tax).

## Section 3 - Notes About Risks and Other Accounting Uncertainties

### C1 FAIR VALUE MEASUREMENT

#### C1.1 ACCOUNTING POLICIES AND INPUTS FOR FAIR VALUES

##### Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the Company include, but are not limited to, published sales data for land and buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Company include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Company's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

##### Fair Value Measurement Hierarchy

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use. All assets and liabilities of the Company for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within Level 1) that are observable, either directly or indirectly; and
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the Company's valuations of assets or liabilities are eligible for categorisation into Level 1 of the fair value hierarchy. Investment Property includes some assets categorised as level 2 and some as level 3. Property, Plant and Equipment includes some Land categorised as level 2, all other Property, Plant and Equipment assets is categorised as level 3. Ports North uses an income based valuation process for all property, plant and equipment except land which has been valued on a market value approach. In this process the unobservable inputs are projected cash flows amended for probability adjustments and discounted. Under the income based model all property, plant and equipment except land are categorised at Level 3.

More specific fair value information about the Company's Property, Plant and Equipment and Investment Property is outlined in Notes B4 and B5, respectively.

#### C1.2 BASIS FOR FAIR VALUES OF ASSETS AND LIABILITIES

The valuation basis for land, buildings, wharves, channels and swing basins, and infrastructure and major plant and equipment, is fair value.

##### **Property Plant and Equipment (Land Asset Class)**

For the years ended 30 June 2022 and 30 June 2021, land held by the Company was valued by independent valuer Herron Todd White (Cairns) Pty Ltd (HTW) on a desktop basis and did not involve a site visit. For the year ending 30 June 2023, a full independent valuation, including site visits where possible, is planned as part of a three-year valuation cycle. The valuation was carried out by Valuers who are Certified Practising Valuers, registered with the Queensland Valuers Registration Board and are members of the Australia Property Institute. The fair value of land is based on relevant comparable sales of land in the nearby localities in the last 6-12 months prior to the date of the revaluation. In determining the values, adjustments were made to the sales data to take into account the location of the Company's land, size, exposure, land use and highest and best use. The extent of the adjustments made varies in significance for each parcel of land – refer to reconciliation table later in this note for information about the fair value classification of the Company's land.

##### **Property Plant and Equipment (All Asset Classes Except Land)**

On 30 June 2022, Property, Plant and Equipment, as described above, were valued using Ports North's Income Based valuation process. This process determines the carrying value (Fair Values as defined by AASB 13) of individual assets by grouping the assets into Units of Account (UAs), determining the Net Present Value (NPV) of the cash flows of these UAs and attributing the total NPV of each UA to its individual assets. The key inputs having the most significant impact on the final carrying values of the above assets are the net cash flows and the discount rate (Weighted Average Cost of Capital Rate (WACC rate)) adopted.

## Section 3 - Notes About Risks and Other Accounting Uncertainties continued

### C1 FAIR VALUE MEASUREMENT continued

#### C1.2 BASIS FOR FAIR VALUES OF ASSETS AND LIABILITIES continued

##### Assets Valued on Highest and Best Use Basis

The Company has assessed the current use of its Property, Plant and Equipment assets and considers that the current use reflects their highest and best use.

##### Investment Property

For the years ended 30 June 2022 and 30 June 2021, land held by the Company was valued by independent valuer Herron Todd White (Cairns) Pty Ltd (HTW) on a desktop basis and did not involve a site visit. For the year ending 30 June 2023, a full independent valuation, including site visits where possible, is planned as part of a three-year valuation cycle. The valuation was carried out by Valuers who are Certified Practising Valuers, registered with the Queensland Valuers Registration Board and are members of the Australia Property Institute. Changes in fair values are recorded in the Statement of Comprehensive Income.

#### C1.3 CATEGORISATION AND RECONCILIATION OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Property, Plant and Equipment	As at 30 June 2022			As at 30 June 2021		
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land	27,351	6,772	34,123	27,286	5,457	32,743
Buildings	-	1,242	1,242	-	2,683	2,683
Wharves	-	75,058	75,058	-	83,879	83,879
Channels and swing basins	-	38,325	38,325	-	70,585	70,585
Infrastructure and major plant and equipment	-	1,351	1,351	-	2,036	2,036
<b>Total</b>	<b>27,351</b>	<b>122,748</b>	<b>150,099</b>	<b>27,286</b>	<b>164,640</b>	<b>191,926</b>

Investment Property	As at 30 June 2022			As at 30 June 2021		
	Level 2 \$'000	Level 3 \$'000	Total \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Land	159,679	50	159,729	154,689	50	154,739
Buildings	21,270	-	21,270	19,890	-	19,890
Work in Progress	-	83	83	-	522	522
<b>Total</b>	<b>180,949</b>	<b>133</b>	<b>181,082</b>	<b>174,579</b>	<b>572</b>	<b>175,151</b>

#### C1.4 LEVEL 3 FAIR VALUE MEASUREMENT – SIGNIFICANT VALUATION INPUTS AND IMPACT ON FAIR VALUE

##### Property, Plant and Equipment (Land Asset Class)

Description	Fair Value (Carrying amount) at 30 June 2022 \$'000s	Type and amount for significant level 3 inputs affecting Fair Values	Impact of alternative amounts for significant Level 3 inputs on Fair Values
Land	27,351	\$/m <sup>2</sup>	An increase or decrease in the \$/m <sup>2</sup> value will lead to a proportionate increase or decrease in the value of Freehold Land

## Section 3 - Notes About Risks and Other Accounting Uncertainties continued

### C1 FAIR VALUE MEASUREMENT continued

#### C1.4 LEVEL 3 FAIR VALUE MEASUREMENT – SIGNIFICANT VALUATION INPUTS AND IMPACT ON FAIR VALUE continued

##### Property, Plant and Equipment (All Asset Classes Except Land)

In relation to the asset classes of Buildings, Wharves, harbours and facilities, Channels and swing basins, Access Roads and Carparks and Plant and Equipment Infrastructure, the most significant variable inputs affecting the calculation of the carrying values are the discount rate (WACC) and operational income. Most of the Company's operational costs do not vary significantly in response to changes in the volume of business.

At 30 June 2022, the Company recognised a \$38.581 million revaluation decrease to the total carrying value of Property, Plant and Equipment (all asset classes except land). This revaluation decrease is principally due to a significantly higher discount rate (WACC) and increased CPI, along with decreased future revenue assumptions at Mourilyan, partially offset by increased forecast revenue assumptions, primarily at Cairns, as part of a staged recovery from COVID-19 impacts.

##### Overall Sensitivity Analysis

An increase in the WACC rate of 1% (from 8.54% to 9.54%) decreases the carrying value of the assets by 17.0%. A decrease in the WACC rate of 1% (from 8.54% to 7.54%) increases the carrying value of the assets by 23.9%.

An increase in the operational income of 5% increases the carrying value of the assets by 20.2%. A decrease in the operational income of 5% decreases the carrying value of the assets by 20.2%.

##### Summary of Key Inputs and Assumptions Used in the Valuation Process

Unobservable Input Description	Input Value	Impact on Fair Value
Discount Rate (Post-Tax WACC Rate)	8.54%	A higher discount rate will reduce fair values
Annual CPI	2.25% to 3%	A higher CPI will reduce fair values
Annual Price Growth	0% to 5%	Higher prices will increase fair values
Annual Marina and Passenger Volume	0% to 20%	Higher business volume will increase fair values
Business Volume Growth Other Areas	Stable at Present levels	Higher business volume will increase fair values
Operational Expenses	In line with Corporate Plan	Higher operating expenses will reduce fair values
Capital Expenditure	Replacement	Higher Capital expenditure will reduce fair values
Terminal Values	Based on Year 10 cash flow	Higher Terminal Values will increase fair values

Property, Plant and Equipment were valued using Ports North's Income Based valuation using the following key assumptions:

- Future cash flows are denominated in Australian Dollars and are projected on a nominal, ungeared, post-tax basis.
- Mid-period discounting (to discount future cash flows to their net present value) adopted.
- The valuation model groups assets into eight cash generating units of account: Port of Cairns, Port of Mourilyan, Port of Cape Flattery, Port of Karumba, Port of Thursday Island, Port of Quintell Beach, Port of Skardon River and Port of Cooktown.
- Future cash flows for revenues, operational expenditure and capital expenditure in years 1 to 5 (FY2023 to FY2027) are based on the FY2023 Corporate Plan, with cash flows beyond this period projected accordingly. Cash flows for future capital expenditure is limited to the replacement of minor capital acquisitions.
- Forecast revenue assumptions have been based on advice from customers, global market conditions, historical trade patterns and assessment of probability around new trade projects. Impacts of COVID-19 have been included in forecast revenue assumptions (years 1 to 5), particularly around cruise, petroleum imports, reef fleet operations, marina and property rebates and pilotage.
- Major revenue cash flows for all ports are based on annual price growth of between CPI and 5%, unless otherwise identified for certain commodities or revenue items.
- Expenditure cash flows are assumed to be largely fixed in nature with an assumption of CPI price increases, unless otherwise identified for certain expenditure items.
- Net cash flows assume a discount rate equal to the relevant Weighted Average Cost of Capital (WACC), with a CPI for the terminal growth rate equivalent to the RBA inflation target of 2 – 3%, on average, over time.
- Working capital balances are assumed to increase in line with the growth in revenues.

Tax calculations in the cash flow projections assume a corporate tax rate of 30%.

## Section 3 - Notes About Risks and Other Accounting Uncertainties continued

### C1.4 LEVEL 3 FAIR VALUE MEASUREMENT – SIGNIFICANT VALUATION INPUTS AND IMPACT ON FAIR VALUE continued

#### Investment Property

Description	Fair Value at 30 June 2022 \$'000s	Type and amount for significant Level 3 inputs	Possible alternative amounts for significant Level 3 inputs
Land	50	N/A	N/A
Work in Progress	83	Standard usage of materials and labour used	-5% to 5%

The carrying value of Investment Property land, which is classified as Level 3 above, is a nominal value and will not vary as a result of a change in Level 3 inputs.

## C2 FINANCIAL RISK DISCLOSURES

### Accounting Policy – Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the financial instrument.

Financial instruments comprise the following:

- Cash and cash equivalents – held at amortised cost;
- Receivables (including Advances) – held at amortised cost; and
- Payables – held at amortised cost.

### Overview of measurement and financial risk management of financial instruments

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Capital risk; and
- Market risk, in the form of interest rate risk.

This Note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors have overall responsibility for the establishment and oversight of the Risk Management Framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the Risk Management Framework in relation to the risks faced by the Company. The Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit and Risk Committee.

## Section 3 - Notes About Risks and Other Accounting Uncertainties continued

### C2 FINANCIAL RISK DISCLOSURES continued

#### C2.1 CREDIT RISK

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, cash advance facility, and trade and other receivables. The Company 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 B1 and the balance of the Cash Advance Facility is disclosed in Note B2. The Company does not hold any credit derivatives to offset its credit exposure. The level of exposure is disclosed in the Statement of Financial Position and in Note B3 with the carrying amount stated net of any provision for expected credit losses.

##### Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

Financial assets	Note	2022 \$'000	2021 \$'000
Cash and cash equivalents	B1	4,216	4,046
Advances	B2	53,339	22,651
Receivables	B3	12,285	8,234
		<u>69,840</u>	<u>34,931</u>

#### C2.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of the financial assets and liabilities.

The following table sets out the liquidity risk of financial liabilities held by the Company. It represents the contractual maturity of financial liabilities including estimated interest payments.

	1 year or less \$'000	Payable in: 1-5 years \$'000	More than 5 years \$'000	Total \$'000
<b>30 June 2022</b>				
<b>Financial liabilities</b>				
Trade and other payables	6,953	-	-	6,953
<b>30 June 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables	8,729	-	-	8,729
	<u>8,729</u>	<u>-</u>	<u>-</u>	<u>8,729</u>

#### C2.3 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to shareholding Ministers.

The Company reviews its capital structure annually to determine the optimal structure to reflect changes in its business and operating environment.

##### Capital Structure

The Company currently has no debt. Based on a review of the Company's capital structure in 2021 by the Queensland Treasury Corporation, the benchmark Debt to Capital (%) ratio for the Company was established at less than 60.0 (2021 - less than 40.0), with the EBITDA/Interest ratio remaining above 4.0 (2021 - above 4.5).

Capital structure ratios are reported to the Board quarterly and are forecast as part of the 5 year forecasts in the Corporate Plan. The Company reviews its Weighted Average Cost of Capital (WACC) on an annual basis.



## Section 3 - Notes About Risks and Other Accounting Uncertainties continued

### C2 FINANCIAL RISK DISCLOSURES continued

#### C2.4 MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

##### **Interest rate risk**

The Company's exposure to interest rate risk arises predominantly from borrowings bearing variable interest rates. The Company currently has no borrowings.

At the reporting date the interest rate profile and carrying amounts of the Company's interest-bearing financial instruments was:

	Note	2022 \$'000	2021 \$'000
<b>Variable rate instruments</b>			
Financial assets – Cash and cash equivalents	B1	4,216	4,046
Financial assets – Advances	B2	53,339	22,651
		<u>57,555</u>	<u>26,697</u>

Cash is held with Queensland Treasury Corporation and other financial institutions. Variable interest rates are applicable. The nature of these financial instruments is short-term therefore changes in interest rates will not have a material impact on the value of the investments.

### C3 CONTINGENCIES

Ports North has no contingent assets and liabilities at 30 June 2022 (at 30 June 2021 nil).

#### **Native Title Claims over Company Land**

The Company is a respondent party to eight native title claims, namely the Kaurareg People #2 Claim; Kaurareg People #3 Claim and Northern Peninsula Sea Claim (Torres cluster of claims); and the Gimuy Walubara Yidinji People Claim; Yirrganydji (Irukandji) People #1 Claim; Yirrganydji (Irukandji) People #2 Claim and the People of Kamoii Claim (Cairns cluster of claims); and the Cape York United #1 Claim.

The Company has interests in the Cairns cluster of claims and those claims overlap each other to various extents. There are a number of connection/intra-indigenous issues and boundary issues affecting the claims which have recently been resolved through an enquiry process. The claims are being amended in line with the outcomes of that process at the moment. Once amendment of the claims is complete, it is likely that the Gimuy Walubara Yidinji People's Claim will proceed to a determination, as will an amended Cairns Regional Claim Group claim, which will replace part of the Yirrganydji People's claims. The Company has not taken an active role in connection issues but has been monitoring the claims. As they progress closer to a consent determination, more active involvement will be required, to address matters of tenure analysis and ensuring that the company's interests are protected in the wording of the determination.

With respect to the Torres cluster of claims, the Company has interests within these claim areas. Like the Cairns cluster of claims, the Torres cluster of claims also overlap each other to various extents. Following extensive mediation between the Applicant groups, including with respect to connection, overlap and intra-indigenous issues, it is now proposed to split the claims into different parts, and proceed to consent determinations in respect of some of those parts later in 2022. The Company is not actively involved in the Torres cluster of claims at this stage and is only monitoring the mediation outcomes. This is likely to change when those parts of the claim areas in which the Company has an interest proceed towards determination. At this stage, that does not look likely to happen until the second half of the 2022/23 financial year. The main involvement of the Company will be to ensure that the wording of the proposed determinations adequately accommodates the Company's interest as a port authority.

The Company has interests in the Cape York United #1 Claim, specifically in relation to two Areas. The first Area, the Thompson Report Area, has been the subject of a determination. The second Area in which the Company has interests in has been in abeyance, and at this stage there is no timetable for it to progress towards a determination in the foreseeable future.

## Section 3 - Notes About Risks and Other Accounting Uncertainties continued

**C4 COMMITMENTS**

	2022 \$'000	2021 \$'000
<b>Capital commitments</b>		
Contracted for at reporting date but not recognised as liabilities:		
Within one year	21,353	2,103
Later than one year but not later than five years	570	1,358
	<u>21,923</u>	<u>3,461</u>
<b>Breakdown:</b>		
Within one year		
Cairns Shipping Development Project	-	683
Cairns Marine Precinct	21,353	326
General Cargo Consolidation	-	119
Horn Island Cargo Facilities Upgrade	-	975
	<u>21,353</u>	<u>2,103</u>

**C5 EVENTS AFTER THE REPORTING PERIOD**

There has not arisen in the interval between the end of the financial year and the date of this report any item or transaction of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

**C6 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE**

No Standards, amendments to Standards and interpretations have been identified as those which may impact the entity in the period of initial application.

## Section 4 - Other Information

### D1 KEY MANAGEMENT PERSONNEL DISCLOSURES

The Company's shareholding Ministers are identified as Key Management Personnel. Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The company 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 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 Finance.

#### Directors

The names of persons who were Directors of Far North Queensland Ports Corporation Limited at any time during the year ended 30 June 2022 were:

Mr R Beer	Chair
Ms V Maruna	Director
Ms V Cuda	Director
Mr J Hogg	Director
Ms Julia Leu	Director
Mr Robin Giason	Director

#### Executives

The names of executives with greatest authority during the year ended 30 June 2022 were:

Mr C Boland	Chief Executive Officer
Mr K Malone	General Manager Commercial
Mr S Reardon	General Manager Planning & Infrastructure
Ms K Egerton	General Manager Corporate Services
Mr C Tabe	General Manager Finance
Mr R Stevenson	General Manager Operations

#### Remuneration Policy

The Company's Remuneration Policies provide for a strategy that balances the needs of the organisation, individuals and shareholders. Policies recognise the need to contain costs to the Company and optimise the return on the Company's investment in its people.

Guiding principles that underpin the remuneration strategy are:

- Contribution to achievement of Ports North's Vision and Corporate Objectives;
- Promotion of sustained superior performance;
- Remuneration is competitive within the labour markets in which Ports North operates;
- Transparency and fairness are achieved by recognising legitimate differences in roles and in an individual's contribution; and
- Policy is able to withstand scrutiny from all stakeholders.

An individual's remuneration is determined on appropriate market competitiveness and also having regard to the accountabilities and responsibilities of the position they hold. Remuneration may vary from year to year depending on how the individual and Company perform. In making these determinations, both organisation, and individual performance objectives, standards and achievements are taken into account.

Total remuneration costs for directors include the following components:

- Short-term employee benefits including directors fees and committee fees; and
- Post-employment benefits including amounts expensed in respect of employer superannuation obligations.

Total remuneration costs for executives include the following components:

- Short-term employee benefits including salaries, allowances (if applicable) and leave entitlements expensed (paid) for the entire year, or for that part of the year during which the employee occupied an executive position;
- Post-employment benefits including amounts expensed (paid) in respect of employer superannuation obligations for the entire year, or for that part of the year during which the employee occupied an executive position; and
- Performance benefits including performance payments for the previous financial year (as detailed below).

## Section 4 - Other Information continued

## D1 KEY MANAGEMENT PERSONNEL DISCLOSURES continued

**Performance payments**

An 'at-risk' or incentive component of 5%, 10% or 15% (dependent on position) may be awarded to eligible staff for superior performance. In addition, minimum corporate standards of financial performance will need to be met before any performance payments are made.

These standards are determined by the Board of Directors annually. In making these determinations, organisation and individual performance objectives, standards and achievements will be taken into account.

The incentive is paid in the form of a one-off lump sum payment and employees must 're-earn' the incentive component each year. Performance payments relate to the previous financial year. Performance payments are paid to eligible staff, which include management level and executive staff.

**Aggregate at-risk performance incentive remuneration**

<i>Year paid</i>	<i>Aggregate performance payment</i>	<i>Post Employment</i>	<i>Total salaries paid to employees receiving performance payments</i>	<i>Number of employees receiving a performance payment total</i>
	\$	\$	\$	
2022	-	-	-	-
2021	-	-	-	-

**Director and Executive remuneration****Specified Directors**

Specified directors are only remunerated by the Company. Therefore, comparative remuneration disclosures set out below are applicable to the Company.

<b>Specified Directors</b>	<b>Short-term employee benefits</b>	<b>Post employment</b>	<b>Total</b>
Mr R Beer, Chair			
2022	35,476	28,171	63,647
2021	53,504	5,083	58,587
Ms V Maruna, Director			
2022	31,583	3,158	34,741
2021	28,086	2,668	30,754
Ms V Cuda, Director			
2022	31,583	3,158	34,741
2021	28,086	2,668	30,754
Mr J Hogg, Director			
2022	8,342	23,111	31,453
2021	27,064	2,571	29,635
Ms J Leu, Director (appointed October 2020)			
2022	30,122	3,012	33,134
2021	20,626	1,959	22,585
Mr R Giason, Director (appointed October 2020)			
2022	30,122	3,012	33,134
2021	20,626	1,959	22,585
Mr M Huelin, Director (ceased September 2020)			
2022	-	-	-
2021	6,875	653	7,528
Ms T Straguszi, Director (ceased September 2020)			
2022	-	-	-
2021	6,876	653	7,529
<b>Total Remuneration</b>			
2022	167,228	63,622	230,850
2021	191,743	18,214	209,957

## Section 4 - Other Information continued

## D1 KEY MANAGEMENT PERSONNEL DISCLOSURES continued

**Specified Executives**

Specified Executives	Short-term	Post employee benefits	Performance employment benefits	Termination benefits (relates to previous financial year)	Total benefits
Chief Executive Officer					
2022	349,394	67,550	-	-	416,944
2021	329,851	63,762	-	-	393,613
General Manager Commercial					
2022	250,569	27,477	-	-	278,046
2021	236,529	25,961	-	-	262,490
General Manager Planning & Infrastructure <sup>(1)</sup>					
2022	263,091	26,309	-	-	289,400
2021	159,667	15,747	-	-	175,414
General Manager Corporate Services					
2022	235,293	45,442	-	-	280,735
2021	226,254	44,179	-	-	270,433
General Manager Finance					
2022	186,133	34,660	-	-	220,793
2021	185,426	23,032	-	-	208,458
General Manager Operations					
2022	182,576	25,794	-	-	208,370
2021	175,719	20,995	-	-	196,714
<b>Total Remuneration</b>					
<b>2022</b>	<b>1,467,056</b>	<b>227,232</b>	<b>-</b>	<b>-</b>	<b>1,694,288</b>
<b>2021</b>	<b>1,313,446</b>	<b>193,676</b>	<b>-</b>	<b>-</b>	<b>1,507,122</b>

(1) Commenced October 2020

**Service agreements****Chief Executive Officer**

- Tenured agreement
- Payment of separation benefit, other than for gross misconduct, equal to the base salary for six months

**All Other Senior Executives**

- Tenured agreement
- Payment of separation benefit, other than for gross misconduct, equal to the base salary for three months

**Other Transactions with Key Management Personnel**

For details regarding any other transactions other than remuneration paid refer to Related Party Transactions in Note D2.

## Section 4 - Other Information continued

## D2 RELATED PARTY TRANSACTIONS

## Key Management Personnel

Disclosures relating to Key Management Personnel are set out in Note D1.

## Transactions with shareholding Ministers

As a GOC, Ports North's shareholding Ministers for the current reporting period were:

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

There was no income received, or due and receivable, by the shareholding Ministers from Ports North during the year. No shareholding Minister has received or become entitled to receive any benefit by reason of a contract made with Ports North.

## Transactions with Related Parties

All transactions between Ports North and entities controlled by key management personnel are conducted at arm's length under normal commercial terms and conditions. Senior Executives and Directors declare their interest on commercial dealings at Board meetings.

Entity	Services	2022 \$'000	2021 \$'000
MacDonnells Law	Legal Fees - paid	59	216

The Company used the legal services of MacDonnells Law, of which Russell Beer, an Independent Director appointed on 01 October 2015, is a former Director and Shareholder and now consultant. Amounts paid were based on normal market rates for such services and were due and payable under normal payment terms. Outstanding balance as at 30 June 2022 is nil.

## Transactions with State of Queensland Controlled Entities

The Company 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.

Entity	Services	2022 \$'000	2021 \$'000
Queensland Treasury	Tax equivalents - paid	691	2,486
	Tax equivalents (refund)	(2,460)	(1,872)
	Rates equivalents - paid	224	281
	Dividends - paid	-	2,790
Queensland Treasury Corporation	Interest (received)	(250)	(202)
Department of Transport & Main Roads	Piloted Ship movements and other ancillary services (received)	(7,850)	(7,364)
	Services & Licences - paid	505	167
Office of State Revenue	Taxes - paid	4,092	5,599
Q Super	Superannuation contributions - paid	1,222	1,170
Ergon Energy	Electricity supply and ancillary services - paid	2,984	3,221
Other Queensland Government Departments	Property leases and other ancillary services (received)	(729)	(1,437)
	Audit and other fees - paid	165	272
	Other Services - paid	69	59

## Section 4 - Other Information continued

## D2 RELATED PARTY TRANSACTIONS continued

	2022 \$'000	2021 \$'000
<b>Outstanding balance arising from provision of user charges</b>		
The following balance remains outstanding at the end of the reporting period in relation to transactions with related parties. All outstanding balances are priced on an arm's length basis and are to be settled within 30 days of the reporting date. None of the balances are secured.		
Trade Receivables	762	62
<b>Outstanding balance arising from purchase of goods and services</b>		
The following balance remains outstanding at the end of the reporting period in relation to transactions with related parties. All outstanding balances are priced on an arm's length basis and are to be settled within 30 days of the reporting date. None of the balances are secured		
Trade Payables	-	-

## D3 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN POLICY

**Summary of Change in Accounting Policy**

Ports North changed its accounting policies in 2021-22 after completing a full analysis of previously capitalised software expenditure in response to the IFRIC agenda decision released in March 2021.

Ports North new accounting policy now considers where the software code resides, whether it is identifiable and whether Ports North has the power to both obtain economic benefits from the software and restrict the access of others to those benefits. Configuration or customisation costs that do not qualify for recognition as an intangible asset are further assessed as to the appropriate timing of expense recognition, using the following criteria:

- a) Where the configuration or customisation is considered a distinct (i.e. separately identifiable) service from the subsequent access to the cloud software, the costs are expensed when the configuration or customisation services are received. This is typically the case when the vendor providing the services is different from the vendor providing access to the software.
- b) Where the configuration or customisation is not a distinct service from Ports North's right to access the software, the costs are expensed over the period of access on a straight-line basis. A prepayment asset is recognised when the payment is made upfront. This is usually the case when the same vendor is providing both the configuration or customisation services and the access to the cloud software.

Any software that qualifies as an intangible asset is recognised and accounted for in accordance with Ports North's existing accounting policies on software assets, which have not changed.

Ports North assessment has determined that the impact of this change in accounting policy is immaterial for 2022.

**Accounting Standards Early Adopted for 2021-22**

No Australian Accounting Standards have been early adopted for 2021-22.

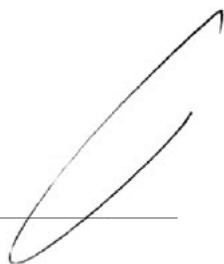
# Directors' Declaration

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In the opinion of the Directors of Far North Queensland Ports Corporation Limited (the Company):

- (a) the financial statements and notes, set out on pages 30 to 63, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (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.

Signed in accordance with a resolution of the Directors:

A stylized, handwritten signature in black ink, consisting of a large, sweeping loop that starts from the bottom left, goes up and over to the right, and then comes back down to the left.

**R Beer**  
Chairman

A complex, handwritten signature in black ink, featuring multiple overlapping loops and a long, horizontal stroke extending to the right.

**V Maruna**  
Deputy Chairperson

Dated at Cairns, 24<sup>th</sup> August, 2022



To the Members of Far North Queensland Ports Corporation Limited

## Report on the audit of the financial report

### Opinion

I have audited the accompanying financial report of Far North Queensland Ports Corporation Limited.

In my opinion, the financial report:

- gives a true and fair view of the company's financial position as at 30 June 2022, and its financial performance and cash flows for the year then ended
- complies with the *Corporations Act 2001*, the *Corporations Regulations 2001* and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

#### Basis for opinion

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

I am independent of the company 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 entity 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 the audit of the financial statements. I addressed these matters in the context of the audit of the financial report as a whole and in forming our opinion. I do not provide a separate opinion on these matters.

#### **Valuation of property, plant and equipment—Note B4 and C1**

Key audit matter	How my audit addressed the key audit matter
<p>Property, plant and equipment is reported at fair value and where applicable at cost. Approximately 86% of the property, plant and equipment was valued at fair value which was determined using the income based valuation model.</p> <p>The key assumptions used in the valuation model included:</p> <ul style="list-style-type: none"> <li>forecasting operating revenue</li> <li>estimating future capital and operating costs</li> <li>determining of terminal values</li> <li>the discount rate applied to future cashflows.</li> </ul>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>Evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research.</li> <li>Challenging the reasonableness of key assumptions based on my knowledge of the entity and industry.</li> <li>Verifying the mathematical accuracy of net present value calculations.</li> </ul>

### Useful lives estimated for depreciation expense—Note B4

Key audit matter	How my audit addressed the key audit matter
<p>The straight-line depreciation method used requires significant judgements for:</p> <ul style="list-style-type: none"> <li>Identifying the significant parts of assets that have different useful lives</li> <li>Estimating the remaining useful lives of those significant parts.</li> </ul>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>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.</li> <li>Evaluating remaining useful life estimates for reasonableness with reference to historical disposal rates, condition assessments for older assets, internal consistency.</li> </ul>

### 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company.

- Conclude on the appropriateness of the company'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 company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the 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.



**Bhavik Deoji**

as delegate of the Auditor-General

30 August 2022

Queensland Audit Office

Brisbane

