



Gladstone Ports Corporation

Growth, Prosperity, Community.



2015-
2016

ANNUAL REPORT

Financial Overview

Despite market challenges, growth for coal is predicted in the coming year due to WICT's ramp up

Company Performance

In 2015-16, GPC delivered a NPAT of \$83.3M, a 15% increase from \$72.1M in 2014-15. The profit and loss includes the effect of asset devaluations which reduced profit by \$10.8M (2014-15 a net revaluation increase of \$2.5M).

GPC continues to experience growth in shipments with a record tonnage throughput of 116.7Mt achieved across the three ports, this is a 16% increase from 2014-15.

Import / export tonnes at the Port of Gladstone totalled 116.0Mt, Port of Rockhampton 0.2Mt, and Port of Bundaberg 0.5Mt.

Coal tonnages were 72.2Mt; a 5% increase from 2014-15 as a result of increasing tonnage throughput from WICT. The coal industry continues to face market challenges, however further growth for 2017 is predicted with ramp up at the new WICT continuing.

During the 2015-16 financial year 12.2Mt (2014-15: 1.61Mt) of shipments of Liquefied Natural Gas (LNG) occurred as the industry continues to ramp up production. Other trades were stable at approximately 28.0Mt.

Import / export tonnes at the Port of Bundaberg remained stable. Trade at the Port of Rockhampton also remained stable at 0.2Mt.

2016-17 is forecast to see further growth in tonnage throughput through the Port of Gladstone, predominantly via three LNG export facilities on Curtis Island (two of which are expected to become operational during the year) and the export of coal through WICT.

Revenue

Total income of \$478.9M, included a record sales revenue of \$426.1M, up 5.5% from 2014-15, and other income of \$48.2M. Other income has increased from \$42.7M (2014-15) primarily as a result of a settlement for terminating the Terminal Operating Agreement for WICT.

The improvement in sales revenue was driven by the record tonnages and shipping activity at Gladstone.

Expenses

Operational expenses (before depreciation) increased this year by 7% to \$127.6M, primarily due to bad debts of \$22.9M being incurred following the failure of several coal customers during 2015-16. Energy costs inclusive of diesel fuel and electricity showed decreases in price during 2015-16 but have started to increase at the latter end of the year. Total employee expenses remained stable at \$126.8M. This was driven largely by GPC not filling vacancies except where necessary following a downturn in the coal industry.

Table 5: Local, Regional and State procurement

	2011-12	2012-13	2013-14	2014-15	2015-16
Total procurement	112,300	275,262	237,093	269,934	198,827
Local, Regional and State procurement	82,000	254,634	190,164	200,277	150,922
Local, Regional and State procurement as a % of total spend	73%	93%	80%	74%	76%

During the period total FTE numbers reduced by 21 to 731 at the end of the year.

Support for Our Local Businesses

The application of our purchasing policies and practices ensures that GPC makes a broader economic contribution through the continued support of Local, Regional and State businesses.

This year 76% of our operational spend was in Queensland. Of this 58% (or approximately \$87.0M) was spent with local and regional suppliers on a diverse range of services and products (refer Table 5).

This outlay was up considerably on the value of last year's local procurement due to expenditure on some key projects.

Capital Expenditure

Our capital expenditure program is aligned with our growth strategy. This year it delivered further capability to support capacity requirements to ensure that we continue to meet customer demands. New capital works totalled \$67.9M across all new and prior approved works (2014-15: \$74.8M).

Operating Cash Flow

A net increase in cash and cash equivalents of \$66.2M occurred this year. Cash funds increased due to the receipt of one off revenue from the termination of the WICET Terminal Operating Agreement and reduced capital expenditure. \$67.9M was invested in new and replacement infrastructure assets. Dividend payments to shareholders totalled \$54.4M

Statement of Financial Position

Our balance sheet remains in a strong position with net assets of \$997.6M.

Current assets increased by 26% to \$252.3M, with cash increasing due to our capital investment program being delayed, and the receipt of one off revenue for the termination of the WICT Terminal Operating Agreement.

Trade and other payables (Note 13) reflects the movement in revenue received in advance.

Non-current assets decreased by \$52.5M. The largest contributor to this was revaluations, which after adjustment for fair market values, decreased total asset values by \$59.9M.

The 2015 results were restated following the detection of three errors in the calculation of the 2015 result. This had the net impact of increasing the value of property, plant and equipment by \$272.5M.

Further disclosure can be found in the accompanying financial statements.

Current liabilities increased by 259% to \$507.6M. This was a result of a provision of \$315M for a special dividend to be funded from borrowings in 2016-17, along with an increase in annual dividend provision from 80% of adjusted profit to 100%.

Non-current liabilities decreased by \$9.7M, with the deferred tax liability decreasing as a result of the asset revaluation decreases.

Debt Position

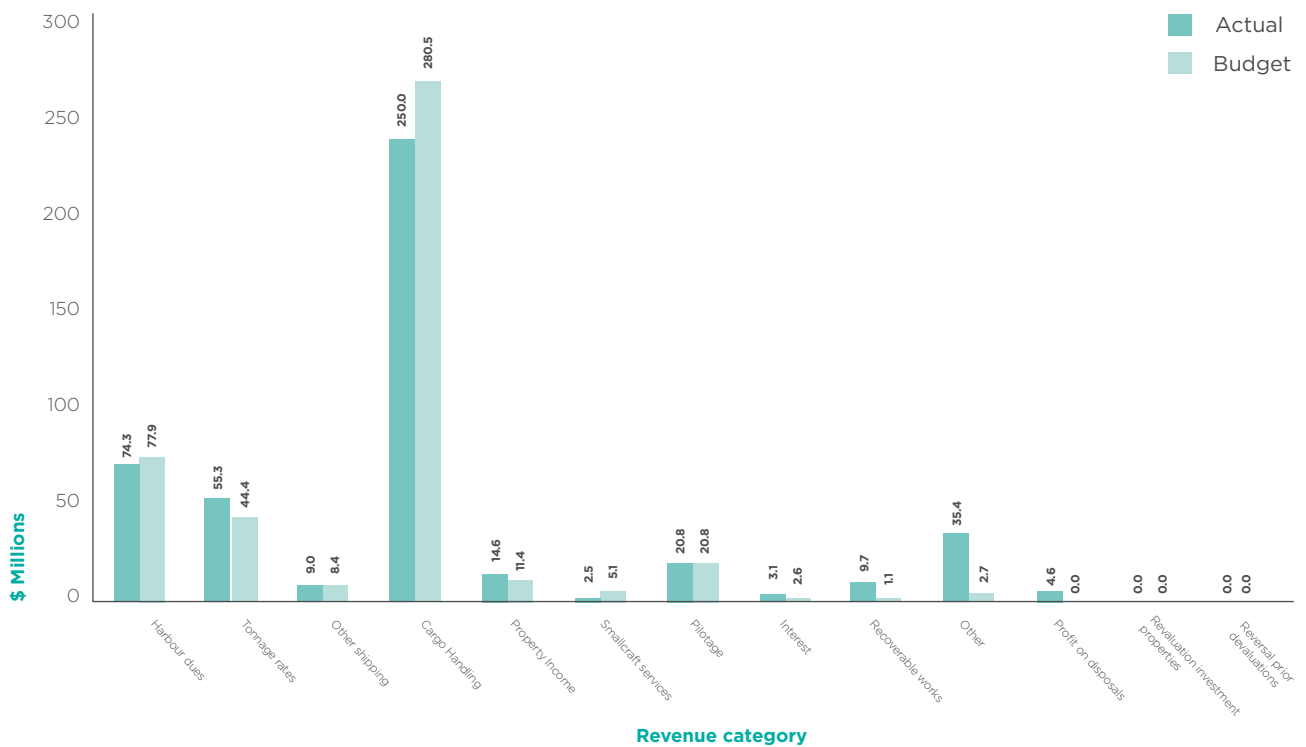
At 30 June 2016, GPC has loans with Queensland Treasury Corporation totalling \$461.2M. No new borrowings were required during 2015-16. GPC's current Debt to Debt + Equity ratio is 32.05.

The special dividend of \$315M payable in 2017 will be funded entirely from borrowings. This will impact the debt to debt + equity ratio in 2017. GPC's funding of future capital expansion will need to be closely monitored.

Long-term Agreements

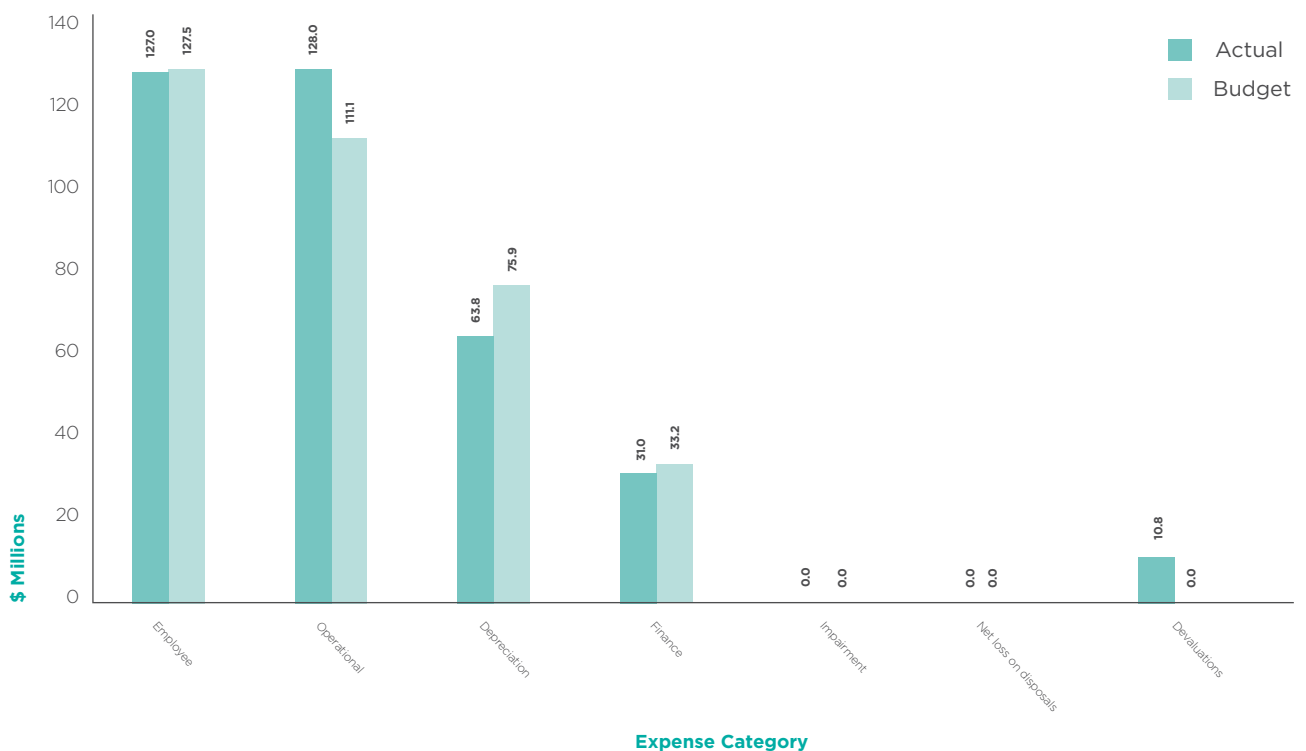
GPC continues to work with its customers to promote long-term Port and Cargo Handling Agreements that secure capacity rights for major shippers. These agreements provide certainty for land side terminal handling capability and ensure channel capacity for shippers. During 2016 negotiations continued with major customers and government to finalise these agreements.

An analysis of our key financial indicators is provided on the following pages.



Revenue

Total revenue increased in 2015-16 due to increased sales revenue as LNG and WICT tonnages continue to increase. Other revenue increased as a result of one off revenue from the termination of the WICET terminal operating agreement offsetting a reduction in recoverable works revenue for the LNG industry during their construction phase.



Expenses

Employee expenses remained static in 2015-16 as a result of vacant positions not being filled due to the downturn in coal throughput at GPC terminals. Operational expenses increased as a result of \$22.9M of bad debts in relation to failed coal customers which partially offset a reduction in materials due to a change in accounting treatment for dozer overhauls from operational costs to capital costs.



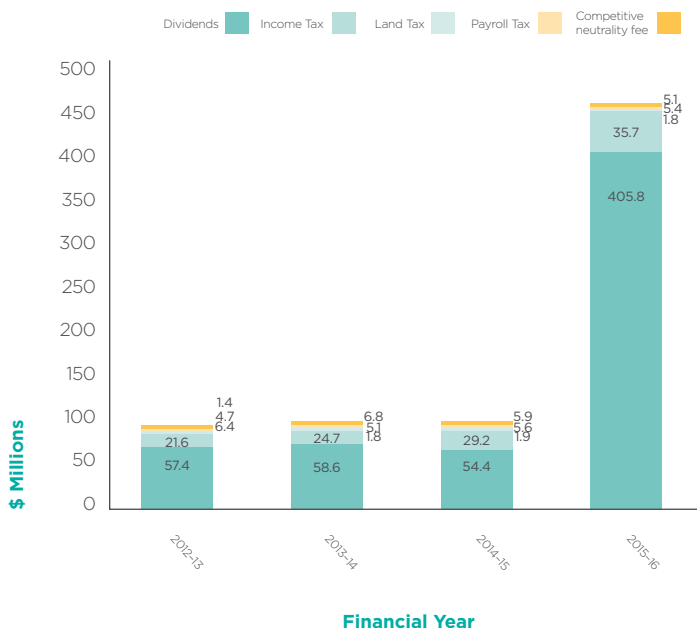
EBIT

EBIT increased by 11% in 2015-16. This has mainly been a result of additional sales revenue from the ramp up of the LNG industry and WICT coal tonnages.



NPAT

NPAT increased 16% in 2015-16, in line with the EBIT increase.



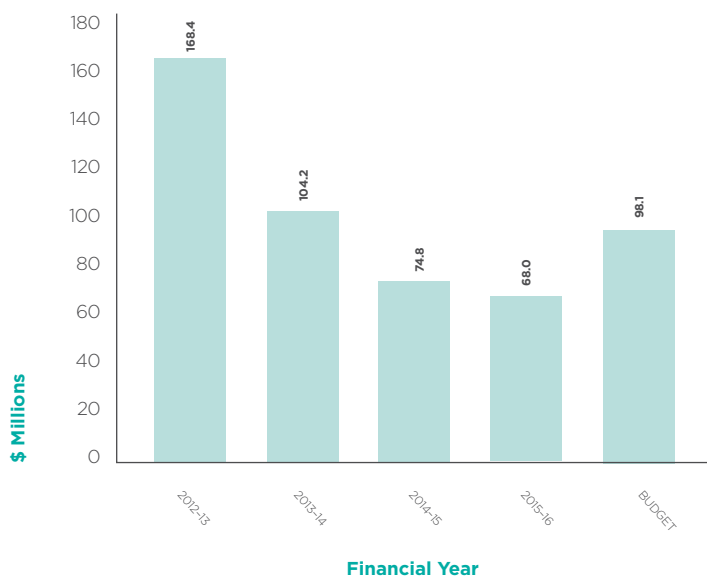
Dividends and Taxes

The 2015-16 dividend is an increase of 646% on the prior year. This is a result of a special dividend of \$315M being provided which will be funded entirely from borrowings. In addition the annual dividend rate has increased from 80% of adjusted after tax profits to 100%.



Total Assets

Total assets remained static in 2015-16, predominantly as a result of asset revaluation outcomes. The 2014-15 results were restated following identification of errors in the calculation of the 2014-15 revaluation process. This resulted in an increase in total assets of \$272.5M.



Capital Expenditure

Capital expenditure of \$67.9M was incurred in 2015-16. The major projects included continuation of the EIS for the channel duplication project, continuation of the Control System upgrades, continuation of the wharf slurry project at RGTCT, and the commencement of major structural refurbishment of the CC1A conveyor stream at RGTCT. Capital expenditure is forecast to remain high during 2016-17 as existing projects continue and new projects such as the Clinton vessel interaction project are undertaken.



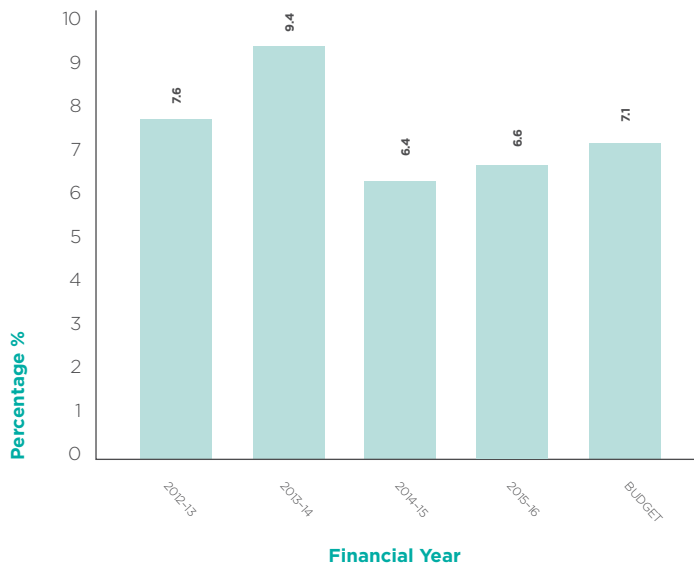
Interest Bearing Liability

Interest bearing liabilities remained static as GPC neither increased borrowings nor reduced debt levels during the year. GPC will be funding the \$315M special dividend provided for in 2015-16 entirely from new borrowings in 2016-17.



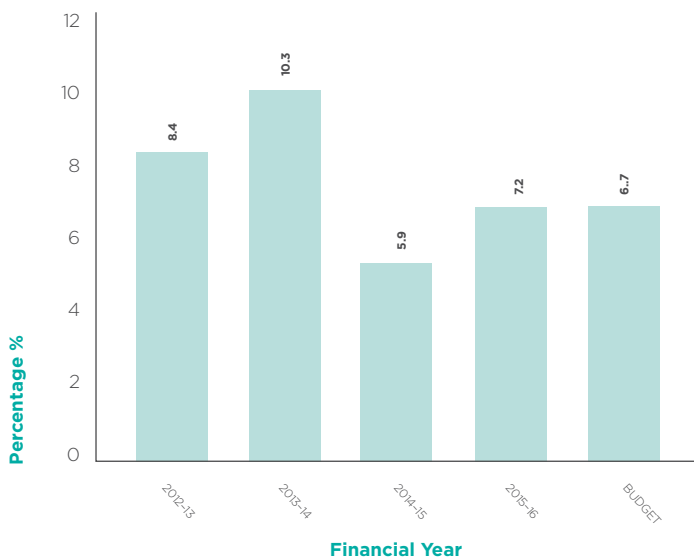
Shareholder Equity

Contributed equity remained static in 2015-16. The asset revaluation reserve decreased significantly to incorporate outcomes from the asset revaluation during 2015-16 along with the provision of a special dividend from reserves to the extent that it was not covered by retained profits. The predominant value of the devaluation was assigned to the channel assets, with investment land devaluations being reflected in the Consolidated Statement of Profit and Loss. Retained profits have also been extinguished in order to provide for the special dividend of \$315M.



Return on Assets

Return on assets increased for 2015-16 to 6.6%, as a result of increased profitability in 2015-16.



Return on Equity

Return on equity increased in 2015-16 to 7.2% as profits continued to improve coupled with the reduction in equity following the provision of a special dividend of \$315M.

GLADSTONE PORTS CORPORATION LIMITED

ACN 131 965 896
ABN 96 263 788 242

Consolidated Annual Financial Statements For the year ended 30 June 2016

Purpose and Scope

Gladstone Ports Corporation Limited (GPC) is a company Government Owned Corporation (GOC), constituted on 1 July 2004 under the provisions of the *Government Owned Corporations Act 1993* (the Act). GPC converted to a company GOC on 1 July 2008, under the provisions of the Act. Under the terms of s118 of the Act, the *Financial Accountability Act 2009* applies to GPC as if it were a statutory body.

These statements have been prepared to:

- (i) comply with the provisions of the *Corporations Act 2001*, and other prescribed requirements;
- (ii) comply with the provisions of the *Financial Accountability Act 2009* and other prescribed requirements; and
- (iii) communicate information concerning GPC's financial performance for the year and its financial position at year end.

The statements are general purpose in nature and provide a full presentation of all of the financial activities of GPC. The consolidated financial report of GPC for the year ended 30 June 2016 was authorised for issue to shareholding Ministers in accordance with a resolution of the Directors on 29 August 2016.

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Directors' Report for the year ended 30 June 2016

The Directors present their report together with the consolidated financial statements of Gladstone Ports Corporation Limited, being Gladstone Ports Corporation Limited (the parent) and its controlled entities (Gladstone Marine Pilot Services Pty Ltd and Gladstone WICET Operations Pty Limited) for the year ended 30 June 2016 and the auditor's report thereon.

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

In order to comply with the provisions of the Corporations Act 2001 the Directors submit their report for the year ended 30 June 2016.

Directors

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

Chairman

Leo Zussino BE, MBA

Leo Zussino was appointed as Chairman from 15 September 1990 until 30 June 1999. Reappointed from 1 October 2015 until 30 September 2018. Leo is Chairman of the Human Resources Committee and a member of the Audit and Compliance Committee.

During the past 30 years Leo has held senior executive and non-executive positions in both private and public sectors. He has extensive experience as a non-executive Chairman of Australian and Queensland Government and Industry Boards, and is a past CEO of the Group (2000 to 2013). Leo has a strong track record in strategic and corporate planning, and major economic infrastructure project facilitation and delivery. This has provided solid commercial outcomes, resulted in operational excellence, created robust commercial partnerships, and led to long-term successful industrial and Government relationships. Leo has served as:

- › Chairman, Australian Maritime Safety Authority, 2008 to 2014.
- › Chairman, Gladstone Economic & Development Board, 2001 to 2012.
- › President, Ports Australia, 1996 to 1998.
- › Chairman, Queensland Ports Authority Association, 1992 to 1999.
- › Council Member, CQ University, 1990 to 2001.

Grant Cassidy FAICD

Appointed 1 October 2015 until 30 September 2018. Grant is member of the Audit and Compliance Committee.

Grant has over 14 years' experience in the Gladstone area tourism industry, gained as Managing Director of the Cassidy Hospitality Group, a specialist group which owns and operates accommodation and restaurant businesses in the region. His 15 year's media experience provides a depth of understanding of sales, marketing and media management. As a very active and long-term contributor to the area's community organisations Grant understands local issues, having been Chairman of Capricorn Enterprise - the regions peak tourism and economic development organization and as a former member of Tourism Queensland Board. In the latter role he chaired the Audit and Risk committee. Grant has also previously held board positions with organisations such as Rockhampton Girls Grammar School and CQ University Australia. Recently, Grant was one of the three Rockhampton representatives to attend The Queensland Plan forums.

Peter Corones AM

Appointed Director 1 July 1994 for two years and extended to 30 June 1999. Reappointed from 1 July 1999 until 30 June 2003; reappointed from 1 July 2003 to 30 June 2005; reappointed from 1 July 2005 to 30 September 2007; reappointed from 1 October 2007 to 30 September 2009; reappointed from 1 October 2009 until 30 September 2012. Peter ceased as Director on 16 August 2012. Appointed in 1 October 2015 until 30 September 2018. Peter is a member of the Human Resources Committee.

A business proprietor and company director, Peter's strong background spans 40 years of extensive commercial and community experience. Over the past three decades he has been a member of, or served in titled executive and non-executive roles on, a number of key Boards and Authorities in the region. Current roles include Chairman of Gladstone Area Group Apprentices Limited (GAGAL) and Governor in Council appointee to the CQ University Council. Peter served on the City of Gladstone Council for more than 20 years, was Mayor for 14 years, and is a past Director of the Group. Peter was awarded a Centenary Medal for distinguished service to local government (2001) and a Medal of the Order of Australia (2009) for service to the Gladstone Region community. Gladstone born, Peter has significant knowledge of the region's economic and industry development; ports; tourism, promotion, administration; project and community facilitation and understands the characteristics and challenges of the region.

Gail Davidson, GAICD

Appointed 1 October 2008 until 30 September 2011; reappointed from 1 October 2011 until 30 September 2014; reappointed from 2 October 2014 until 30 September 2017. Gail is a member of the Human Resources Committee.

Gail has held management roles in a number of areas for over 40 years and until July 2016 was the Executive General Manager Disability and Community Services for Endeavour Foundation. Gail has been involved in the disability sector for over 26 years, having previously worked in the hospitality and health sectors. She has been a member of the Gladstone Foundation Board of Advice and has been a member of the Disability Council of Queensland, the Gambling Community Benefit Fund, under Treasury, the Complaints Management Quality Committee advising the Minister and was the Inaugural Chair of the Regional Disability Council of Central Queensland. At present she is also a Queensland representative in Canberra on policy matters for the National Disability Service and has recently been appointed to the Board of Mercy Community Services in Brisbane. She has qualifications in management, is a graduate of the Australian Institute of Company Directors and is continuing her studies.

Peta Jamieson, GradCertBA, BA (Hons), BA, MScEnvMgt

Appointed 1 October 2015 until 30 September 2018. Peta is a member of the Human Resources Committee.

Peta has over 20 years' experience in Queensland State Government; Brisbane City Council and the Local Government Association of Queensland (LGQA), and is the director of her own management consultancy. She has a breadth of both executive and operational experience, and a clear understanding of how government, its policies, and processes work. Peta is a strong advocate for the Bundaberg and Wide Bay Burnett Region. She is actively involved with community, commercial and government bodies such as the Wide Bay Burnett Regional Organisation of Councils, Starfire Solutions, North Burnett Regional Council on local and regional projects and initiatives. Peta is also a Director on the Wide Bay Hospital and Health Board and member of its Finance Committee, and is an Executive Member, St Luke's Anglican School Parents and Friends Association.

Judy Reynolds, BBus, CA, MAICD

Appointed 1 October 2008 until 30 September 2011. Reappointed from 1 October 2011 until 30 September 2014; reappointed from 2 October 2014 until 30 September 2017. Judy is Chair of the Audit and Compliance Committee.

Judy is a chartered accountant with over 28 years' as a manager and director in public accounting firms. She has extensive experience in business development, profit and risk modelling and the formulation and implementation of strategic growth strategies. Judy works in a wide range of industries with small and medium entities (SMEs), their owners and business leaders as a consultant advisor, mentor and coach. Judy is a director of Opening Gates. She previously owned a chartered accounting and financial planning business for over 15 years, chaired the National Sothertons Board and acted as board member and advisor to many organisations including the Gladstone Economic and Industry Development Board, and the Gladstone Foundation. She is a member of the Institute of Chartered Accountants, and is a past Fellow of the Taxation Institute of Australia.

Helen Skippen, BBus, MBA, GAICD

Appointed 1 October 2010 until 30 September 2013. Reappointed from 12 December 2013 until 30 September 2016. Helen is a member of the Audit and Compliance Committee.

Helen combines 35 years as a business consulting professional working in market and business strategy, with over 10 years of board experience in a range of large and small organisations, across a mix of private, public and not-for-profit (NFP) sectors. She has extensive experience in market research/ analysis, stakeholder engagement, strategic business/market strategies/plans; and organisation performance (corporate governance, diagnostic frameworks and performance management). Helen is a director and Chair of the Strategy Committee of Help Enterprises, a director of Foodbank Queensland, and from 2003 to 2012, she was a director of WorkCover Queensland and Chair of the Audit Committee for a term. She has also previously chaired the advisory boards of two medium sized professional services firms in the property sector.

Previous Chairman

Mark Brodie

Mark Brodie was appointed as Chairman on 7 June 2012 until 30 September 2015. Mark was Chairman of the Human Resources Committee and a member of the Audit and Compliance Committee.

Previous Deputy Chairman

Professor Chris Greig, BE, ME St., PhD

Appointed 16 August 2012 until 30 September 2015. Chris was a member of the Human Resources Committee.

Previous Director

William (Bill) Moorhead, BSurv (Hon)

Appointed 16 August 2012 until 30 September 2015. Bill was a member of the Human Resources Committee.

Previous Director

Chris Ward, Solicitor of the Supreme Court of Queensland

Appointed 17 July 2014 until 30 September 2015.

Company Secretary

Mariette Lansdell, BComm (Hons), MBA, AGIA

During the past twenty years Mariette has participated in the banking, marketing, telecommunications and marine industries in Australia, Europe and Africa. She has been engaged in several of the Group's projects during the past six years. She was appointed by the Board as Company Secretary in March 2011.

Principal Activities

The consolidated entity's principal activities are to:

- a) provide import and export shipping infrastructure to the Central Queensland region through the Port of Gladstone, Port of Rockhampton and Port of Bundaberg, and encourage the use of these facilities for the economic benefit of stakeholders;
- b) manage cargo handling facilities for coal and other bulk products at Port of Rockhampton, RG Tanna Coal Terminal, Barney Point Terminal and Auckland Point facilities;
- c) develop, manage and lease land and other assets for port related purposes; and
- d) manage ancillary services and functions which support core business activities.

Operating Results for the Year

The Group's net profit after income tax is \$83.298M (2015: \$72.145M) representing an increase of 15.5% from the previous year. All profits are from continuing operations. The 2016 results included net devaluations of \$10.755M (2015: revaluations of \$2.452M). These related primarily to investment properties write downs. There were no net impairment losses identified in 2016 compared to \$8.885M in 2015, as a result of assets being impaired at the East Shores Project.

Auditor Independence

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

Dividends

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

	2016 \$'000	2015 \$'000
Dividends paid from prior year profits	54,400	58,567
	Cents per share	Cents per share
Dividend per share	13.53	14.28

In addition to the above dividends, the Directors recommended the payment of a final dividend at 100% of profits, as adjusted for revaluations, along with a special dividend of \$315.000M (78.35cents per share). The final dividend amounts to \$90.827M (22.59 cents per share).

Review of Financial Conditions and Likely Developments

Cargo imports and exports for the Group totalled 116.726 million tonne in 2016, a 16% increase over the 2015 period. The new Wiggins Island Coal Terminal) and three Liquefied Natural Gas Terminals (LNG) (QGC; GLNG; and APLNG) all continued with commissioning and ramp up of their facilities. These were the major contributors to the increased volumes.

Increases in shipping volumes, to varying degrees, are expected to continue to improve in the medium term despite difficult trading conditions within all of the major cargo groups (i.e. Bauxite/Alumina, Coal, and LNG).

Maintaining prudent and efficient costs will be important for the Group in order to lighten impacts on our customer base.

A number of the Group's commercial contract arrangements do assist in mitigating volume risk to varying levels, in the event of movements in markets which may affect an individual customer volume.

Other product trade in the Ports of Gladstone, Rockhampton and Bundaberg are expected to either remain in line with that achieved in 2016 or marginally improve. Bundaberg is expected to experience increased trade in mineral sands and wood pellet exports, and will have a new plaster board plant importing gypsum within 18 months. General container trade at Gladstone is predicted to improve as Gladstone concentrates on providing an alternate shipping service for its hinterland region. The Barney Point terminal has closed as a coal handling facility, but will be restructured to manage other dry bulk trades.

Further investment in shipping channels is planned to commence in 2017 to improve vessel transit times from the Wiggins Island Coal terminal.

Significant Changes in the State of Affairs

During 2014 GPC established two wholly owned subsidiary companies, Gladstone Marine Pilot Services Pty Ltd (GMPS) and Gladstone WICET Operations Pty Ltd (GWO). GMPS was established to run the pilotage business following the transfer of this business from Maritime Safety Queensland. GWO was established to manage the operations of WICET. This company commenced trading during the year ended 30 June 2015, to assist WICET Pty Ltd in the completion of commissioning and in preparation for the commencement of cargo handling operations. This company ceased operating in May 2016 following the termination of the terminal operating agreement between GPC and WICET.

Environmental Regulation

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation. Refer to comments under the section 'Environment and Sustainability' of the 2016 Annual Report.

There have been no significant known breaches of the consolidated entity's licence conditions or any environmental regulations to which it is subject.

Indemnification and Insurance of Directors and Officers

During the financial year the Group indemnified all Directors and Executive Officers in respect of Directors and Officers liability and company reimbursement insurance. The premium paid amounted to \$84,535.

Under the policy the insurer agrees to pay:

- (a) all losses which each insured person becomes legally obligated to pay on account of any claims for wrongful acts; and
- (b) all losses for which the company may grant indemnification to each insured person.

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

Directors' Attendance at Board and Committee Meetings

	Board (7 held)	Audit and Compliance Committee (4 held)	Human Resources Committee (3 held)
Mark Brodie	2 (out of 2)	1 (out of 1)	1 (out of 1)
Professor Chris Greig	2 (out of 2)	0 (out of 0)	1 (out of 1)
William (Bill) Moorhead	2 (out of 2)	0 (out of 0)	1 (out of 1)
Chris Ward	2 (out of 2)	1 (out of 1)	0 (out of 0)
Judy Reynolds	7	4	0 (out of 0)
Helen Skippen	7	4	0 (out of 0)
Gail Davidson	5 (out of 7)	0 (out of 0)	2 (out of 3)
Leo Zussino	5 (out of 5)	3 (out of 3)	2 (out of 2)
Peter Coronas AM	5 (out of 5)	0 (out of 0)	2 (out of 2)
Peta Jamieson	5 (out of 5)	0 (out of 0)	2 (out of 2)
Grant Cassidy	5 (out of 5)	3 (out of 3)	0 (out of 0)

Committee Membership

At the date of this report the Group had an Audit and Compliance Committee and a Human Resources Committee.

Audit and Compliance Committee:

Judy Reynolds – Chair
Leo Zussino
Helen Skippen
Grant Cassidy

Human Resources Committee:

Leo Zussino – Chair
Gail Davidson
Peter Coronas AM
Peta Jamieson

Directors' Interests

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

Risk Management

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

- a) protects the wellbeing of the Group's workforce, the wider community in which it operates and its physical environment; and
- b) manages threats that could adversely affect the Group's ability to meet its corporate objectives, its growth in shareholder value and its stewardship of company assets.

Rounding of Amounts

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that class order, amounts in the financial report and Directors' Report have been rounded to the nearest one thousand dollars, unless otherwise stated. Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Proceedings against the Company

There are no proceedings against the company.

Subsequent Events

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

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



Leo Zussino
Chairman
Dated: 29 August 2016

Auditors Independence Declaration for the year ended 30 June 2016

To the Directors of Gladstone Ports Corporation Limited

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

Independence Declaration

As lead auditor for the audit of Gladstone Ports Corporation Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been –

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



M Reardon CPA
Acting Director
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2016

	Note	2016 \$'000	Restated 2015 \$'000
Continuing operations			
Revenue	7(a)	426,138	404,024
Other income	7(a)	48,221	42,652
Net profit on disposal of non-current assets		4,581	1,177
Fair value revaluation of investment properties	11(d), 12	-	4,879
Reversal of prior devaluations	11(d)	-	264
Total income		478,940	452,996
Employee benefits expenses		(126,796)	(128,923)
Operational expenses	7(b)	(127,625)	(118,768)
Depreciation/amortisation expenses	7(b)	(63,782)	(59,022)
Finance costs	7(b)	(30,984)	(32,420)
Impairment (net of impairment reversals)	11(e)	-	(8,885)
Fair value devaluation of non-current assets	11(d)	(10,755)	(2,691)
Profit from continuing operations before income tax		118,998	102,287
Income tax expense	8(a)	(35,700)	(30,142)
Profit for the year		83,298	72,145
Other comprehensive income			
That will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment		-	321,126
Devaluation of property, plant and equipment and intangible assets		(49,169)	(639)
Income tax relating to components of other comprehensive income	8(e)	14,750	(96,146)
Other comprehensive income for the year, net of income tax		(34,419)	224,341
Total comprehensive income for the year		48,879	296,486
Profit attributable to:			
Owners of Gladstone Ports Corporation Limited		83,298	72,145
Total comprehensive income for the year is attributable to:			
Owners of Gladstone Ports Corporation Limited		48,879	296,486

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 30 June 2016

	Note	2016 \$'000	Restated 2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	9	177,818	111,596
Trade and other receivables	10	56,512	70,489
Inventories		13,167	12,372
Prepayments		1,687	694
Assets classified as held for resale		425	5,061
Derivative financial instruments		2,702	-
Total current assets		252,311	200,212
Non-current assets			
Property, plant and equipment	11	1,882,521	1,934,506
Deferred tax assets	8(d)	14,010	12,991
Intangible assets		19,132	18,332
Investment properties	12	108,250	110,559
Total non-current assets		2,023,913	2,076,388
Total assets		2,276,224	2,276,600
Liabilities			
Current liabilities			
Trade and other payables	13	50,767	42,991
Short-term provisions	15	446,498	86,867
Income tax payable	8(c)	7,535	11,469
Derivative financial instruments	20	2,801	-
Total current liabilities		507,601	141,327
Non-current liabilities			
Trade and other payables	13	22,129	24,094
Long-term borrowings	14	461,193	461,344
Long-term provisions	15	12,364	11,476
Deferred tax liabilities	8(e)	295,331	303,805
Total non-current liabilities		791,017	800,719
Total liabilities		1,298,618	942,046
Net assets		977,606	1,334,554
Equity			
Issued capital		675,496	675,496
Asset revaluation reserve		302,110	463,131
Retained earnings		-	195,927
Total equity		977,606	1,334,554

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2016

	Note	Issued capital	Asset revaluation reserve	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000
Balance 1 July 2014		676,717	238,818	178,154	1,093,689
Total comprehensive income attributable to owners of the equity					
Profit or loss		-	-	72,145	72,145
Other comprehensive income		-	224,341	-	224,341
Transfers within equity					
Transfer of assets from Government		(1,221)	-	-	(1,221)
Disposal of revalued assets		-	(28)	28	-
Transactions with owners in their capacity as owners					
Dividends proposed	17	-	-	(54,400)	(54,400)
Balance 30 June 2015		675,496	463,131	195,927	1,334,554
Total comprehensive income attributable to owners of the equity					
Profit or loss		-	-	83,298	83,298
Other comprehensive income		-	(34,419)	-	(34,419)
Transfers within equity					
Disposal of revalued assets		-	(8)	8	-
Transactions with owners in their capacity as owners					
Dividends provided for or paid	17	-	(126,594)	(279,233)	(405,827)
Balance 30 June 2016		675,496	302,110	-	977,606

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from customers		537,967	476,989
Tax equivalents paid to Queensland Treasury		(34,377)	(29,184)
Net FBT, Fuel Tax Credit and GST paid to ATO		(28,050)	(17,236)
Payments to suppliers and employees		(265,871)	(276,658)
Interest received		3,083	3,188
Interest paid/competitive neutrality fee		(30,984)	(32,420)
Net cash flows from operating activities	9(a)	181,768	124,679
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		6,933	2,921
Purchase of property, plant and equipment		(65,799)	(69,531)
Purchase of intangibles		(2,129)	(5,253)
Net cash flows used in investing activities		(60,995)	(71,863)
Cash flows from financing activities			
Return of equity		-	(1,221)
Repayment of borrowings		(151)	(176)
Dividends paid		(54,400)	(58,567)
Net cash flows from financing activities		(54,551)	(59,964)
Net increase/(decrease) in cash and cash equivalents		66,222	(7,148)
Cash and cash equivalents at beginning of the financial year		111,596	118,744
Cash and cash equivalents at the end of the financial year	9	177,818	111,596

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

1. General information

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

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

Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure is provided in Note 4 and information on other related party relationships is provided in Note 24.

2. Summary of significant accounting policies

(1) Basis of preparation

Functional currency

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

Measurement of assets and liabilities

This consolidated financial report has been prepared under the historical cost convention, except for the following asset classes, which are measured at fair value at reporting date:

- › Property, plant and equipment except for work in progress;
- › Investment properties; and
- › Financial instruments, which have been measured at fair value.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- › In the principal market for the asset or liability or
- › In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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 or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- › Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- › Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- › Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Summary of significant accounting policies (cont)

(1) Basis of preparation (cont)

Rounding of amounts

The financial report is presented in Australian dollars and the company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998. In accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded to the nearest one thousand dollars, unless otherwise stated.

(2) Statement of compliance

These consolidated financial statements are a general purpose financial report and have been prepared in accordance with the *Corporations Act 2001*, the *Financial Accountability Act 2009*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial statements of Gladstone Ports Corporation Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 29 August 2016.

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

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

Accounting policies

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Where appropriate, comparative figures have been amended to accord with the current year's presentation and disclosure.

Accounting Standards and Interpretation issued but not yet effective

The Group has not adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2016. These are outlined in the table below:

Title	Operative for reporting periods beginning on/after
AASB 9: Financial Instruments	1 January 2018
AASB 2014-4: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
AASB 15: Revenue from Contracts With Customers	1 January 2018
AASB 16: Leases	1 January 2019

The Group has not reviewed the impact of the above Standards and Interpretations in relation to their adoption in future periods. The Group intends to apply accounting standards and interpretations as they are required and not earlier.

(4) Prior year adjustment

Three errors were identified with the income approach valuation completed in the prior 2015 reporting period for property, plant and equipment. Firstly the discounted cash flow (DCF) technique taxation calculation was overstating the taxation deduction which had the impact of understating the overall value. Secondly in the expenses, one profit centre did not flow through in the DCF model which also had the effect of overstating value. Lastly the capital forecast in the outer years of the DCF model was overstated which had the impact of understating value. The net result was an increase in the property, plant and equipment valuation of \$272.5M. This was attributed to the channel in property, plant and equipment in accordance with the allocation methodology used in 2015. These changes also had the impact of increasing the asset revaluation reserve by \$190.6M and deferred taxation by \$81.8M. There were no changes to the opening balances of the 2015 financial year statement of financial position. There was no material impact on the operating results of GPC in 2015.

2. Summary of significant accounting policies (cont)

(5) Significant accounting policies

a. Basis of consolidation

The consolidated financial statements represent the financial statements of GPC and its subsidiaries. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit or Loss and Other Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

b. Classification between current and non-current

The Group presents assets and liabilities in the statement of financial position based upon current/non-current classification. An asset or liability is classified as current when it is expected to be turned over within the next twelve months. All other items are classified as non-current.

c. Foreign currency transactions and balances

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

d. Revenue recognition

Revenue is recognised when services are delivered and is measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Revenue has been calculated based on existing signed contracts. Harbour dues, tonnage rates, other shipping charges or cargo handling charges for all vessels are invoiced after departure of the vessel.

For major recoverable works, revenue is billed in advance in accordance with the terms of each contract. This is based upon future expectations of works to be undertaken for that project at the time of invoicing. When monies are received they are recorded as revenue received in advance. The revenue is recognised in the Consolidated Statement of Comprehensive Income as and when related expenditure is incurred.

Lease income from investment properties is recognised in income on a straight-line basis over the term of the lease and is included in revenue in the Consolidated Statement of Profit or Loss due to its operating nature.

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

The profit or loss on sale of an asset is determined when control has passed to the buyer. In accounting for the sale of non-current assets, the net gains/losses on sale of assets sold are included in the Consolidated Statement of Profit and Loss.

2. Summary of significant accounting policies (cont)

(5) Significant accounting policies (cont)

e. Taxation

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

Current income tax

As a GOC, the Group is required to pay income tax equivalents under the National Tax Equivalents Regime (NTER). The tax currently payable is based upon taxable profit for the year. Taxable profit differs from profit before tax as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity.

Tax assets and liabilities are offset if the underlying taxes relate to the same taxation authority.

Tax consolidation

GPC and its wholly owned entities are a tax consolidated group for income tax purposes. Gladstone WICET Operations Pty Ltd joined the Group on 5 May 2014 when it was established. The Group is taxed as a single entity from these dates. The head entity in this Group is Gladstone Ports Corporation Limited. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company.

Amounts are recognised as payable to or receivable by GPC and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and other group members of the tax consolidated group.

Under this policy, Gladstone Ports Corporation Limited and each of the entities in the tax consolidated group pay a tax equivalent payment to or from the head entity, based upon the current tax liability or current tax asset of the entity. This policy provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity.

f. Goods and services tax (GST)

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

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

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

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

2. Summary of significant accounting policies (cont)

(5) Significant accounting policies (cont)

g. Dividends

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

h. Property, plant and equipment

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

Initial recognition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of the assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition.

The cost of non-current assets constructed by the Group includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

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

Depreciation

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

Buildings	2.50%-11.77%
Channels, swing basins and berth pockets	1.00%
Commercial wharves	2.50%-20.00%
Recreational and fishing wharves	2.50%-20.00%
Roads and services	1.50%-15.40%
Plant	1.00%-33.00%
Furniture	4.00%-27.02%

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

Revaluations

The following classes of assets are measured at fair value using an income based approach: land, buildings, channels, swing basins and berth pockets, commercial wharves, recreational and fishing wharves, plant, furniture and fittings and roads and services (structural improvements).

Revaluation increments are credited to the asset revaluation reserve except to the extent that they reverse a revaluation decrement previously recognised in the Consolidated Statement of Profit and Loss. In this case the increment is recognised in the Consolidated Statement of Profit and Loss.

Revaluation decrements are recognised in profit and loss, except to the extent they offset a previous revaluation. In this case the decrement is recorded in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets. The net amounts are restated to the revalued amounts.

2. Summary of significant accounting policies (cont)

(5) Significant accounting policies (cont)

h. Property, plant and equipment (cont)

Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may be reversed.

When an impairment loss is reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The revised carrying amount must not exceed the carrying amount that would have been recorded had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Disposal

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

The asset revaluation reserve included in equity in respect of an item of property, plant or equipment may be transferred directly to retained earnings when the asset is derecognised. This involves transferring the whole of the surplus when the asset is retired or disposed of.

i. Leases

The determination of whether an arrangement is, or contains, a lease is based upon the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Contingent rents are recognised as revenue in the period in which they are earned.

j. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

k. Intangible assets

Intangible assets with a cost or other value greater than \$100,000 are recognised in the Consolidate Statement of Financial Position. Items with a lesser value are expensed. Each intangible asset is amortised over its estimated useful life, less any anticipated residual value. The residual value is assumed to be zero for all intangible assets.

Intangible assets consist mainly of computer software. They are amortised on a straight-line basis over a period of 2.5 to 10 years for commercial systems and 10 years for operational systems.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

2. Summary of significant accounting policies (cont)

l. Investment properties

Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

External valuers are used for the valuation of investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

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

Transfers are made to investment property when, and only when, there is a change in use, as evidenced by ending of owner occupation, commencement of an operating lease to another party or ending construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

m. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held to maturity investments and loans and receivables, or, as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends upon the nature and purpose of the financial assets and is determined at the time of initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest rate method

The effective interest rate (EIR) method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, with settlement being required within 30 days from month end.

The likelihood of collection of receivables is assessed on an ongoing basis with provision being made for impaired debts. Debts which are regarded as not recoverable are written off. Other debtors generally arise from transactions outside the usual operating activities of the Group and are recognised at their assessed values.

2. Summary of significant accounting policies (cont)

m. Financial instruments (cont)

Financial assets (cont)

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the group's consolidated statement of financial position) when the rights to receive cash flows from the asset have expired.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Financial liabilities are classified, at initial recognition, as payables or loan and borrowings. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities are added to the fair value of the financial liability as appropriate on initial recognition.

Payables

Payables are recognised for amounts payable in the future for goods and services received, whether or not billed to the Group. Creditors are generally unsecured, not subject to interest charges and are normally settled within 30 days of month end.

Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Borrowings are subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Consolidated Statement of Financial Position date. Borrowing costs are expensed as incurred as per the provisions of AASB123 Borrowing Costs, except where they are incurred for the construction of a qualifying asset. In this case the costs are capitalised until the asset is available for use or resale.

The competitive neutrality fee is a fee payable to the State to ensure the loan from Queensland Treasury Corporation (QTC) reflects market rates on a stand-alone basis, rather than on the strength of any implied State support.

2. Summary of significant accounting policies (cont)

m. Financial instruments (cont)

Financial liabilities (cont)

Loans and borrowings (cont)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 14.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

n. Derivative financial instruments

Where the Group is exposed to the risk of fluctuations in foreign currency exchange rates, the Group enters into derivative financial instrument arrangements to reduce this exposure. Financial derivatives may be held to cover a known exposure but only to the extent of the exposure and not for speculative purposes. Unrealised exchange gains or losses resulting from these transactions are recognised at 30 June each year. The balance of the gain or loss on the transaction is recognised on settlement of the transaction.

o. Cash and short term deposits

For purposes of the Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows, cash includes cash on hand, deposits at call and term deposits with banks and Queensland Treasury Corporation where maturity is no more than 90 days, which are subject to an insignificant risk of changes in value.

p. Provisions

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

(i) Wages, and salaries, annual leave, and non-monetary benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and non-monetary benefits when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities for wages, salaries, annual leave, and accumulated time off are recognised and are measured as the amount unpaid at the reporting date at pay rates anticipated on settlement in respect of employees' services, including related on-costs.

(ii) Long service leave and vested personal leave

The Group does not expect its long service leave or sick leave provisions to be settled wholly within the twelve months of the each reporting date. The provisions have been calculated using anticipated wage and salary rates including related on-costs and expected settlement dates based on usage patterns and is discounted using rates attaching to corporate bond rates at balance date which most closely match the terms of the maturity of the related liabilities. Refer to note 3(3) for information on how provision due greater than 12 months are calculated.

(iii) Superannuation

All GPC and GMPS employees are members of QSuper. GWO employees have a choice of superannuation fund and these are all defined contribution funds. QSuper operates both a defined benefit and defined

2. Summary of significant accounting policies (cont)

p. Provisions (cont)

(iii) Superannuation (cont)

contribution fund. Employees at 30 June 2016 may be a member of the defined benefit fund, defined contribution fund or both. They may remain in either fund. Existing employees can transfer from the defined benefit fund to the contribution fund but cannot transfer from the defined contribution fund to the defined benefit fund. New employees must join the defined contribution fund.

The defined benefit fund is open to many employees across Queensland State Government departments, agencies and government business enterprises. There is insufficient information for the Group to apply defined benefit accounting.

The Treasurer of Queensland, based upon advice received from the State Actuary, determines employer contributions and the amount of this contribution is recognised as an expense. The latest actuarial review of the DB fund is available on QSuper's website - <https://qsuper.qld.gov.au/~media/PDFs/QSuperpublic/Publications/Annual-report/actuarialreport2013.ashx?la=en>. Actuarial reviews occur on a triennial basis and they take up to a year to calculate. The 2013 review is the latest available. After inclusion of the Employer Fund, the assets exceeded accrued liabilities by \$5.95 billion as at 30 June 2013. This compares with the \$1.4 billion surplus disclosed at the 2010 valuation and is primarily the result of strong investment returns since the last review.

No liability is recognised for accruing superannuation benefits as this liability is held on a whole of Government basis and reported in the whole of Government financial statements prepared in accordance with the terms of AASB31 Financial Reporting by Governments.

q. Security deposits

Security deposits may be held on certain contracts and are repayable after the satisfactory completion of the contractual terms.

3. Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(1) Fair value

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent that it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation (level 2 inputs). Where level 2 inputs are not available the Group uses an income based approach to determine fair value. Management establishes the appropriate inputs to the model. The Commercial General Manager reports the findings to the Audit Committee and Board to explain the causes of fluctuations in the fair value of assets and liabilities.

(2) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions

3. Significant accounting judgements, estimates and assumptions (cont)

(2) Impairment of non-financial assets (cont)

used to determine the recoverable amount for the different CGU's are disclosed and further explained in Note 11(e).

(3) Personal leave and long service leave provision

As discussed in Note 2(p)(ii), the liability for personal leave and long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at Statement of Financial Position date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

(4) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to use those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(5) Estimation of useful life

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

(6) Provision for impaired debts

Where receivables are beyond normal trading terms, the likelihood of the recovery of these receivables is assessed by management. All receivables are assessed on an individual basis. The provision is outlined in Note 10.

(7) Financial assets

The Directors have reviewed the Group's held to maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. Details of those assets are set out in Note 19.

4. Subsidiaries

GPC established a 100% owned subsidiary company, Gladstone Marine Pilot Services Pty Ltd (GMPS) on 15 October 2013. On 5 May 2014 GPC established a 100% owned subsidiary company Gladstone WICET Operations Pty Ltd. This company did not trade prior to 30 June 2014 and ceased trading during the year ended 30 June 2016.

Details of the Group's subsidiaries as at 30 June 2016 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
Gladstone Marine Pilot Services Pty Ltd	Pilotage services	Australia	30 June 2016 100%	30 June 2015 100%
Gladstone WICET Operations Pty Ltd	Dormant	Australia	100%	100%

4. Subsidiaries (cont)

Summarised financial information in respect of each of the Group's subsidiaries is set out below:

Subsidiary	Total assets	Total liabilities	Total revenue	Profit/(loss) before tax
	\$'000	\$'000	\$'000	\$'000
Gladstone Marine Pilot Services Pty Ltd	5,512	5,512	18,987	-
Gladstone WICET Operations Pty Ltd	-	-	9	-

5. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

	2016 \$'000	Restated 2015 \$'000
Financial position		
Assets		
Current assets	252,311	200,211
Non-current assets	2,022,829	2,075,274
Total assets	2,275,140	2,275,485
Liabilities		
Current liabilities	507,511	141,128
Non-current liabilities	790,024	799,803
Total liabilities	1,297,534	940,931
Net assets	977,606	1,334,554
Equity		
Issued capital	675,496	675,496
Reserves	302,110	463,131
Retained profits	-	195,927
Total equity	977,606	1,334,554
Financial performance		
Profit for the year	83,298	72,145
Other comprehensive income	(34,419)	224,341
Total comprehensive income	48,879	296,486
Commitments for the acquisition of property, plant and equipment by the parent entity		
Due not later than 1 year	11,756	10,773

6. Segment information

The Group operates in a single industry, namely the Maritime Port Industry, at three locations in Central Queensland - Port of Gladstone, Port Alma and Port of Bundaberg.

7. Profit from operating activities

(a) Revenue

Revenue from continuing operations:

	2016 \$'000	2015 \$'000
Revenue		
Cargo handling charges	249,718	258,141
Harbour dues	74,289	53,834
Tonnage rates	55,309	48,734
Other shipping charges	8,964	9,160
Pilotage	20,749	17,131
Property revenue	14,625	13,326
Smallcraft services	2,484	3,698
Total	426,138	404,024
Other income		
Interest received	3,083	3,141
Recoverable works	9,696	25,412
Other	35,442	14,099
Total	48,221	42,652

7. Profit from operating activities (cont)

(b) Expenses

Expenses from continuing operations before related income tax equivalent expense includes:

	Note	2016 \$'000	2015 \$'000
Depreciation/amortisation expense			
Property, plant and equipment	11(b)	61,115	56,812
Intangibles		2,574	2,210
Investment properties	12	93	-
Total		63,782	59,022
Operational expenses			
Contractors		41,550	45,952
Services and consultants		8,213	11,299
Indirect taxes and government charges		7,315	7,427
Materials and supplies		14,617	21,948
Energy		17,651	20,445
Insurance		2,852	3,407
Lease payments		2,874	3,699
Bad debts		22,914	73
Other		9,639	4,518
Total		127,625	118,768
Finance costs			
Interest		25,836	26,364
Competitive neutrality fee		5,059	5,939
Financial instrument (profit)/loss		100	(346)
(Gains)/losses on exchange		(11)	463
Total		30,984	32,420

8. Income tax equivalent

(a) Income tax equivalent expense

	2016	Restated 2015
	\$'000	\$'000
Profit before income tax equivalents	118,998	102,287
Prima facie tax at 30%	35,699	30,686
Non-deductible expenses	1	-
Permanent difference on sale of capital assets	-	(544)
Income tax expense	35,700	30,142
Comprises		
Deferred tax asset	(1,019)	(618)
Deferred tax liability	6,276	2,592
Income tax payable	30,443	28,168
	35,700	30,142

(b) Amounts charged or credited directly to equity

	2016	Restated 2015
	\$'000	\$'000
<i>Deferred income tax related to items charged or credited directly to equity</i>		
Net gain on revaluation of property plant and equipment	213,312	198,562
Deferred income tax reported in equity	213,312	198,562

(c) Income tax payable

	2016	2015
	\$'000	\$'000
Opening balance	11,469	12,485
Charged to income	30,443	28,168
Payments	(34,377)	(29,184)
Closing balance	7,535	11,469

8. Income tax equivalent (cont)

(d) Deferred tax asset

	2016 \$'000	2015 \$'000
Long service leave	6,320	5,621
Sick leave	2,876	2,672
Annual leave	4,565	4,403
Accumulated time off	152	180
Public holidays	53	95
Provision for obsolete stock	3	2
Accrued expenses	11	18
Unrealised loss on financial instruments	30	-
Closing balance	14,010	12,991

	2016 \$'000	2015 \$'000
Opening balance	12,991	12,373
Amount (debited)/credited to Statement of Profit and Loss and Other Comprehensive Income	1,019	618
Closing balance	14,010	12,991

(e) Deferred tax liability

	2016 \$'000	Restated 2015 \$'000
Inventory	3,111	3,111
Accrued income		
Accelerated depreciation: plant and equipment	292,220	300,694
Closing balance	295,331	303,805

	2016 \$'000	Restated 2015 \$'000
Opening balance	303,805	205,067
Amount charged to Statement of Profit and Loss and Other Comprehensive Income	6,276	2,592
Amount (charged)/credited direct to equity	(14,750)	96,146
Closing balance	295,331	303,805

9. Cash and short term deposits

	Note	2016 \$'000	2015 \$'000
Cash on hand		4	4
Cash at bank		43,704	24,027
Queensland Treasury Corporation - cash on call		134,110	87,565
Total	19(c) 19(d)	177,818	111,596

Cash at bank earns interest at floating rates based upon daily bank deposit rates. Money market investments are limited to investments in bank-backed securities or short-dated securities guaranteed by the Commonwealth or the State. Credit risk exposure on these investments is minimised by the short-term nature of the investment. Cash at bank and on call includes restricted amounts. A balance of \$13,333,672 (2015:\$11,940,487) relates to LNG projects and PSA retentions held, and may only be used to fund those projects.

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

	2016 \$'000	Restated 2015 \$'000
Profit for the year after income tax	83,298	72,145
Depreciation	63,782	59,022
Revaluation of non-current assets	10,755	(2,452)
Impairment of non-current assets	-	8,885
Net profit or loss on sale of property, plant and equipment	(4,581)	(1,177)
Change in assets and liabilities		
Decrease in receivables	13,977	4,816
(Increase)/decrease in other assets	(3,694)	4,889
(Increase) in inventories	(796)	(1,179)
(Increase) in deferred tax asset	(1,019)	(618)
Increase/(decrease) in trade and other payables	5,811	(19,201)
Increase/(decrease) in other liabilities	2,801	(4,677)
Increase in provisions	9,093	2,650
Decrease in income tax creditor	(3,935)	(1,016)
Increase in provision for deferred tax liability relating to profit and loss (refer Note 8e)	6,276	2,592
Net cash provided by operating activities	181,768	124,679

(b) Working capital facility

The Group has access to a \$30,000,000 (2015: \$30,000,000) working capital facility provided through Queensland Treasury Corporation. This facility was not drawn upon during the financial year.

10. Trade and other receivables

	Note	2016 \$'000	2015 \$'000
Trade debtors		56,506	70,386
Less: provision for impaired trade debtors		(13)	-
		56,493	70,386
Other debtors		19	103
Total	19(c)	56,512	70,489
<i>Reconciliation of impaired debts:</i>			
		2016 \$'000	2015 \$'000
Opening balance		-	14
Impaired debts written off		(22,901)	(88)
Movement in provision		22,914	74
Closing balance		13	-

GPC wrote off three bad debts from coal companies during the year that represented the majority of the bad debts written off. Two companies entered administration and the debts were not recovered during this process. Legal efforts are being made to recover the debts in relation to the third company but the amount is not considered recoverable.

Ageing analysis of trade and term debtor balances at 30 June:

	Not due \$'000	Overdue < 1 year \$'000	Overdue 1-5 years \$'000	Overdue >5 years \$'000
2016				
Debtor balance	56,422	103	-	-
Impaired debt provision	-	(13)	-	-
	56,422	90	-	-
2015				
Debtor balance	71,735	(1,252)	6	-
Impaired debt provision	-	-	-	-
	71,735	(1,252)	6	-

The major component of debtor exposure is to coal producers using the Port of Gladstone for the export of product. Coal producers are mostly major listed companies or their related companies and account for 67% (2015: 80%) of trade debtors at balance date. Credit is only available to established customers on 30 day terms except in the case of coal exporters who may be required to make payment within 14 days of receipt of monthly statements.

Credit risk exposure is minimised in the case of term leases where personal guarantees are required from directors of small private companies. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

11. Property, plant and equipment

(a) Schedule of values

	2016		
	Valuation	Accumulated depreciation	Net book value
	\$'000	\$'000	\$'000
Land	96,795	-	96,795
Buildings	53,205	11,528	41,677
Channels, swing basins and berth pockets	727,429	7,766	719,663
Commercial wharves	250,739	47,352	203,387
Recreational and fishing wharves	353	61	292
Roads and services (structural improvements)	152,522	22,954	129,568
Plant	862,954	255,595	607,359
Furniture and fittings	851	416	435
Capital works in progress - cost	83,345	-	83,345
Total	2,228,193	345,672	1,882,521

	Restated 2015		
	Valuation	Accumulated depreciation	Net book value
	\$'000	\$'000	\$'000
Land	95,270	-	95,270
Buildings	60,851	10,490	50,361
Channels, swing basins and berth pockets	778,555	51	778,504
Commercial wharves	250,150	40,602	209,548
Recreational and fishing wharves	353	52	301
Roads and services (structural improvements)	136,310	18,719	117,591
Plant	824,116	215,709	608,407
Furniture and fittings	836	350	486
Capital works in progress - cost	74,038	-	74,038
Total	2,220,479	285,973	1,934,506

	Original 2015		
	Valuation	Accumulated depreciation	Net book value
	\$'000	\$'000	\$'000
Land	95,270	-	95,270
Buildings	60,851	10,490	50,361
Channels, swing basins and berth pockets	510,978	4,996	505,982
Commercial wharves	250,150	40,602	209,548
Recreational and fishing wharves	353	52	301
Roads and services (structural improvements)	136,310	18,719	117,591
Plant	824,116	215,709	608,407
Furniture and fittings	836	350	486
Capital works in progress - cost	74,038	-	74,038
Total	1,952,902	290,918	1,661,984

11. Property, plant and equipment (cont)

(b) Reconciliations

Reconciliations of the carrying amount for each class of property, plant and equipment at 30 June 2016 are set out below:

	Carrying amount at 30 June 2015	WIP additions	Transfers to/from WIP	Disposals	Transfers (to) / from asset categories	Transfers to investment properties	Depreciation	Revaluations	Carrying amount at 30 June 2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	95,270	-	-	-	1,525	-	-	-	96,795
Buildings	50,361	-	5	-	-	(6,904)	(1,785)	-	41,677
Channels, swing basins and berth pockets	778,504	-	12	-	(1,238)	-	(7,727)	(49,888)	719,663
Commercial wharves	209,548	-	589	-	-	-	(6,750)	-	203,387
Recreational and fishing wharves	301	-	-	-	-	-	(9)	-	292
Roads and services (structural improvements)	117,591	-	16,212	-	-	-	(4,235)	-	129,568
Plant	608,407	-	39,565	(55)	(17)	-	(40,541)	-	607,359
Furniture and fittings	486	-	-	-	17	-	(68)	-	435
Capital works in progress	74,038	65,690	(56,383)	-	-	-	-	-	83,345
Total	1,934,506	65,690	-	(55)	287	(6,904)	(61,115)	(49,888)	1,882,521

11. Property, plant and equipment (cont)

(b) Reconciliations (cont)

Restated reconciliations of the carrying amount for each class of property, plant and equipment at 30 June 2015 are set out below:

	Carrying amount at 30 June 2014	WIP additions	Transfers to/from WIP	Disposals	Transfers to land held for resale	Depreciation	Revaluations	Impairment	Carrying amount at 30 June 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	92,395	-	-	(18)	2,893	-	-	-	95,270
Buildings	48,758	-	4,339	-	-	(1,955)	(781)	-	50,361
Channels, swing basins and berth pockets	453,373	-	8,222	-	-	(4,659)	321,568	-	778,504
Commercial wharves	197,832	-	18,418	-	-	(6,671)	(31)	-	209,548
Recreational and fishing wharves	310	-	-	-	-	(9)	-	-	301
Roads and services (structural improvements)	115,132	-	8,207	-	-	(3,991)	(1,757)	-	117,591
Plant	613,429	-	35,593	(226)	-	(39,461)	(928)	-	608,407
Furniture and fittings	549	-	4	-	-	(66)	(1)	-	486
Capital works in progress	88,188	69,518	(74,783)	-	-	-	-	(8,885)	74,038
Total	1,609,966	69,518	-	(244)	2,893	(56,812)	318,070	(8,885)	1,934,506

11. Property, plant and equipment (cont)

(b) Reconciliations (cont)

Original reconciliations of the carrying amount for each class of property, plant and equipment at 30 June 2015 are set out below:

	Carrying amount at 30 June 2014	WIP additions	Transfers to/from WIP	Disposals	Transfers to land held for resale	Depreciation	Revaluations	Impairment	Carrying amount at 30 June 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	92,395	-	-	(18)	2,893	-	-	-	95,270
Buildings	48,758	-	4,339	-	-	(1,955)	(781)	-	50,361
Channels, swing basins and berth pockets	453,373	-	8,222	-	-	(4,659)	49,046	-	505,982
Commercial wharves	197,832	-	18,418	-	-	(6,671)	(31)	-	209,548
Recreational and fishing wharves	310	-	-	-	-	(9)	-	-	301
Roads and services (structural improvements)	115,132	-	8,207	-	-	(3,991)	(1,757)	-	117,591
Plant	613,429	-	35,593	(226)	-	(39,461)	(928)	-	608,407
Furniture and fittings	549	-	4	-	-	(66)	(1)	-	486
Capital works in progress	88,188	69,518	(74,783)	-	-	-	-	(8,885)	74,038
Total	1,609,966	69,518	-	(244)	2,893	(56,812)	45,548	(8,885)	1,661,984

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

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

	2016 Net book value \$'000	2015 Net book value \$'000
Land	73,834	73,368
Buildings	41,222	50,463
Channels, swing basins and berth pockets	134,870	147,472
Commercial wharves	180,138	187,164
Recreational and fishing wharves	404	431
Roads and services (structural improvements)	140,481	128,990
Plant	576,400	581,595
Furniture and fittings	437	482
Total	1,147,786	1,169,965

11. Property, plant and equipment (cont)

(d) Valuations

During the finalisation of the 2016 valuation process errors were identified in the revaluation model. The result of these errors has resulted in an increase in the value of assets of \$272.5M in the 2015 financial statements.

A revaluation of the Group's assets was undertaken as at 30 June 2016 using an income based approach. The fair value of assets was obtained based upon projected revenue streams for the next ten years. This allows the tonnage growth that is contracted for the Port of Gladstone to be realised in the income valuation. The valuation uses CPI of 2.5%, when calculating terminal values and a weighted average cost of capital (WACC) rate of 6.50% (post tax) when discounting. The revenue forecast is based upon contractual arrangements where they exist or historic tonnage throughput. Management judgement has been used to forecast future tonnages where no historical data exists. The costs that have been included in the model are based upon the Group's ten year forecasts and are deemed to be prudent and efficient operating costs. Future capital expenditure costs for stay in business capital have been included in the model.

The reason for the valuation decrease in 2016 was a decline in future coal revenue resulting in the loss of several customers to liquidation in conjunction with uncertainty surrounding take or pay contractual arrangements for several customers. This revenue relates to channel usage revenue in future years and the devaluation has therefore been attributed entirely to the channel assets.

Categorisation of fair values recognised as at 30 June 2016:

	Level 1	Level 2	Level 3	Fair value as at 30 June
	\$'000	\$'000	\$'000	\$'000
Land	-	-	96,795	96,795
Buildings	-	-	41,677	41,677
Channels, swing basins and berth pockets	-	-	719,663	719,663
Commercial wharves	-	-	203,387	203,387
Recreational and fishing wharves	-	-	292	292
Roads and services	-	-	129,568	129,568
Plant	-	-	607,359	607,359
Furniture and fittings	-	-	435	435
Capital works in progress	-	-	83,345	83,345
Total	-	-	1,882,521	1,882,521

There were no transfers between the Levels during the year.

A sensitivity analysis of the level 3 inputs used in performing the valuation are listed below:

Level 3 input	-0.5%	Rate used by the Group	+0.5%
WACC rate (used 6.5%)	2,317,441	2,010,328	1,772,115
CPI (used 2.5%)	1,976,455	2,010,328	2,044,843

The balances in the table above include property plant and equipment, intangible assets, investment properties and the assets held for resale (prior to the transfer from investment properties and land).

11. Property, plant and equipment (cont)

The reconciliation of revaluations for property, plant and equipment and investment properties is shown below:

	Note	2016 \$'000	Restated 2015 \$'000	2015 \$'000
Property, plant and equipment revaluations	11(b)	(49,888)	318,070	45,548
Intangible asset revaluations/(devaluations)		-	(10)	(10)
Assets held for resale revaluations		(1,273)	-	-
Investment property (devaluations)/revaluations	12	(8,763)	4,879	4,879
		(59,924)	322,939	50,417
Revaluation of non-current assets – Statement of Profit and Loss		-	4,879	4,879
Reversal of prior devaluations of non-current assets – Statement of Profit and Loss		-	264	-
Devaluation of non-current assets – Statement of Profit and Loss		(10,775)	(2,691)	(2,691)
Revaluation of non-current assets – asset revaluation reserve		(49,169)	321,126	48,868
Devaluation of non-current assets – asset revaluation reserve		-	(639)	(639)
		(59,924)	322,939	50,417

(e) Impairment

The revaluation undertaken by the Group as at 30 June 2016 was calculated using an income based approach to estimate fair value. Following the revaluation exercise a separate impairment review was undertaken at 30 June 2016 to examine if the revenue streams for each cash generating unit were adequate to support the revalued amount. Work in progress in relation to the Group's East Shores Project was been impaired in 2015 as no revenue stream will attach to these costs. The reconciliation of impairment is shown below:

	Note	2016 \$'000	2015 \$'000
Impairment charged to Statement of Profit and Loss and Other Comprehensive Income		-	8,885
Total	11(b)	-	8,885

12. Investment properties

	Note	2016 \$'000	2015 \$'000
Opening balance		110,559	98,275
Additions		32	-
Transfers (to)/from property, plant and equipment	11(b)	5,379	-
Transfers from Assets held for resale		2,498	7,804
Revaluations	11(d)	(8,763)	4,879
Disposals		(1,362)	(399)
Depreciation	7(b)	(93)	-
Closing balance		108,250	110,559

12. Investment properties (cont)

Investment properties are carried at fair value, which has been determined based on independent valuations by Mr Geoff Pyman, of AON Valuation Services as at 30 April 2016, in accordance with AASB 140 – Investment Properties, which requires an annual review of fair value. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

All of the Group's investment properties are commercial properties located in Australia and are level 2 on the fair value hierarchy. There were no transfers between the levels during the year.

Investment properties may only be disposed of after obtaining approval from the Portfolio Minister for Transport and Main Roads.

13. Trade and other payables

	2016	2015
	\$'000	\$'000
Current		
Trade creditors	34,908	31,325
Revenue received in advance	12,987	6,355
GST payable	771	3,322
Other	2,101	1,989
	50,767	42,991
Non-current		
Revenue received in advance	22,129	24,094

The revenue received in advance relates to operating lease revenue on investment properties and payments received in advance on recoverable works contracts. Due to the short term nature of these payables, their carrying value is assumed to approximate to their fair value. Trade creditors are usually paid 30 days from the last day of the month in which an invoice is received. GST is payable on the 21st day following the period to which it relates. For more information on the Group's credit risk management process, refer to Note 19(a).

14. Loans and borrowings – Non-current

	Note	2016	2015
		\$'000	\$'000
Non-current			
Queensland Treasury Corporation loans	19(c), 19(d)	461,193	461,344

The Queensland Treasury Corporation loans comprise advances made under one client specific pool arrangement (CSP). The CSP will comprise a combination of bonds and Floating Rate Debt so that the weighted average term of the underlying cash flows of these instruments matches the weighted average term of the underlying cash flows of the Group's loans. The CSP with a book value of \$461,192,679 is used for the Group's normal operations. This is unsecured.

Fair values

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

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
		\$'000		\$'000
Queensland Treasury Corporation loans	461,193	514,699	461,344	508,777

14. Loans and borrowings – Non-current (cont)

Fair values (cont)

The fair value represents the value of the debt if the Group repaid at that date. As it is the intention of the Group to hold the debt for its term, no provision is required to be made in these accounts. The Group's loan with Queensland Treasury Corporation is level 2 on the fair value hierarchy. There were no transfers between the levels during the year.

15. Provisions

	Note	2016 \$'000	2015 \$'000
Current			
Employee benefits		34,190	31,763
Dividends	17	405,827	54,400
Other		6,481	704
Total		446,498	86,867
Non-current			
Employee benefits		12,364	11,476
Total		12,364	11,476

16. Employee benefits

Employee benefits comprise of long service leave, annual leave, sick leave and rostered day off provisions.

	2016 \$'000	2015 \$'000
Balance of provision at 1 July	43,239	40,235
Payment of provisions	(18,773)	(18,180)
Movement in provision calculation	22,088	21,184
Balance of provision at 30 June	46,554	43,239

17. Dividends

Dividends provided calculations are based on 100% of net profit after an adjustment for revaluation increments/decrements. The effective comparable percentages are 2016 at 100% and 2015 at 80%. All dividends are unfranked. Dividends are declared after reporting date but before the financial statements are authorised for issue. In addition, the Board has declared a special dividend of \$315M. The special dividend will be funded entirely by new borrowings (refer Note 19 (f)).

Dividends provided or paid

	Note	2016 \$'000	2015 \$'000
Balance of provision at 1 July		54,400	58,567
Dividends paid		(54,400)	(58,567)
Dividends provided for		405,827	54,400
Balance of provision at 30 June	15	405,827	54,400

18. Issued capital

	2016	2015
Issued capital	No.	No.
Authorised – ordinary shares	1,000,000,000	1,000,000,000
Issued – ordinary shares fully paid	402,066,818	402,066,818

The shares have no par value.

19. Financial risk management objectives and policies

The Group's financial instruments comprise receivables, payables, bank loans, cash and short term deposits and derivatives.

The Group manages its exposure to key financial risks, including credit risk, liquidity risk, interest rate and currency risk, in accordance with its financial policies. The objectives of the policies are to support the delivery of the Group's financial targets whilst protecting future financial security.

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

(a) Credit risk exposure

Credit risk arises from the financial assets of the group, which comprise cash and cash equivalents and trade and other receivables. The Group is exposed to credit risk from the possibility of counter parties to trade and other receivables failing to perform their obligations.

The Group 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 10 with the carrying amount stated net of any provision for impaired debts.

(b) Foreign currency risk

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

The Board approved policy requires management to examine entering into a derivative transaction to eliminate currency exposure on any individual transactions in excess of \$500,000. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. The terms of the hedge derivatives are required to exactly match the terms of the hedged item to maximise hedge effectiveness.

As at 30 June 2015 the Group did not have any exposure to foreign currency. As of 30 June 2016 the group had entered into one forward contract to purchase US dollars for a dozer purchase in December 2016.

These derivatives provide economic hedges, but do not qualify for hedge accounting. The market value is presented, whereas for the other obligations the respective undiscounted cash flows are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based upon the conditions existing at 30 June 2016.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

All financial assets held at 30 June 2015 and 2016 were classified as due to reach maturity in <1 year. The table below reflects the maturity analysis of all contractually fixed and un-fixed pay-offs for settlement, and repayments and interest resulting from recognised financial liabilities, including derivative financial instruments as at 30 June 2016. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based upon the conditions existing at 30 June 2016.

19. Financial risk management objectives and policies (cont)

(c) Liquidity risk (cont)

Maturity analysis of financial liabilities based upon management's expectations:

Year ended 30 June 2016	Note	< 1 year	1 - 5 Years	> 5 years	Total
		\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Trade and other payables	13	50,767	7,860	14,269	72,896
Interest bearing loans and borrowings	14	-	-	461,193	461,193
Dividend provision	17	405,827	-	-	405,827
		456,594	7,860	475,462	939,916
Year ended 30 June 2015	Note	< 1 year	1 - 5 Years	> 5 years	Total
		\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Trade and other payables	13	42,991	7,860	16,234	67,085
Interest bearing loans and borrowings	14	-	-	461,344	461,344
Dividend provision	17	54,400	-	-	54,400
		97,391	7,860	477,578	582,829

The risks implied in the table above reflect a balanced view of cash inflows and outflows.

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

All trade and other payables due in >1 year are revenue received in advance for recoverable works. All other trade payables and other financial liabilities originate from the ongoing operations of the Group.

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

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow. At balance date the Group had \$30 million of unused credit facilities available for use.

(d) Interest rate risk exposure

The Group's exposure to interest rate risk relates primarily to the Group's long term debt obligations. The level of debt is disclosed in Note 15.

At 30 June 2016 the Group's financial assets and liabilities exposed to variable interest rate risk consisted of cash and cash equivalents and interest bearing loans and liabilities only.

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Group constantly analyses its interest rate exposure where consideration is given to the mix of fixed and variable interest rates.

19. Financial risk management objectives and policies (cont)

(c) Interest rate risk exposure (cont)

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

	Post-tax profit		Equity	
	2016	2015	2016	2015
	\$'000		\$'000	
+1% (100 basis points)	(469)	(451)	(469)	(451)
-1% (100 basis points)	476	453	476	453

(e) Net fair value

Cash at bank and at call are valued as the amount of the deposit or the purchase price of the underlying security. Receivables are carried at the nominal amount due, less provision for impaired debts which represents the assessed credit risk.

Liability to trade creditors is recognised on receipt of goods and services at nominal value. Payment would normally occur within 30 days.

Borrowings outstanding at 30 June 2016 have been valued at book using long term interest rates negotiated with Queensland Treasury Corporation.

(f) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group will return a dividend for the 2015/16 financial year equal to \$90.827M being 100% of adjusted profits after tax and an additional distribution of \$315M. The increased dividend payout ratio of 100% and the additional distribution facilitates the regearing of the Group and to the extent of funding the \$315M distribution from long term borrowings.

The Group will manage its capital structure to maintain a minimum investment grade credit rating of BBB consistent with its loan documentation with QTC. The capital structure of the Group consists of borrowings disclosed in Note 14 and equity comprising issued capital, reserves and retained earnings.

20. Derivative financial instruments

During 2016 the Group entered into agreements to purchase a dozer in US Dollars. In order to protect against exchange rate movements, the Group entered into a forward exchange contract to purchase US Dollars.

At balance date, the details of the outstanding contracts are (in Australian Dollar equivalents):

	Sell Australian Dollars		Average exchange rate	
	2016	2015	2016	2015
	\$'000		\$'000	
Maturity:				
0 - 6 months	2,801	-	0.74325	-
6 - 12 months	-	-	-	-

The fair value of these liabilities is calculated using the market rates for contracts with the same length of maturity. All movements in fair value are recorded in the Statement of Profit and Loss and Other Comprehensive Income in the period they occur. The net fair value losses on foreign currency derivatives during the year were \$99,596 (2015: losses of \$345,964). The Group did not reclassify any derivative financial instruments during the year.

Under the fair value hierarchy the Group's derivative financial instrument assets and liabilities are classed as Level 2 instruments.

21. Commitments and contingencies

Operating lease commitments – Group as lessor

	2016	2015
	\$'000	\$'000
Operating lease revenue		
Due not later than one year	9,909	11,899
Due later than one year and not later than five years	25,885	27,987
Due later than five years	59,714	74,322
Total	95,508	114,208

These leases relate to the Group's business of providing facilities for stevedoring operators as well as land and buildings for industrial use for other business purposes.

Operating lease commitments - Group as lessee

These leases relate to office equipment, light vehicles and heavy moving equipment:

	2016	2015
	\$'000	\$'000
Due not later than one year	1,892	2,218
Due later than one year and not later than five years	1,428	1,996
	3,320	4,214

Capital expenditure commitments contracted but not provided for:

	2016	2015
	\$'000	\$'000
Due not later than one year	11,756	10,773

Contingent assets and liabilities

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

22. Auditor's remuneration

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

	2016	2015
	\$	\$
Remuneration	137,901	147,754

The estimated fee for 2016 is \$164,500.

23. Key management personnel disclosures

Directors

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

Specified executives

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

23. Key management personnel disclosures (cont)

The Group's remuneration policy is based on a total employment cost (TEC) concept. The TEC concept ensures all benefits including salary, superannuation, motor vehicle etc. are included in the remuneration package cost.

Short-term benefits are disclosed as the gross salary package (excluding bonuses) and may be taken either as salary or salary sacrificed by the Director or employee. Amounts paid on separation are included as a short term benefit.

All disclosed items relate to amounts received by each senior executive for the full financial year irrespective of when they commenced their role listed below. Other benefits are listed as taxable fringe benefits amounts. These may include benefits that are available to all employees of the Group and are not specific to the listed roles.

From 2014 all new senior executive appointments are on tenure. Senior executives employed prior to this date are employed on fixed three year terms, otherwise their terms and conditions of employment are the same. Where existing executive contracts are renewed the Board reviews whether to move the executive to tenure from fixed term contracts. All senior executives' remuneration levels increase in line with the market assessments up to a maximum of 10% per annum where remuneration remains below the market median. Where remuneration is above market median annual increases are restricted to CPI increases. There are no at risk benefits to senior executives. Separation benefits, in the event of termination by the Group, other than for misconduct, are allowed for in the agreements. The Chief Executive Officer is entitled to three months' notice, or payment in lieu of notice as well as a separation payment of the lesser of 12 months' pay and the amount which would otherwise be paid between the determination date and the end of the contract term. Senior executives are entitled to four weeks' notice or payment in lieu. In the event of a position being made redundant the executive is entitled to eight weeks pay plus three weeks' pay for each year of service, up to a maximum of 52 weeks. In accordance with Ministerial guidelines details of Directors and the senior executives of the entity with the greatest authority in office at 30 June 2016 are as follows:

23. Key management personnel disclosures (cont)

Directors	Short Term Benefits \$'000 Directors' Fees	Post-Employment Benefits \$'000 Superannuation	Post-Employment Benefits \$'000 Retirement Benefits Superannuation	Other Benefits \$'000	Total \$'000
Zussino, Leo ¹ (Chairman)					
2016	53	5	-	-	58
2015	-	-	-	-	-
Skippen, H ²					
2016	49	5	-	-	54
2015	47	5	-	-	52
Davidson, G ³					
2016	49	5	-	-	54
2015	47	5	-	-	52
Reynolds, J ³					
2016	51	5	-	-	56
2015	49	5	-	-	54
Jamieson, P ⁴					
2016	33	3	-	-	36
2015	-	-	-	-	-
Cassidy, G ⁴					
2016	33	3	-	-	36
2015	-	-	-	-	-
Corones, C ¹					
2016	33	3	-	-	36
2015	-	-	-	-	-
Brodie, M ⁵ (Former Chairman)					
2016	27	3	-	-	30
2015	78	7	-	-	85
Greig, C ⁵					
2016	16	2	-	-	18
2015	47	5	-	-	52
Moorhead, B ⁵					
2016	16	2	-	-	18
2015	47	5	-	-	52
Ward, C ⁵					
2016	15	1	-	-	16
2015	39	4	-	-	43
Total remuneration: Directors					
2016	375	37	-	-	412
2015	354	36	-	-	390

¹ Re-appointed 1 October 2015. ² Re-appointed 12 December 2013. ³ Re-appointed 2 October 2014.

⁴ Appointed 1 October 2015. ⁵ Ceased 30 September 2015.

Transactions of a similar nature are disclosed in aggregate except when separate disclosure is necessary and material.

23. Key management personnel disclosures (cont)

Specified executives	Contract expiry date	Short term benefits		Post-employment benefits	Other Benefits		Total \$'000
		\$'000 Salary	\$'000 Separation Payments	\$'000 Super-annuation	\$'000 Motor vehicle	\$'000 Other	
Peter O'Sullivan CEO ¹	Tenure						
2016		-	-	-	-	-	-
2015		-	-	-	-	-	-
Galt, M Commercial GM	17-Sep - 16						
2016		321	-	60	24	5	410
2015		321	-	60	24	-	405
Brown A Cargo Handling Operations GM	Tenure						
2016		292	-	55	25	5	377
2015		288	-	54	24	3	369
Carter, G Port Planning and Development GM	Tenure						
2016		240	-	47	30	9	326
2015		245	-	49	20	1	315
Winsor, R ² People and Community GM ²	Tenure						
2016		153	-	47	-	-	200
2015		-	-	-	-	-	-
Sherriff, J Safety, Environment and Risk GM	Tenure						
2016		202	-	38	15	8	263
2015		200	-	38	15	3	256
Wilson, G Marine Operations GM	2- Mar-17						
2016		247	-	35	15	5	302
2015		256	-	24	11	11	302
Halpin, B ³ WICET Operations GM	Tenure						
2016		-	-	-	-	-	-
2015		286	-	27	-	-	313
Doyle, C CEO ⁴	15-Sep-16						
2016		310	-	37	15	2	363
2015		467	-	60	17	36	580
Schmidt, T Corporate and Employee Relations GM ⁵	27-Nov-14						
2016		-	-	-	-	-	-
2015		121	214	37	18	-	390
Total remuneration: Specified executives							
2016		1,765	-	319	123	34	2,241
2015		2,184	214	349	129	54	2,930

¹ Appointed 25 July 2016 ² Appointed 12 October 2015 ³ Resigned 3 July 2015
⁴ Resigned 29 January 2016 ⁵ Resigned 16 January 2015

24. Related party disclosure

Balances between GPC and its subsidiaries, which are related parties of GPC, have been eliminated on consolidation and are not disclosed in this note. The Group is a company GOC owned by the Queensland Government and established as a body corporate under an Act of Parliament. All State of Queensland controlled entities meet the definition of a related party in AASB 124 Related Parties. All payments made or received between the Group and other government entities are on an arm's length commercial basis and shown below:

Gladstone Ports Corporation Limited		2015	2016
Agency	Nature	\$'000	\$'000
Revenue			
Maritime Safety Queensland	Rent, berthage, pilotage transfers, oil spill response	23,166	17,170
Other	Various	807	709
Expenses			
Department of Agriculture	Environmental works	1,000	1,000
Gladstone Area Water Board	Water and capital contributions	877	853
Office of State Revenue	Land tax and payroll tax	6,764	6,848
QLeave	Portable long service leave	164	247
QSuper	Superannuation contributions	15,751	15,675
Queensland Department of Transport and Main Roads	Including survey work, dredging and registrations	3,716	1,479
Queensland Treasury	Dividend, NTER tax, competitive neutrality and rates	95,752	95,640
Queensland Treasury Corporation	Loan interest	32,411	26,547
WorkCover Queensland	Workers' compensation insurance	1,676	2,052
Other	Various	2,193	2,309

Gladstone Marine Pilot Services Pty Ltd

Agency	Nature	2015	2016
		\$'000	\$'000
Expenses			
QSuper	Superannuation contributions	1,673	1,364
Other	Vessel registration, payroll tax, vessel simulations	934	1,205

The debtor or creditor balances as at 30 June are shown below:

Gladstone Ports Corporation Limited		2015	2016
Agency		\$'000	\$'000
Debtor			
Maritime Safety Queensland		718	1,457
Other		25	(24)
Creditor			
Queensland Treasury Corporation		461,193	461,344
Other		12	8

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

25. Number of employees

	2016	2015
	No.	No.
Number of employees at year end (Full Time Equivalent)	731	752

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

	2016	2015
	\$'000	\$'000
Total salaries and wages paid or payable to all employees	105,163	105,612
Superannuation paid or payable for all employees		
Defined benefit schemes	3,713	3,328
Accumulation schemes	7,782	8,310
	11,495	11,638

26. Events after the reporting period

There were no material events that occurred after the reporting period and before approval of the financial statements that would impact the results disclosed in these financial statements.



GLADSTONE PORTS CORPORATION LIMITED

DIRECTORS' DECLARATION

The Directors declare that:

- i. in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- ii. in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

An oval-shaped stamp with the words 'original' and 'signed' stacked vertically in a sans-serif font.

L Zussino

Dated: 29 August 2016

Chairman

An oval-shaped stamp with the words 'original' and 'signed' stacked vertically in a sans-serif font.

J Reynolds

Dated: 29 August 2016

Director

Independent Auditor's Report

To the Members of Gladstone Ports Corporation Limited

Report on the Financial Report

I have audited the accompanying financial report of Gladstone Ports Corporation Limited, which comprises the Consolidated Statement of Financial Position as at 30 June 2016, the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statements of Cash Flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the Directors' Declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the Auditor-General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor General's opinion are significant.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Gladstone Ports Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion -

- (a) the financial report of Gladstone Ports Corporation Limited is in accordance with the *Corporations Act 2001*, including -
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Other Matters – Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



M Reardon CPA

as Delegate of the Auditor-General of Queensland

Queensland Audit Office

Brisbane, August 2015

Glossary of Terms

APLNG	Australia Pacific LNG Pty Limited
CEO	Chief Executive Officer
CIP	Community Investment Program
CIS	Capital Investment System
CQPA	Central Queensland Port Authority
EA	Enterprise Agreement
EBIT	Earnings Before Interest and Tax
EDMS	Environmental Database Management System
EIS	Environmental Impact Statement
EMS	Environmental Management System
ERP	Enterprise Resource Planning
EPBC Act	<i>Environmental Protection and Biodiversity Conversation Act 1999</i>
FHA	Fish Habitat Area
FTE	Full Time Equivalent
GBRWHA	Great Barrier Reef World Heritage Area
GBRMP	Great Barrier Reef Marine Park
GHHP	Gladstone Healthy Harbour Partnership
GLNG	Gladstone LNG Operation Pty Ltd
GMPS	Gladstone Marine Pilot Services Pty Ltd
GOC	Government Owned Corporation
GOC Act	<i>Government Owned Corporations Act 1993 (Qld)</i>
GPC	Gladstone Ports Corporation Limited
GWO	Gladstone WICET Operations Pty Ltd
ha	Hectares
HR	Human Resources
ILUA	Indigenous Land Use Agreement
LNG	Liquefied Natural Gas
LTI	Lost Time Injuries
LTIFR	Lost Time Injury Frequency Rate
LTIDR	Lost Time Injury Duration Rate
M	Million
MSQ	Maritime Safety Queensland
MSIC	Maritime Security Identification Card
Mt	Million tonnes

Port Alma	Port Alma and Port of Rockhampton refer to the one port precinct. The terms are interchangeable
PID	Public Interest Disclosure
PMIS	Port Management Information System
Port of Rockhampton	Port of Rockhampton and Port Alma refer to the one port precinct. The terms are interchangeable
QAL	Queensland Alumina Limited
QCLNG	Queensland Curtis LNG Pty Ltd
QPS	Queensland Ports Strategy
RAP	Reconciliation Action Plan
RCM	Reliability Centred Maintenance
RGTCT	RG Tanna Coal Terminal
SCI	Statement of Corporate Intent
t	Tonnes
TEP	Transitional Environmental Program
TIFR	Total Injury Frequency Rate
WBDDP	Western Basin Dredging and Disposal Project
WHA	World Heritage Area
WICET	Wiggins Island Coal Export Terminal Pty Limited
WICT	Wiggins Island Coal Terminal

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