GLADSTONE PORTS CORPORATION LIMITED

ACN 131 965 896 • ABN 96 263 788 242

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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
(iii) communicate information concerning GPC's financial performance for the year and its financial position at year end.

The statements are general purpose in nature and provide a full presentation of all the financial activities of GPC. The consolidated financial report of GPC for the year ended 30 June 2017 was authorised for issue to shareholding Ministers in accordance with a resolution of the Directors on 29 August 2017.

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

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 2017 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 2017.

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 and the Risk 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 of Australian Maritime Safety Authority (2008 to 2014), Chairman of Gladstone Economic & Development Board (2001 to 2012), President of Ports Australia (1996 to 1998), Chairman of Queensland Ports Authority Association (1992 to 1999), and a Council Member of CQ University (1990 to 2001).

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.

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 to 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 GPC. Gladstone born, Peter has significant knowledge of the region's economic and industry development; ports; tourism, promotion, administration; project and community facilitation and understands the characteristics and challenges of the region. Peter was awarded a Centenary Medal for distinguished service to local government (2001) and a Medal of the Order of Australia (2009) for service to the Gladstone Region community.

Gail Davidson, FAICD

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, 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 fellow of the Australian Institute of Company Directors and is continuing her studies.

Grant Cassidy FAICD

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

Grant has over 15 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 organisation and as a former member of the 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. Grant was one of the three Rockhampton representatives to attend The Queensland Plan forums. In addition, Grant is also Chairman of the Capricorn Business Advisory Committee and a board member of Regional Development Australia – Fitzroy & Central West, as well as Chairman of the Salvation Army Rockhampton Red Shield Business Appeal Committee.

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

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

Peta has over 20 years' experience in Queensland State Government; Brisbane City Council and the Local Government Association of Queensland (LGAQ), and is the director of her own management consultancy. She has a breadth of both executive and operational experience, and a clear understanding of how government, its policies, and processes work. 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, Executive Committee and Audit and Risk Compliance Committee.

Marita Corbett BCom, CA

Appointed 15 December 2016 until 30 September 2019. Marita is Chairman of the Risk Committee and a member of the Audit and Compliance Committee.

Marita is a Chartered Accountant, Certified Internal Auditor and Certified in Risk Management Assurance. She has 25 years' experience as a governance, risk management and accounting professional, supporting organisations to improve operations and accomplish objectives through the evaluation of decision making, risk management, internal control and governance processes. She is the National Lead Partner Risk Advisory for BDO.

Her experience has been built with a number of large organisations with significant revenue and asset bases, diverse stakeholders, investments, commercial and operational scopes, and risk based decision making requirements.

Marita is Chair of the Audit and Risk Committee for the Department of Science, Information Technology, Innovation and the Arts, Chair of the Audit and Risk Committee for the Department of Environment and Heritage Protection, an Independent Member of the Audit and Risk Committee for the Public Safety Business Agency, an Independent Member of the Audit Committee for the Queensland Parliamentary Service and a former Chair of the Risk Management Committee of the Crime and Misconduct Commission.

Previous Director

Helen Skippen, B.Bus, MBA, GAICD

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

Company Secretary

Mariette Lansdell, B.Comm (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 seven 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

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 $72.036M (2016: $83.298M) representing a decrease of 13.5% from the previous year. All profits are from continuing operations. The 2017 results included net revaluation increases of $6.286M (2016: revaluation decreases of $10.755M). These related to investment property write downs and reversal of previous write downs on assets revalued as part of the end of year valuation process.

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:

	2017 $'000	2016 $'000
Dividends paid from prior year profits	279,233	54,400
Dividends paid from asset revaluation reserve	126,594	-
	Cents per share	**Cents per share**
Dividend per share	100.94	13.53

In addition to the above dividends, the Directors recommended the payment of a final dividend at 100% of profits, adjusted in line with Shareholding Ministers' approval. The final dividend amounts to $61.037M (15.18 cents per share).

Review of financial conditions and likely developments

2017 saw record tonnages through GPC of 121.2MT. RG Tanna Coal Terminal had a lower tonnage throughput of 59.8MT (2016: 62.6MT), a drop of 4.5%. Coal throughput at Wiggins Island Coal Terminal partially offset these reductions with an increase of 15.0% to 9.2MT was achieved. It is expected that the coal industry will continue to see small growth of 1-2% per annum in tonnages over the short to medium term. GPC has written off bad debts within the coal sector of $16.7M in 2017 (2016: $22.9M).

The LNG industry exports continue to increase as the three plants on Curtis Island ramp up to capacity. Tonnages of 19.4MT (2016: 12.2MT), an increase of 59.6%, were attained during the year. The alumina industry continues its strong performance with 2017 throughput in line with that from 2016. The increase in vessels from the LNG industry has also driven an increase in pilotage revenue for the year to $23.9M from $20.7M in 2016.

Ordinary property revenue continued to decline (a decrease of 14.4%) in 2017 because of the general downturn in the Gladstone property market. It is expected that this will continue in the short-term.

Over the next five years port development will focus on ensuring that the capacity of the shipping channels is matched to the growth of trade.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of Gladstone Ports Corporation during the year ended 30 June 2017.

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 2017 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 base 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

(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 (9 held)	Audit and Compliance Committee (5 held)	Human Resources Committee (5 held)	Risk Committee (1 held)
Leo Zussino	9 (out of 9)	4 (out of 5)	5 (out of 5)	1 (out of 1)
Judy Reynolds	9 (out of 9)	5 (out of 5)	0 (out of 0)	0 (out of 0)
Peter Corones AM	9 (out of 9)	0 (out of 0)	5 (out of 5)	0 (out of 0)
Gail Davidson	9 (out of 9)	0 (out of 0)	5 (out of 5)	0 (out of 0)
Grant Cassidy	9 (out of 9)	5 (out of 5)	0 (out of 0)	1 (out of 1)
Peta Jamieson	8 (out of 9)	0 (out of 0)	5 (out of 5)	1 (out of 1)
Marita Corbett	4 (out of 5)	2 (out of 2)	0 (out of 0)	1 (out of 1)
Helen Skippen	3 (out of 3)	2 (out of 2)	0 (out of 0)	0 (out of 0)

Committee membership

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

Audit and Compliance Committee:
Judy Reynolds – Chair
Leo Zussino
Grant Cassidy
Marita Corbett

Human Resources Committee:
Leo Zussino – Chairman
Gail Davidson
Peter Corones AM
Peta Jamieson

Risk Committee
Marita Corbett – Chair
Leo Zussino
Grant Cassidy
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.

Remuneration of key management personnel

Note 20 of the consolidated financial statements provides detailed disclosures relating to the remuneration of key management personnel. The term key management personnel refers to those persons having the authority and responsibility for planning, directing and controlling the activities of GPC, directly or indirectly, including any director of GPC.

Risk management

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

a) protects the wellbeing of the Group's workforce, the wider community in which it operates and its physical environment

b) manages threats that could adversely affect the Group's ability to meet its corporate objectives, its growth in shareholder value and its stewardship of company assets.

Proceedings on behalf of company

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of GPC, or to intervene in any proceedings to which GPC is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought of GPC with leave of the Court under section 237 of the *Corporations Act* (Cth).

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 (Cth)*. On behalf of the Directors:

Leo Zussino
Chairman
Dated: 29 August 2017

AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017

To the Directors of Gladstone Ports Corporation Limited

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

Independence declaration

As lead auditor for the audit of Gladstone Ports Corporation Limited for the financial year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit

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

original signed

QUEENSLAND
21 AUG 2017
AUDIT OFFICE

D Adams
As delegate of the Auditor-General

Queensland Audit Office
Brisbane

Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $'000	2016 $'000
Continuing operations			
Revenue	7(a)	424,072	426,138
Other income	7(a)	32,192	48,221
Net profit on disposal of non-current assets		3,061	4,581
Reversal of impairments	11(c)	1,466	-
Reversal of prior revaluation decrease	11(c)	10,065	-
Total income		**470,856**	**478,940**
Employee benefits expenses		(124,300)	(126,796)
Operational expenses	7(b)	(133,742)	(127,625)
Depreciation/amortisation expenses	7(b)	(72,739)	(63,782)
Finance costs	7(b)	(37,571)	(30,984)
Fair value revaluation decrease of non-current assets	11(c)	(5,245)	(10,755)
Profit from continuing operations before income tax		**97,259**	**118,998**
Income tax expense	8(a)	(25,223)	(35,700)
Profit for the year		**72,036**	**83,298**
Other comprehensive income			
That will not be reclassified subsequently to profit or loss			
Revaluation increases of property, plant and equipment			-
Revaluation decrease of property, plant and equipment and intangible assets	11(c)	113,340	(49,169)
Income tax relating to components of other comprehensive income	8(e)	(34,002)	14,750
Other comprehensive income for the year, net of income tax		**79,338**	**(34,419)**
Total comprehensive income for the year		**151,374**	**48,879**
Profit attributable to:			
Owners of Gladstone Ports Corporation Limited		**72,036**	**83,298**
Total comprehensive income for the year is attributable to:			
Owners of Gladstone Ports Corporation Limited		**151,374**	**48,879**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2017

	Note	2017	2016
		$'000	$'000
Assets			
Current assets			
Cash and cash equivalents	9	159,735	177,818
Trade and other receivables	10	80,115	56,512
Inventories		11,803	13,167
Prepayments		1,732	1,687
Assets classified as held for resale		522	425
Derivative financial instruments		2,854	2,702
Total current assets		**256,761**	**252,311**
Non-current assets			
Property, plant and equipment	10	1,493	-
Property, plant and equipment	11	1,997,842	1,882,521
Deferred tax assets	8(d)	18,405	14,010
Intangible assets		25,780	19,132
Investment properties	12	90,899	108,250
Total non-current assets		**2,134,419**	**2,023,913**
Total assets		**2,391,180**	**2,276,224**
Liabilities			
Current liabilities			
Trade and other payables	13	59,547	50,767
Provisions	15	99,795	446,498
Income tax payable	8(c)	8,850	7,535
Derivative financial instruments		2,905	2,801
Total current liabilities		**171,097**	**507,601**
Non-current liabilities			
Trade and other payables	13	20,164	22,129
Borrowings	14	778,834	461,193
Provisions	15	25,307	12,364
Deferred tax liabilities	8(e)	327,835	295,331
Total non-current liabilities		**1,152,140**	**791,017**
Total liabilities		**1,323,237**	**1,298,618**
Net assets		**1,067,943**	**977,606**
Equity			
Issued capital		**675,496**	**675,496**
Asset revaluation reserve		**381,411**	**302,110**
Retained earnings		**11,036**	**-**
Total equity		**1,067,943**	**977,606**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Issued capital	Asset revaluation reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000
Opening balance at 1 July 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 proposed	15	-	(126,594)	(279,233)	(405,827)
Closing balance as at 30 June 2016		**675,496**	**302,110**	**-**	**977,606**
Opening balance as at 1 July 2016		**675,496**	**302,110**	**-**	**977,606**
Total comprehensive income attributable to owners of the equity					
Profit or loss		-	-	72,036	72,036
Other comprehensive income		-	79,338	-	79,338
Transfers within equity					
Disposal of revalued assets		-	(37)	37	-
Transactions with owners in their capacity as owners					
Dividends provided for or paid	15	-	-	(61,037)	(61,037)
Closing balance as at 30 June 2017		**675,496**	**381,411**	**11,036**	**1,067,943**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017	2016
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		469,886	537,967
Tax equivalents paid to Queensland Treasury		(29,801)	(34,377)
Net FBT, Fuel Tax Credit and GST paid to Australian Taxation Office (ATO)		(20,365)	(28,050)
Payments to suppliers		(136,606)	(139,794)
Employee related payments		(123,503)	(126,077)
Interest received		2,826	3,083
Interest paid		(31,048)	(25,837)
Other finance costs		(6,523)	(5,147)
Net cash flows from operating activities	9(a)	**124,866**	**181,768**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and investment properties		3,777	6,933
Purchase of property, plant and equipment		(46,655)	(65,799)
Purchase of intangibles		(11,885)	(2,129)
Net cash flows used in investing activities		**(54,763)**	**(60,995)**
Cash flows from financing activities			
Repayment of borrowings		-	(151)
Loan drawdowns		317,641	-
Dividends paid		(405,827)	(54,400)
Net cash flows from financing activities		**(88,186)**	**(54,551)**
Net (decrease)/increase in cash and cash equivalents		**(18,083)**	**66,222**
Cash and cash equivalents at beginning of the financial year		**177,818**	**111,596**
Cash and cash equivalents at the end of the financial year	9	**159,735**	**177,818**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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

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

d) manage ancillary services and functions which support core business activities.

Information on the Group's structure is provided in Note 4 and information on other related party relationships is provided in Note 21.

2. Basis of preparation

(1) Presentation

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of the available-for-sale financial assets, financial assets and liabilities at fair value through profit and loss and certain classes of property plant and equipment and investment property measured at fair value.

Functional currency

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

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.

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.

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.

2. Basis of preparation (cont)

(1) Presentation (cont)

Comparatives
Comparative information reflects the audited 2015-16 financial statements.

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 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) Basis of consolidation

The consolidated financial statements represent the financial statements of GPC and its subsidiaries.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Details of all subsidiaries are listed in Note 4. Parent entity financial statements are listed in Note 5.

(3) Statement of compliance

These consolidated financial statements are a general purpose financial report and have been prepared in accordance with the *Corporations Act 2001*, the *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 2017 were authorised for issue in accordance with a resolution of the directors on 29 August 2017.

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).

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

Accounting policies
Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. 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 2017. These are outlined in the table below:

2. Basis of preparation (cont)

(4) Changes in accounting policies, disclosures, standards and interpretations (cont)

Title	Operative for reporting periods beginning on/after	Assessment
AASB 9: Financial Instruments	1 January 2018	GPC has undertaken a preliminary review of this standard and will commence a full review of its impact in late 2017.
AASB 15: Revenue from Contracts with Customers	1 January 2018	GPC has undertaken a preliminary review of the standard and will commence a full review of revenue contracts in late 2017 to ascertain any financial impact of the new standard.
AASB 16: Leases	1 January 2019	GPC has undertaken a preliminary review of the standard and believe that it will not have a material impact on the financial statements. A full review to ascertain the actual impact will be undertaken in late 2017.
AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	GPC has undertaken a preliminary review of this standard and will commence a full review of its impact in late 2017.

The Group intends to apply accounting standards and interpretations as they are required and not earlier.

3. Significant accounting judgements, estimates and assumptions

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

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates significant to the financial statements are disclosed in the following notes:

Valuation of property, plant and equipment	Note 11c
Personal leave and long service provision	Note 15
Recovery of deferred tax assets	Note 8d
Estimation of useful lives of assets	Note 11a
Provision for impaired debts	Note 10

4. Subsidiaries

Details of the Group's subsidiaries as at 30 June 2017 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			30 June 2017	30 June 2016
Gladstone Marine Pilot Services Pty Ltd	Pilotage services	Australia	100%	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:

2017 Subsidiary	Total assets	Total liabilities	Total revenue	Profit/(loss) before tax
	$'000	$'000	$'000	$'000
Gladstone Marine Pilot Services Pty Ltd	4,280	4,280	20,739	-
Gladstone WICET Operations Pty Ltd	-	-	-	-

2016 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	-	-	-	-

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.

	2017	2016
	$'000	$'000
Financial position **Assets**		
Current assets	256,740	252,311
Non-current assets	2,133,289	2,022,829
Total assets	**2,390,029**	**2,275,140**
Liabilities		
Current liabilities	170,900	507,510
Non-current liabilities	1,151,186	790,024
Total liabilities	**1,322,086**	**1,297,534**
Net assets	**1,067,943**	**977,606**
Equity		
Issued capital	675,496	675,496
Reserves	381,411	302,110
Retained profits	11,036	-
Total equity	**1,067,943**	**977,606**
Financial performance		
Profit for the year	72,036	83,298
Other comprehensive income	79,338	(34,419)
Total comprehensive income	**151,374**	**48,879**
Commitments for the acquisition of property, plant and equipment by the parent entity		
Due not later than 1 year	15,680	11,756

6. Segment information

The Group operates in a single segment, namely the maritime port industry, at three locations in Central Queensland - Port of Gladstone, Port of Rockhampton and Port of Bundaberg.

7. Profit from operating activities

(a) Revenue

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 contracts. Harbour dues, tonnage rates, other shipping charges or cargo handling charges for all vessels are invoiced after departure of the vessel.

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

Interest received 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 and Other Comprehensive Income.

	2017	2016
	$'000	$'000
Revenue		
Cargo handling charges	238,928	249,718
Harbour dues	85,197	74,289
Tonnage rates	52,876	55,309
Other shipping charges	8,574	8,964
Pilotage	23,933	20,749
Property revenue	12,524	14,625
Smallcraft services	2,040	2,484
Total	**424,072**	**426,138**
Other income		
Interest received	2,973	3,083
Recoverable works	11,299	9,696
Other	17,920	35,442
Total	**32,192**	**48,221**

7. Profit from operating activities (cont)

(b) Expenses

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

	Note	2017 $'000	2016 $'000
Depreciation/amortisation expense			
Property, plant and equipment	11(a)	67,703	61,115
Intangibles		5,055	2,574
Investment properties	12	(19)	93
Total		**72,739**	**63,782**
Operational expenses			
Contractors		40,453	41,550
Services and consultants		11,272	8,213
Indirect taxes and government charges		7,079	7,315
Materials and supplies		16,018	14,617
Energy		18,239	17,651
Insurance		3,334	2,852
Lease payments		3,043	2,874
Bad debts		16,710	22,914
Rehabilitation provision		14,019	5,716
Other		3,575	3,923
Total		**133,742**	**127,625**
Finance costs			
Interest		31,050	25,836
Competitive neutrality fee		6,571	5,059
Financial instrument (profit)/loss		(50)	100
(Gains)/losses on foreign exchange		-	(11)
Total		**37,751**	**30,984**

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. No borrowing costs were capitalised in 2017 or 2016.

8. Income tax equivalent

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

Current income tax

As a Government Owned Corporation (GOC), the Group is required to pay income tax equivalents under the National Tax Equivalents Regime (NTER) and is required to adopt tax effect accounting in accordance with AASB 112 Income Taxes. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period (2017 and 2016: 30%).

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 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 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. 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.

(a) Income tax equivalent expense

	2017 $'000	2016 $'000
Profit before income tax equivalents	97,259	118,998
Prima facie tax at 30%	29,178	35,699
Non-deductible (revenue)/expenses	522	1
Research and development tax offset 2016	(2,013)	-
Research and development tax offset provision 2017	(1,580)	-
Prior year over provision	(884)	-
Income tax expense	**25,223**	**35,700**
Comprised of		
Deferred tax asset	(4,395)	(1,019)
Deferred tax liability	(1,498)	6,276
Income tax payable	31,116	30,443
	25,223	**35,700**

8. Income tax equivalent (cont)

(b) Amounts charged or credited directly to equity

	2017	2016
	$'000	$'000
Deferred income tax related to items charged or credited directly to equity		
Net gain on revaluation of property plant and equipment	247,314	213,312
Deferred income tax reported in equity	**247,314**	**213,312**

(c) Income tax payable

	2017	2016
	$'000	$'000
Opening balance	7,535	11,469
Charged to income	31,116	30,443
Payments	(29,801)	(34,377)
Closing balance	**8,850**	**7,535**

(d) Deferred tax asset

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.

	2017	2016
	$'000	$'000
Long service leave	6,351	6,320
Sick leave	2,913	2,876
Annual leave	4,725	4,565
Accumulated time off	141	152
Public holidays	54	53
Provision for obsolete stock	3	3
Accrued expenses	23	11
Unrealised loss on financial instruments	15	30
Provision for rehabilitation	3,054	-
Provision for revenue received in advance	1,126	-
Closing balance	**18,405**	**14,010**

	2017	2016
	$'000	$'000
Opening balance	14,010	12,991
Amount credited to Statement of Profit and Loss and Other Comprehensive Income	4,395	1,019
Closing balance	**18,405**	**14,010**

8. Income tax equivalent (cont)

(e) Deferred tax liability

	2017 $'000	2016 $'000
Inventory	3,096	3,111
Accrued income	44	-
Property, plant and equipment	323,430	292,220
Deferred revenue	1,265	-
Closing balance	**327,835**	**295,331**

	2017 $'000	2016 $'000
Opening balance	295,331	303,805
Amount charged to Statement of Profit and Loss and Other Comprehensive Income	(1,498)	6,276
Amount (charged)/credited direct to equity	34,002	(14,750)
Closing balance	**327,835**	**295,331**

9. Cash and short-term deposits

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 $16,231,990 (2016: $13,333,672) relates to LNG projects and Port Service Agreement retentions held, and may only be used in relation to these matters.

	Note	2017 $'000	2016 $'000
Cash on hand		4	4
Cash at bank		39,571	43,704
Queensland Treasury Corporation - cash on call		120,160	134,110
Total	17(e)	**159,735**	**177,818**

9. Cash and short-term deposits (cont)

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

	2017	2016
	$'000	$'000
Profit for the year after income tax	72,036	83,298
Depreciation	72,739	63,782
Revaluation of non-current assets	(4,820)	10,755
Impairment reversal of non-current assets	(1,466)	-
Net profit or loss on sale of property, plant and equipment	(3,061)	(4,581)
Change in assets and liabilities		
(Increase)/decrease in receivables	(22,795)	13,977
Increase in other assets	(199)	(3,694)
Decrease/(increase) in inventories	1,364	(796)
(Increase) in deferred tax asset	(4,395)	(1,019)
Increase in trade and other payables	4,514	5,811
Increase in other liabilities	103	2,801
Increase in provisions	11,029	9,093
Increase/(decrease) in income tax creditor	1,315	(3,935)
(Decrease)/increase in provision for deferred tax liability relating to profit and loss (refer Note 8e)	(1,498)	6,276
Net cash provided by operating activities	**124,866**	**181,768**

10. Trade and other receivables

	2017	2016
Current	$'000	$'000
Trade debtors	79,981	56,506
Less: provision for impaired trade debtors	(14)	(13)
	79,967	**56,493**
Accrued interest	147	-
Other debtors	1	19
Total	**80,115**	**56,512**

10. Trade and other receivables (cont)

Reconciliation of impaired debts:

	2017	2016
Non-current	**$'000**	**$'000**
Trade debtors	1,493	-
Opening balance	13	-
Impaired debts written off	(16,734)	(22,901)
Movement in provision	16,735	22,914
Closing balance	**14**	**13**

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. GPC wrote off one bad debt from a coal company during the year that represented the majority of the bad debts written off. Legal efforts are being made to recover the debts but the amount is not considered recoverable.

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

2017	Not due	Overdue < 1 year	Overdue 1–5 years	Overdue >5 years
	$'000	**$'000**	**$'000**	**$'000**
Debtor balance	81,480	142	-	-
Impaired debt provision	-	(14)	-	-
	81,480	**128**	**-**	**-**

2016	Not due	Overdue < 1 year	Overdue 1–5 years	Overdue >5 years
	$'000	**$'000**	**$'000**	**$'000**
Debtor balance	56,422	103	-	-
Impaired debt provision	-	(13)	-	-
	56,422	**90**	**-**	**-**

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 71% (2016: 67%) 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. Refer to Note 17(a) credit risk exposure for further information.

11. Property, plant and equipment

(a) Balances and reconciliations of carrying amount

2017	Land	Buildings	Channels, swing basins and berth pockets	Commercial wharves	Recreational and fishing wharves	Roads and services (structural improve-ments)	Plant	Furniture and fittings	Capital works in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance as at 1 July 2016	96,795	41,677	719,663	203,387	292	129,568	607,359	435	83,345	**1,882,521**
WIP additions	-	-	-	-	-	-	-	-	46,657	46,657
Transfers to/ from WIP	5	808	702	341	-	8,707	35,046	67	(45,676)	-
Disposals	-	(35)	-	-	-	(39)	(358)	(51)	-	(483)
Transfers (to)/from asset categories	1,045	(941)	5	-	-	(87)	(28)	6	-	-
Transfers to assets held for resale	(55)	-	-	-	-	-	-	-	-	(55)
Transfers (to)/from investment properties	11,351	-	(2,076)	-	-	-	-	-	-	9,275
Depreciation	-	(1,486)	(9,285)	(6,440)	(9)	(5,078)	(45,332)	(73)	-	(67,703)
Revaluations	5,450	3,760	19,830	18,835	51	12,530	67,156	18	-	127,630
Carrying amount at 30 June 2017	**114,591**	**43,783**	**728,839**	**216,123**	**334**	**145,601**	**663,843**	**402**	**84,326**	**1,997,842**

11. Property, plant and equipment (cont)

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

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

11. Property, plant and equipment (cont)

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 impairment losses, if any.

Initial recognition

Assets are recognised at cost, being the fair value of the assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. The cost of non-current assets constructed by the Group includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

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

Depreciation

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

Buildings	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.

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 annually and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Disposal

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

11. Property, plant and equipment (cont)

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

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

	2017 Net book value	2016 Net book value
	$'000	$'000
Land	72,362	73,834
Buildings	38,996	41,222
Channels, swing basins and berth pockets	126,957	134,870
Commercial wharves	174,513	180,138
Recreational and fishing wharves	377	404
Roads and services (structural improvements)	139,202	140,481
Plant	562,314	576,400
Furniture and fittings	416	437
Capital works in progress	84,326	83,345
Total	**1,199,463**	**1,231,131**

(c) Valuations

Measurement after recognition

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 and Other Comprehensive Income. 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. The net amounts of accumulated depreciation are restated to the revalued amounts.

Categorisation of fair values recognised as at 30 June 2017:

	Level 1	Level 2	Level 3	Fair value as at 30 June
	$'000	$'000	$'000	$'000
Land	-	-	114,591	**114,591**
Buildings	-	-	43,783	**43,783**
Channel, swing basins and berth pockets	-	-	728,839	**728,839**
Commercial wharves	-	-	216,123	**216,123**
Recreational and fishing wharves	-	-	334	**334**
Roads and services	-	-	145,601	**145,601**
Plant	-	-	663,843	**663,843**
Furniture and fittings	-	-	402	**402**
Capital works in progress	-	-	84,326	**84,326**
	-	-	**1,997,842**	**1,997,842**

11. Property, plant and equipment (cont)

(c) Valuations (cont)

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 6.3%)	$2.327B	$1.998B	$1.746B
CPI (used 2.5%)	$1.962B	$1.998B	$2.180B

As required under AASB 116, Gladstone Ports Corporation has an obligation to revalue its non-current assets at least every five years.

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 and Compliance Committee and Board to explain the causes of fluctuations in the fair value of assets and liabilities.

As at 30 June 2017, management estimated the fair value of the Group's property, plant and equipment assets using an income approach based on a discounted cash flow model. GPC revalues its PPE assets via an income approach annually.

The fair value of assets was obtained based upon projected revenue, capital and operating cash flows for the ten years ending 30 June 2027. Management judgement was applied to forecast future tonnages taking into account historical data where it exists. Management applied the following key assumptions:

- Revenue forecast is based upon contractual arrangements where they exist or historic tonnage throughput.
- A terminal value was calculated based upon the assumption that the cash flows in year ten will continue indefinitely into the future. A CPI rate of 2.5% (2016: 2.5%) is applied, when calculating terminal values to reflect inflation for long term growth in these cash flows. CPI was used as the basis for escalation within the valuation methodology as this aligns with the current Reserve Bank of Australia mid-point range guideline.
- The weighted average cost of capital (WACC) nominal, post-tax rate of 6.3% (2016: 6.5%) was adopted when discounting back to a present day estimated value. Management determined this rate in consultation with independent experts.
- Given the nature of GPC's infrastructure assets and the industries in which it operates, the WACC rate applied has been calculated as if it were operating in a regulated environment.
- Mid-period discounting has been applied to discount future cash flows to their net present value which imply that cash flows are earned, on average, midway through a financial year.

Excluding capital work-in-progress assets which are measured at cost, the resulting valuation increment or decrement calculated under the DCF model is then allocated across remaining unimpaired assets based upon their respective gross replacement cost.

The reason for the valuation increase in 2017 was a reduction in the WACC rate from 6.5% to 6.3%. The valuation has remained stable with no significant changes in future revenue forecasts.

11. Property, plant and equipment (cont)

(c) Valuations (cont)

The reconciliation of revaluations across each balance sheet item and is shown below:

	Note	2017 $'000	2016 $'000
Valuation adjustment to Balance Sheet			
Property, plant and equipment revaluations	11(a)	127,630	(49,888)
Assets held for resale revaluations		(136)	(1,293)
Investment property (revaluation decreases)/revaluations	12	(7,868)	(8,763)
		119,626	**(59,944)**
Valuation adjustments to Consolidated Statement and Profit and Loss and Other Comprehensive Income			
Reversal of impairment – Statement of Profit and Loss		1,466	-
Reversal of prior revaluation decreases of non-current assets – Statement of Profit and Loss		10,065	-
Revaluation decrease of non-current assets – Statement of Profit and Loss		(5,245)	(10,775)
Revaluation of non-current assets – asset revaluation reserve		113,340	-
Revaluation decrease of non-current assets – asset revaluation reserve		-	(49,169)
		119,626	**(59,944)**

12. Investment properties

	Note	2017 $'000	2016 $'000
Opening balance		108,250	110,559
Additions		-	32
Transfers (to)/from property, plant and equipment	11(a)	(9,275)	5,379
Transfers (to)/from assets held for resale		(227)	2,498
Revaluations	11(c)	(7,868)	(8,763)
Disposals		-	(1,362)
Depreciation	7(b)	19	(93)
Closing balance		**90,899**	**108,250**

Investment properties are recognised initially at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Investment properties include land and buildings. Professional expert external valuers are used for the valuation of investment properties. For the 2017 year, the fair value has been determined based on independent valuations by AON Valuation Services as at 30 April 2017, in accordance with AASB 140 – Investment Properties, which requires an annual review of fair value. GPC is satisfied that these are materially correct as at 30 June 2017. The fair value was determined based on the market comparable approach that

12. Investment properties (cont)

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.

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.

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 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/from investment property when, and only when:

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

13. Trade and other payables

	2017	2016
Current	**$'000**	**$'000**
Trade creditors	41,550	34,908
Revenue received in advance	13,106	12,987
GST payable	2,389	771
Other	2,502	2,101
	59,547	**50,767**
Non-current		
Revenue received in advance	**20,164**	**22,129**

The revenue received in advance relates to operating lease revenue on investment properties and revenue received in advance on recoverable works contracts. Due to the short-term nature of trade and other payables, their carrying value is assumed to approximate to their fair value. For more information on the Group's credit risk management process, refer to Note 17(a).

14. Loans and borrowings – Non-current

	Note	2017	2016
		$'000	**$'000**
Non-current			
Queensland Treasury Corporation loans	19(c)	778,834	461,193

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

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 $778,834,114 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.

	2017		2016	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Queensland Treasury Corporation loans	778,834	812,106	461,193	514,699

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

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 personal leave

The Group does not expect its long service leave or personal leave provisions to be settled wholly within the twelve months of the 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.

(iii) Superannuation

Superannuation is provided for on an incurred basis through the Statement of Profit and Loss and Other Comprehensive Income. No liability is recognised for accruing superannuation benefits in relation to defined benefits schemes 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.

15. Provisions (cont)

	2017 $'000	2016 $'000
Current		
Employee benefits	34,430	34,190
Dividends	61,037	405,827
Rehabilitation	3,108	5,716
Other	1,220	765
Total	**99,795**	**446,498**
Non-current		
Employee benefits	12,848	12,364
Rehabilitation	12,459	-
Total	**25,307**	**12,364**

Employee benefits

Employee benefits comprise of long service leave, annual leave, sick leave and rostered day off provisions. These provisions are categorised as either current or non-current. Non-current benefit provisions are those that are not expected to be consumed within the next twelve (12) month period. The benefit provision is calculated through application of a discount calculation to derive the present value of the future payment. GPC utilises the Millman Group of 100 Discount Rate for this purpose.

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.

Dividends provided calculations are based on 100% of net profit after an adjustment for revaluation increments/ decrements and shareholding Minister approval to retain the proceeds from a specified land sale arrangement. The effective comparable percentages are 2017 at 100% and 2016 at 100%. All dividends are unfranked. Dividends are declared after reporting date but before the financial statements are authorised for issue. In addition, the Board declared a special dividend of $315M in 2016. The special dividend was funded entirely by new borrowings (refer note 17(f)).

Provision movements

	Rehabilitation 2017 $'000	Rehabilitation 2016 $'000	Dividend 2017 $'000	Dividend 2016 $'000	Employee Benefits 2017 $'000	Employee Benefits 2016 $'000
Current provision	3,108	5,716	61,037	405,827	34,430	34,190
Non-current provision	12,459	-	-	-	12,848	12,364
Closing balance of provision at 30 June	**15,567**	**5,716**	**61,037**	**405,827**	**47,278**	**46,554**
Opening balance of provision at 1 July	5,716	-	405,827	54,000	46,554	43,239
Payment of provisions	(5,036)	-	(405,827)	(54,400)	(18,271)	(18,773)
Movement in provision calculation	14,887	5,716	61,037	405,827	18,995	22,088
Closing balance of provision at 30 June	**15,567**	**5,716**	**61,037**	**405,827**	**47,278**	**46,554**

16. Issued capital

	2017	2016
	No.	No.
Issued capital		
Authorised to issue – ordinary shares	1,000,000,000	1,000,000,000
Issued – ordinary shares fully paid	402,066,818	402,066,818

The shares have no par value.

17. Financial instruments risk management

GPC has exposure to credit risk, foreign currency risk, liquidity risk, interest rate risk and capital management risk from its use of financial instruments. The Group's financial instruments comprise receivables, payables, bank loans, cash and short-term deposits and derivatives. 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.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group manages its exposure to key financial risks, 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 2017 the Group had entered into one forward contract to purchase US dollars for a dozer to be purchased in December 2017. As of 30 June 2016 the Group had entered into one forward contract to purchase US dollars for a dozer purchased 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 2017.

17. Financial instruments risk management (cont)

(c) Liquidity risk

GPC is exposed to liquidity risk in respect of its payables and borrowings from Queensland Treasury Corporation for capital works. GPC manages liquidity risk through the use of a liquidity management strategy which aims to reduce the exposure to risk by ensuring GPC has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring maximum levels of cash are at hand to match the expected duration of various employee and supplier liabilities. Funding arrangements are in place with Queensland Treasury Corporation which will allow sufficient funding to cover planned requirements within GPC's corporate planning period.

The Group has available a business card facility with a limit of $250,000 (2016: $250,000). Loan facilities shown in Note 14 are provided by Queensland Treasury Corporation. New borrowings are subject to an approved loan program with the sanction of the Treasurer of Queensland. The Group has access to a $30,000,000 (2016: $30,000,000) working capital facility provided through Queensland Treasury Corporation. This facility was not drawn upon during the financial year.

Maturity analysis of financial liabilities based upon management's expectations

Year ended 30 June 2017	**Note**	**< 1 year**	**1 - 5 Years**	**> 5 years**	**Total**
		$'000	**$'000**	**$'000**	**$'000**
Financial liabilities					
Trade and other payables	13	59,547	7,860	12,304	**79,711**
Interest bearing loans and borrowings	14	-	-	778,834	**778,834**
Dividend provision	15	61,037	-	-	**61,037**
		120,584	**7,860**	**791,138**	**919,582**

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	15	405,827	-	-	**405,827**
		456,594	**7,860**	**475,462**	**939,916**

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 $30,000,000 (2016: $30,000,000) of unused credit facilities available for use.

17. Financial instruments risk management (cont)

(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 14.

At 30 June 2017 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.

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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
+1% (100 basis points)	(778)	(469)	(778)	(469)
-1% (100 basis points)	778	476	778	476

(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 2017 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 2017 financial year equal to $61.037M being 100% of adjusted profits after tax. The increased dividend payout ratio of 100% and the additional distribution of $315M in 2016 facilitated the regearing of the Group 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 range, 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.

18. Commitments and contingencies

Operating lease commitments – Group as lessor

	2017	2016
Operating lease revenue	**$'000**	**$'000**
Due not later than one year	10,674	9,909
Due later than one year and not later than five years	27,035	25,885
Due later than five years	73,479	59,714
Total	**111,188**	**95,508**

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

Operating lease commitments – Group as lessee

These leases relate to office equipment and light vehicles:

	2017	2016
	$'000	**$'000**
Due not later than one year	1,373	1,892
Due later than one year and not later than five years	707	1,428
Total	**2,080**	**3,320**

Capital expenditure commitments contracted but not provided for:

	2017	2016
	$'000	**$'000**
Due not later than one year	15,680	11,756

Contingent assets and liabilities

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

19. 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:

	2017	2016
	$	**$**
Remuneration	200,801	137,901

The estimated fee for 2017 is $170,000 (2016: $164,500).

20. Key management personnel disclosures

Shareholding Ministers

The GOC's shareholding Ministers are identified as part of the GOC's KMP, and these Ministers are the Treasurer and Minister for Trade and Investment, and Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply. Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The GOC does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances.

Directors (short-term and post-employment benefits)

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.

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

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 2017 are as follows:

20. Key management personnel disclosures (cont)

Directors	Last date of appointment	Date of termination/ resignation	Short-term benefits $'000 Directors' fees	Post-employment benefits $'000 Superannuation	Total $'000
Zussino, Leo (Chairman)	1 October 2015	30 September 2018			
2017			53	35	88
2016			53	5	58
Reynolds, J	2 October 2014	30 September 2017			
2017			51	5	56
2016			51	5	56
Corones, P	1 October 2015	30 September 2018			
2017			49	5	54
2016			33	3	36
Davidson, G	2 October 2014	30 September 2017			
2017			41	13	54
2016			49	5	54
Cassidy, G	1 October 2015	30 September 2018			
2017			49	5	54
2016			33	3	36
Jamieson, P	1 October 2015	30 September 2018			
2017			49	5	54
2016			33	3	36
Corbett, M	15 December 2016	30 September 2019			
2017			22	2	24
2016			-	-	-
Skippen, H	1 October 2010	30 September 2016			
2017			16	2	18
2016			49	5	54
Brodie, M (Former Chairman)	7 June 2012	30 September 2015			
2017			-	-	-
2016			27	3	30
Greig, C	16 August 2012	30 September 2015			
2017			-	-	-
2016			16	2	18
Moorhead, B	16 August 2012	30 September 2015			
2017			-	-	-
2016			16	2	18
Ward, C	17 July 2014	30 September 2015			
2017			-	-	-
2016			15	1	16
Total remuneration: Directors					
2017			330	72	402
2016			375	37	412

Refer to Directors' Report for additional information regarding reappointments of Directors.

20. Key management personnel disclosures (cont)

Specified Executives	Contract expiry date/ termination date	Short-term benefits		Post-employment benefits	Other benefits		Total
		$'000 Salary	$'000 Separation payments	$'000 Superannuation	$'000 Motor vehicle	$'000 Other	$'000
Peter O'Sullivan CEO[1]	Tenure						
2017		460	-	86	-	-	546
2016		-	-	-	-	-	-
Galt, M Commercial GM	Tenure						
2017		355	-	66	22	1	444
2016		321	-	60	24	5	410
Brown A Cargo Handling Operations GM	Tenure						
2017		331	-	62	23	2	418
2016		292	-	55	25	5	377
Carter, G Port Planning and Development GM	Tenure						
2017		274	-	54	25	1	354
2016		240	-	47	30	9	326
Winsor, R People and Community GM[2]	Tenure						
2017		212	-	29	16	1	258
2016		153	-	47	-	-	200
Sherriff, J Safety, Environment and Risk GM	Tenure						
2017		224	-	42	14	8	288
2016		202	-	38	15	8	263
Wilson, G Marine Operations GM[4]	2- Mar-17						
2017		144	74	14	9	1	242
2016		247	-	35	15	5	302
Doyle, C CEO[3]	15-Sep-16						
2017		-	-	-	-	-	-
2016		310	-	37	15	2	364
Total remuneration: specified executives							
2017		2,000	74	353	109	14	2,550
2016		1,765	-	319	124	34	2,242

1 Appointed 25 July 2016
2 Appointed 12 October 2015
3 Resigned 29 January 2016
4 Terminated 13 January 2017

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

21. Related party disclosure

Control

GPC is a Queensland Government Owned Corporation, with all shares owned by shareholding Ministers on behalf of the State of Queensland.

Key management personnel

Disclosures relating to key management personnel are set out in Note 20.

Transactions with related parties

From time to time Senior Executives, Directors and related entities may have commercial dealings with GPC. These transactions are conducted on arm's length terms and conditions. Senior Executives and Directors declare their interest on commercial dealings at Board meetings.

Transactions with State of Queensland controlled entities

All transactions between GPC and other Government Owned Corporations are on an arm's length commercial basis. GPC, as a Government Owned Corporation, has had arm's length transactions with other government agencies.

Intercompany transactions

Balances between GPC and its subsidiaries, which are related parties of GPC, have been eliminated on consolidation and are not disclosed in this note.

Revenue

Gladstone Ports Corporation Limited

		2017	2016
Agency	**Nature**	**$'000**	**$'000**
Maritime Safety Queensland	Rent, berthage, pilotage transfers, oil spill response	23,987	23,166
Department of Transport and Main Roads	Bed levelling, vessel hire, Bundaberg Port Transport Network Study	1,500	97
Other	Various	735	710

Gladstone Marine Pilot Services Pty Ltd

		2017	2016
Agency	**Nature**	**$'000**	**$'000**
Gladstone Ports Corporation Limited	Rent, berthage, pilotage transfers, oil spill response	20,739	18,987

Expenses

Gladstone Ports Corporation Limited

		2017	2016
Agency	**Nature**	**$'000**	**$'000**
Gladstone Marine Pilot Services Pty Ltd	Provision of operating services	20,739	18,987
Department of Agriculture	Environmental works	1,000	1,000
Gladstone Area Water Board	Water and capital contributions	845	877
Office of State Revenue	Land tax and payroll tax	7,019	6,764
QSuper	Superannuation contributions	15,954	15,751
Queensland Department of Transport and Main Roads	Including survey work, dredging and registrations	875	3,716
Queensland Treasury	Dividend, NTER tax, competitive neutrality and rates	442,853	95,752
Queensland Treasury Corporation	Loan interest	31,156	32,411
WorkCover Queensland	Workers' compensation insurance	1,623	1,676
Other	Various	3,319	2,357

21. Related party disclosure (cont)

Gladstone Marine Pilot Services Pty Ltd

		2017	2016
Agency	**Nature**	**$'000**	**$'000**
QSuper	Superannuation contributions	1,704	1,673
Other	Vessel registration, payroll tax, vessel simulations	759	934

Debtors

Gladstone Marine Pilot Services Pty Ltd

	2017	2016
Agency	**$'000**	**$'000**
Maritime Safety Queensland	853	718
Other	(28)	25

Creditors

Gladstone Marine Pilot Services Pty Ltd

	2017	2016
Agency	**$'000**	**$'000**
Queensland Treasury Corporation	778,834	461,193
Other	-	12

The amounts outstanding are unsecured and will be settled in cash.

Guarantees

No guarantees have been given or received.

22. Number of employees

	2017	2016
	No.	**No.**
Number of employees at year end (Full Time Equivalent)	725	731

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

	2017	2016
	$'000	**$'000**
Total salaries and wages paid or payable to all employees	**103,567**	**105,163**
Superannuation paid or payable for all employees		
Defined benefit schemes	4,011	3,713
Accumulation schemes	7,611	7,782
	11,622	**11,495**

Gladstone Ports Corporation

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

original signed

L Zussino
Chairman

Dated: 29 August 2017

original signed

J Reynolds
Director

Dated: 29 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Gladstone Ports Corporation Limited

Report on the Financial Report

Opinion

I have audited the accompanying financial report of Gladstone Ports Corporation Limited and its controlled entities (the group).

In my opinion, the financial report:

a) gives a true and fair view of the group's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended

b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards.

The financial report comprises the consolidated statement of financial position as at

30 June 2017, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

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

I am independent of the group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*. I am also independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001,* and confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

Other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards, and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The company's directors are also responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

original signed

QUEENSLAND
31 AUG 2017
AUDIT OFFICE

D Adams FCPA
as delegate of the Auditor-General

Queensland Audit Office
Brisbane