Financial Statements

For the year ended 30 June 2019

Andrew Steel demonstrates the size of the coal dozer blade

Smit Lamnalco tugs at the Port of Gladstone

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Gladstone Ports Corporation Limited **Consolidated Financial Statements**

ACN 131 965 896

For the year ended 30 June 2019

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).

These statements have been prepared to:

(i) Comply with the provisions of the *Corporations Act 2001*, and other prescribed requirements

(ii) Comply with the provisions of the *Financial Accountability Act 2009* and other prescribed requirements

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

The statements are general purpose in nature and provide a full presentation of all the financial activities of GPC. The consolidated financial statements of GPC for the year ended 30 June 2019 was authorised for issue to shareholding Ministers in accordance with a resolution of the Directors on 29 August 2019.

Director’s **Report**

For the year ended 30 June 2019

The Directors present their report together with the auditor’s report and the consolidated financial statements of Gladstone Ports Corporation Limited (GPC), being Gladstone Ports Corporation Limited (the parent) and its controlled entity (Gladstone Marine Pilot Services Pty Ltd) for the year ended 30 June 2019.

The Board comprises of non-executive Directors with diverse business experience as well as community leadership roles. The criteria for membership of the Board are in accordance with the *Corporations Act 2001* and the *Government Owned Corporations Act 1993*. The *Government Owned Corporations Act 1993* requires that, in appointing a person as Director, the Governor in Council must have regard to that person’s ability to contribute to the Group’s commercial performance and implementation of its Statement of Corporate Intent (SCI). Directors are appointed for a term of not more than five years but may be reappointed.

In order to comply with the provisions of the *Corporations Act 2001* the Directors submit their report for the year ended 30 June 2019.

Directors

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

Name and qualifications	Experience and skills
Peter Corones AM MAICD ***Chairman*** Member – Finance, Investment, Commercial and Audit Committee Member – Governance, Risk and Compliance Committee Member – People, Performance and Culture Committee	A business proprietor and company director, Peter’s strong background spans 42 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. **First Appointed July 1994** **Current term 1 October 2018 – 30 September 2021**
Gail Davidson FAICD ***Director*** Chair – People, Performance and Culture Committee	Gail has held management roles in a number of areas for over 42 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 28 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. She was the Inaugural Chair of the Regional Disability Council of Central Queensland; as well as a Queensland Representative on Policy advice in ‘Accommodation and Community Inclusion’ for the National Disability Service in Canberra. She is a member on the Mission, People and Culture Sub-Committee of the Board at 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. **First appointed October 2008** **Current term 12 October 2017 – 30 September 2020**

Director's Report

For the year ended 30 June 2019

Name and qualifications	Experience and skills
Grant Cassidy OAM FAICD ***Director*** Member – Finance, Investment, Commercial and Audit Committee Chair – Governance, Risk and Compliance Committee	Grant is an experienced Company Director and a long-term resident and business owner in Central Queensland. For the past 17 years Grant has been Managing Director of his private businesses operated under the Cassidy Hospitality Group banner. Grant's previous 15-year career in the media industry provided him with an in-depth knowledge of sales, marketing and media management. As a very active and long-term contributor to the area's community organisations, Grant understands local Central Queensland issues, having been Chairman of Capricorn Enterprise (the regions peak Tourism and Economic Development organisation) for 10 years, as well as, a former serving Board Director at Tourism Queensland, also chairing their Audit and Risk Committee. He also served on Boards with CQUni and Rockhampton Girls Grammar School. Grant is the current Chairman of Regional Development Australia – Fitzroy Central West region; Vice Chairman of Beef Australia; Chairman of the Rockhampton Salvation Army Red Shield Business Appeal and Chair of Capricorn Business Advisory Alliance. Grant is also a member of the Rockhampton Regional Council Advance Rockhampton Committee. He is a Fellow of the Australian Institute of Company Directors. **First appointed October 2015** **Current term 1 October 2018 – 30 September 2022**
Peta Jamieson GradCertBA, BA (Hons), BA, MScEnvMgt, GAICD ***Director*** Member – Governance, Risk and Compliance Committee Member – People, Performance and Culture Committee	Peta has extensive experience in Queensland State Government, Brisbane City Council and the Local Government Association of Queensland (LGAQ), and is the director of her own management consultancy. She has a breadth of both executive and operational experience and a clear understanding of how government, its policies and processes work. Peta is a strong advocate for the Bundaberg and the Wide Bay Burnett Region. She is actively involved with community, commercial and government bodies such as the Wide Bay Burnett Regional Organisation of Councils on local and regional projects and initiatives. Peta is also Chair of the Wide Bay Hospital and Health Board and member of its Finance Committee, Executive Committee, Audit and Risk Committee and Safety & Quality Committee. **First appointed October 2015** **Current term 1 October 2018 – 30 September 2022**
Marita Corbett BCom, CA, MAICD ***Director*** Chair – Finance, Investment, Commercial and Audit Committee Member – Governance, Risk and Compliance Committee	Marita is a Chartered Accountant, Certified Internal Auditor and Certified in Risk Management Assurance. She has 30 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 Australia. Her experience has been built through working 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 Environment and Science, Chair 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. **First appointed December 2016** **Current term 15 December 2016 – 30 September 2019**

Director's **Report**

For the year ended 30 June 2019

Name and qualifications	Experience and skills
Stewart Butel **BSc, Graduate Diploma of Business Studies, GAICD** ***Director*** Member – Finance, Investment, Commercial and Audit Committee Member – Governance, Risk and Compliance Committee	Stewart has over 40 years of experience in the Australian resources industry. He joined Wesfarmers Limited in June 2000, was appointed Managing Director of Wesfarmers Resources in September 2006 and successfully led the company until his retirement in August 2016. Stewart has a strong track record in the Queensland Resources industry, having been President of Queensland Resources Council (QRC), the peak industry body for the resources industry in Queensland, and awarded the QRC Medal in 2016 for services to the sector. He was also past Chairman of the Australian Coal Association, and its low emissions technology fund ACALET. Stewart has held past board positions with organisations such as the Minerals Council of Australia, the Chamber of Mines and Energy, Western Australia, and the ASX listed Duet Group. At present Stewart is a Non-Executive Director of the ASX listed Stanmore Coal Limited and RPM Global Holdings Limited. **First appointed October 2017** **Current term 12 October 2017 – 30 September 2020**
Adrienne Ward **MAICD** ***Director*** Member – Finance, Investment, Commercial and Audit Committee Member – People, Performance and Culture Committee	Adrienne Ward has an extensive background in corporate and government strategy, as well as working in high-risk and dynamic environments. Along with her husband, she currently owns a number of businesses in Gladstone and has previously worked in state and national roles within organisations such as Accenture, Westpac Banking Corporation and Leighton Contractors. Adrienne is a passionate advocate and contributor to both Gladstone and Queensland. Her current roles include Chair of the Gladstone Airport Corporation, a Member of The Public Transport Fares Advisory Panel Qld, Committee Member of the Regional Arts Development Fund (RADF) Gladstone and ambassador and judge for the Women in Business Awards of Australia. Adrienne is a former Telstra Business Woman of the Year, and was also awarded The Centenary Medal in 2003 for distinguished service and achievement in business and commerce. **First appointed October 2018** **Current term 1 October 2018 – 30 September 2021**

Name and qualifications	Experience and skills
PREVIOUS DIRECTOR **Leo Zussino** **BE, MBA** ***Former Chairman***	**First appointed September 1990** **Term expired 30 September 2018**
CHIEF GOVERNANCE OFFICER AND COMPANY SECRETARY **Sohana Maharaj**	Sohana Maharaj was appointed as the Chief Governance Officer at GPC from 2 January 2018. Sohana serves as the Company Secretary to the Board and Committees and guides enterprise risk management and corporate governance at the Corporation.

Director's **Report**

For the year ended 30 June 2019

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 $61.21M (2018: $65.37M) representing a decrease of 6.4% from the previous year. The 2019 results included net revaluation decreases of $15.72M (2018: net revaluation increase of $3.03M). This related to write-down of assets of $13.59M and investment property devaluation of $2.13M.

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:

	2019 $'000	2018 $'000
Dividends paid from prior year profits	61,945	61,037

	Cents per share	Cents per share
Dividend per share	15.41	15.18

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 $73.82M (18.36 cents per share).

Director's **Report**

For the year ended 30 June 2019

Review of financial conditions and likely developments

Trade performance remained strong during 2018/19 with all three GPC ports contributing to the 124.79MT throughput, 4.58MT more than last year's figures. The Port of Gladstone recorded a throughput of 124.02MT led by coal, liquefied natural gas (LNG) and alumina-related exports. 72.39MT of coal exports were facilitated by the Port of Gladstone, a 5.2MT increase in exports.

Curtis Island exports also continued to grow, with 21.57MT of LNG transported to Asia. 548,278 tonnes of product was handled at the Port of Bundaberg during 2019 and increased diversity of product is setting the foundation for future growth at the port. Ammonium nitrate was the major driver of trade at the Port of Rockhampton.

Ordinary property revenue continued to decline (a decrease of 12.28%) in 2019 due to continued downturn in the Gladstone property market following the industry expansion experienced in prior years. Early indications are that the market has flattened and trends are moving slightly upwards.

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

Significant changes in the state of affairs

There were no significant changes in the state of affairs of Gladstone Ports Corporation Limited during the year ended 30 June 2019.

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 2019 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 $92,700.

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.

Director’s **Report**

For the year ended 30 June 2019

Directors’ attendance at board and committee meetings

	Board (19 held)	Finance, Investment, Commercial and Audit Committee (8 held)	Governance, Risk and Compliance Committee (4 held)	People, Performance and Culture Committee (4 held)	Special Audit Committee (1 held)
Peter Corones AM	19	8	3	4	0
Grant Cassidy OAM	19	8	4	*3	1
Marita Corbett	18	8	4	*2	1
Stewart Butel	17	7	4	*1	1
Gail Davidson	15	*4	*0	4	0
Peta Jamieson	18	*4	4	4	1
Adrienne Ward	**11	4	*1	3	0
Leo Zussino	0	0	0	0	0

* Not a member of the relevant committee
** Appointed October 2018

Committee membership

At the date of this report the Group had a Finance, Investment, Commercial and Audit (FICA) Committee, a Governance, Risk and Compliance (GRC) Committee and a People, Performance and Culture (PPC) Committee:

FICA COMMITTEE:

Marita Corbett – Chair

Peter Corones AM

Grant Cassidy OAM

Stewart Butel

Adrienne Ward

GRC COMMITTEE:

Grant Cassidy OAM – Chair

Peter Corones AM

Marita Corbett

Peta Jamieson

Stewart Butel

PPC COMMITTEE:

Gail Davidson – Chair

Peter Corones AM

Peta Jamieson

Adrienne Ward

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 25 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 the company

Gladstone Ports Corporation (GPC) was served on 27 February 2018 a Claim and Statement of Claim filed in the Supreme Court of Queensland on behalf of a 'Murphy Operator Pty Ltd' and others against GPC. The plaintiffs filed and served an amended statement of claim on 9 May 2018. Pursuant to an order of the court, the plaintiffs filed and served a further amended statement of claim on 27 July 2018.

The claim is a representative class action on behalf of the following 3 categories of claimant: (1) commercial fishing group members; (2) fish processing group members; and (3) fish selling group members. The claim arises from the conduct of the Fisherman's Landing Expansion Project and the Western Basin Dredging and Disposal Project.

GPC has engaged legal representatives to act on its behalf.

Subsequent events

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

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

original signed

Peter Corones AM
Chairman

Dated: 29 August 2019

Auditor's **Independence Declaration**

To the Directors of Gladstone Ports Corporation Limited

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

Independence declaration

As lead auditor for the audit of Gladstone Ports Corporation Limited for the financial year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

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

29 August 2019

Vaughan Stemmett
as delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

Consolidated **Statement of Profit or Loss and Other Comprehensive Income**

For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Revenue from contracts with customers	6(a)	435,272	–
Revenue from operations	6(a)	–	405,494
Other income	6(b)	41,088	59,021
Net profit/(loss) on disposal of non-current assets		(293)	146
Reversal of impairments	12(c)	–	1,120
Reversal of prior revaluation decrease	12(c)	–	17,323
Total income		**476,067**	**483,104**
Employee benefits expenses	6(d)	(131,772)	(125,411)
Operational expenses	6(c)	(106,792)	(132,820)
Depreciation/amortisation expenses		(95,757)	(80,463)
Finance costs	6(c)	(36,289)	(37,475)
Fair value revaluation decrease of non-current assets	12(c)	(13,585)	–
Revaluation decrease of investment properties	12(c)	(2,130)	(15,417)
Profit before income tax		**89,742**	**91,518**
Income tax expense	7(a)	(28,535)	(26,145)
Profit for the year		**61,207**	**65,373**
Profit attributable to:			
Owners of Gladstone Ports Corporation Limited		**61,207**	**65,373**
Items that will not be reclassified subsequently to profit or loss			
Revaluation increase/(decrease) of property, plant and equipment and intangible assets	12(c)	(181,950)	255,810
Income tax relating to components of other comprehensive income	7(e)	54,585	(76,744)
Other comprehensive income for the year, net of income tax		**(127,365)**	**179,066**
Total comprehensive income for the year		**(66,158)**	**244,439**
Total comprehensive income for the year is attributable to:			
Owners of Gladstone Ports Corporation Limited		**(66,158)**	**244,439**

The accompanying notes form part of these financial statements

Consolidated **Statement of Financial Position**

As at 30 June 2019

	Note	2019 $'000	2018 $'000
Assets			
Current assets			
Cash and cash equivalents	8	28,549	21,132
Cash advance facility	9	231,892	179,222
Trade and other receivables	10	61,044	82,061
Inventories	11	11,570	12,376
Prepayments		2,502	1,821
Assets classified as held for sale		1,219	1,219
Total current assets		**336,776**	**297,831**
Non-current assets			
Trade and other receivables	10	404	916
Property, plant and equipment	12(a)	2,001,242	2,223,812
Deferred tax assets	7(d)	26,064	24,185
Intangible assets	13	35,753	35,132
Investment properties	14	82,012	84,142
Total non-current assets		**2,145,475**	**2,368,187**
Total assets		**2,482,251**	**2,666,018**
Liabilities			
Current liabilities			
Trade and other payables	15	39,228	39,741
Contract and other liabilities	16	19,654	16,167
Provisions	18	121,758	108,742
Income tax payable	7(c)	14,110	8,372
Total current liabilities		**194,750**	**173,022**
Non-current liabilities			
Contract and other liabilities	16	16,234	18,199
Borrowings	17	776,817	776,855
Provisions	18	36,320	36,060
Deferred tax liabilities	7(e)	348,966	411,445
Total non-current liabilities		**1,178,337**	**1,242,559**
Total liabilities		**1,373,087**	**1,415,581**
Net assets		**1,109,164**	**1,250,437**
Equity			
Issued capital		675,496	675,496
Asset revaluation reserve	19	432,459	560,465
Retained earnings		1,209	14,476
Total equity		**1,109,164**	**1,250,437**

The accompanying notes form part of these financial statements

Consolidated **Statement of Changes in Equity**

For the year ended 30 June 2019

	Note	Issued capital $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Opening balance at 1 July 2017		**675,496**	**381,411**	**11,036**	**1,067,943**
Total comprehensive income attributable to owners					
Profit for the year		–	–	65,373	**65,373**
Other comprehensive income		–	179,066	–	**179,066**
Transfers within equity					
Disposal of revalued assets		–	(12)	12	**-**
Transactions with owners in their capacity as owners					
Dividends provided for or paid	20	–	–	(61,945)	**(61,945)**
Closing balance as at 30 June 2018		**675,496**	**560,465**	**14,476**	**1,250,437**
Opening balance as at 1 July 2018		**675,496**	**560,465**	**14,476**	**1,250,437**
Effect of adoption of new accounting standards	2	–	–	(1,295)	**(1,295)**
Opening balance as at 1 July 2018 (restated)		**675,496**	**560,465**	**13,181**	**1,249,142**
Total comprehensive income attributable to owners					
Profit for the year		–	–	61,207	**61,207**
Other comprehensive income		–	(127,365)	–	**(127,365)**
Transfers within equity					
Disposal of revalued assets		–	(641)	641	**-**
Transactions with owners in their capacity as owners					
Dividends provided for or paid	20	–	–	(73,820)	**(73,820)**
Closing balance as at 30 June 2019		**675,496**	**432,459**	**1,209**	**1,109,164**

The accompanying notes form part of these financial statements

Consolidated **Statement of Cash Flows**

For the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities:			
Receipts from customers		541,101	509,280
Tax equivalents paid to Queensland Treasury		(32,014)	(25,536)
Net amounts from ATO		(29,394)	(25,480)
Payments to suppliers		(124,216)	(145,734)
Payments to employees		(133,286)	(124,045)
Interest received		5,804	3,368
Interest paid		(28,507)	(29,420)
Other finance costs		(7,782)	(8,055)
Net cash inflows from operating activities	8(a)	**191,706**	**154,378**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and investment properties		340	382
Purchase of property, plant and equipment		(63,993)	(37,032)
Purchase of intangibles		(5,982)	(14,093)
Advances to Queensland Treasury		(52,671)	(179,222)
Net cash outflows from investing activities		**(122,306)**	**(229,965)**
Cash flows from financing activities			
Repayment of borrowings		(38)	(1,979)
Dividends paid		(61,945)	(61,037)
Net cash outflows from financing activities		**(61,983)**	**(63,016)**
Net increase/(decrease) in cash and cash equivalents		**7,417**	**(138,603)**
Cash and cash equivalents at beginning of the financial year		**21,132**	**159,735**
Cash and cash equivalents at the end of the financial year	8	**28,549**	**21,132**

The accompanying notes form part of these financial statements

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

1. General information

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

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

The consolidated entity's principal activities are to:

a. provide import and export shipping infrastructure to the Central Queensland region through the Port of Gladstone, Port of Rockhampton and Port of Bundaberg, and encourage the use of these facilities for the economic benefit of stakeholders

b. manage cargo handling facilities for coal and other bulk products at Port of Rockhampton, RG Tanna Coal Terminal, Barney Point Terminal and Auckland Point facilities

c. develop, manage and lease land and other assets for port related purposes

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 26.

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 financial assets and liabilities at fair value through profit or loss and certain classes of property plant and equipment and investment property measured at fair value.

Functional and presentation currency

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

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Amounts in the financial statements and Directors' Report have been rounded to the nearest one thousand dollars, unless otherwise stated.

Foreign currency transactions and balances

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

Goods and services tax (GST)

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

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

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

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

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

2. Basis of preparation (continued)

(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*, 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 subsidiary (collectively, 'the Group') for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 29 August 2019.

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.

Accounting Standards and Interpretation to be adopted for the first time

The Group applied AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* for the first time from 1 July 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations were effective for the first time for the period ended 30 June 2019, but do not have an impact on the consolidated financial statements of the Group.

AASB 15 *Revenue from Contracts with Customers ("AASB 15")*

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted AASB 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all open contracts as at 1 July 2018.

The cumulative effect of initially applying AASB 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under AASB 111, AASB 118 and related Interpretations.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

2. Basis of preparation (continued)

(4) CHANGES IN ACCOUNTING POLICIES, DISCLOSURES, STANDARDS AND INTERPRETATIONS (CONTINUED)

The effect of adopting AASB 15 as at 1 July 2018 was, as follows:

	Reference	Closing Balance 30 June 2018 $'000	Increase/ (decrease) $'000	Opening Balance 1 July 2018 $'000
Assets				
Deferred tax assets	(c)	24,185	305	24,490
Total assets		**24,185**	**305**	**24,490**
Liabilities				
Contract liabilities	(b)	–	1,016	1,016
Total liabilities		**–**	**1,016**	**1,016**
Total adjustment on equity				
Retained earnings	(b),(c)	14,476	(711)	13,765
Total equity		**14,476**	**(711)**	**13,765**

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended 30 June 2019 as a result of the adoption of AASB 15. The adoption of AASB 15 did not have a material impact on other comprehensive income or the Group's operating, investing and financing cash flows. The first column shows amounts prepared under AASB 15 and the second column shows what the amounts would have been had AASB 15 not been adopted:

Consolidated statement of profit and loss for the year ended 30 June 2019	Reference	Amounts prepared under AASB 15 $'000	AASB 118 $'000	Increase/ (decrease) $'000
Revenue from contracts with customers	(a),(b),(c)	435,272	434,825	(447)
Other income	(a),(b),(c)	41,088	41,088	–
Total income		**476,360**	**475,913**	**(447)**
Profit before income tax		**89,742**	**89,295**	**(447)**
Income tax expense	(c)	(28,535)	(28,401)	134
Profit for the year		**61,207**	**60,894**	**(313)**

Consolidated statement of financial position as at 30 June 2019	Reference	Amounts prepared under AASB 15 $'000	AASB 118 $'000	Increase/ (decrease) $'000
Assets				
Deferred tax assets	(c)	171	–	171
Total assets		**171**	**–**	**171**
Liabilities				
Contract liabilities	(b)	569	–	569
Total liabilities		**569**	**–**	**569**
Equity				
Retained earnings	(b),(c)	711	–	711
Total equity		**711**	**–**	**711**

2. Basis of preparation (continued)

(4) CHANGES IN ACCOUNTING POLICIES, DISCLOSURES, STANDARDS AND INTERPRETATIONS (CONTINUED)

The nature of the adjustments as at 1 July 2018 and the reasons for the significant changes in the consolidated statement of financial position as at 30 June 2019 and the consolidated statement of profit or loss for the year ended 30 June 2019 are described below:

(a) Reclassification of Revenue from operations to Revenue from contracts with customers

Where arrangements are deemed to be in the scope of AASB 15, the revenue has been reclassified from revenue from operations to revenue from contracts with customers. Where the arrangement is outside the scope of AASB 15, the revenue has been reclassified from revenue from operations to other income.

(b) Revenue with variable consideration

Some of GPC's Coal Handling and Harbour Dues contracts contain provisions giving customers the right to carry forward unused take-or-pay tonnage. This has impacted the timing of revenue recognition to the extent that the group estimates that there may be unused tonnage carried forward to the subsequent periods with expectations that the tonnage will be utilised by the customer. Before adopting AASB 15, the Group recognised revenue when services are delivered and revenue was 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. This is to the extent of the take-or-pay arrangement. Under AASB 15, such arrangements give rise to constraint as a form of variable consideration.

When a contract fixes the extent of volumes which can be processed for an individual customer with a right within a specified period (i.e. a take-or-pay arrangement), the Group previously estimated expected volumes using a probability-weighted average amount approach similar to the expected value method under AASB 15. Before the adoption of AASB 15, the amount of revenue related to the expected volumes was recognised in the statement of financial performance.

Upon adoption of AASB 15, adjustments were made such that Contract liabilities increased by 1.0m, reflecting the adjustment on the promised amount of constraint applied for the unused tonnage carried forward, with a related decrease in Retained earnings after recognising deferred tax impacts was recognised as at 1 July 2018.

(c) Other adjustments

In addition to the adjustments described above, other items of the primary financial statements such as deferred taxes and retained earnings were adjusted as necessary.

AASB 9 *Financial Instruments* ("AASB 9")

AASB 9 supersedes AASB 139 *Financial Instruments: Recognition and Measurement* and related Interpretations; bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied AASB 9, with an initial application date of 1 July 2018 using the modified retrospective transition method. Therefore, The Group has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in retained earnings and other components of equity.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

2. Basis of preparation (continued)

(4) CHANGES IN ACCOUNTING POLICIES, DISCLOSURES, STANDARDS AND INTERPRETATIONS (CONTINUED)

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

	Reference	Closing Balance 30 June 2018 $'000	Increase/ (decrease) $'000	Balance 1 July 2018 $'000
Assets				
Trade and other receivables	(a),(b)	82,061	(834)	81,227
Deferred tax assets	(c)	24,185	250	24,435
Total assets		**106,246**	**(584)**	**105,662**
Total adjustment on equity				
Retained earnings	(a),(b),(c)	14,476	(584)	13,892
Total equity		**14,476**	**(584)**	**13,892**

The nature of these adjustments are described below:

(a) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Group. The Group continued measuring at amortised cost for all financial assets previously held at amortised cost under AASB 139.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

(b) Impairment

The adoption of AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. As a result of the recognition of the ECLs associated deferred tax impacts were also recognised and adjusted as required to retained earnings.

Upon adoption of AASB 9 the Group recognised additional impairment on the Group's trade and other receivables and contract assets of $0.8M, which resulted in a decrease in Retained earnings of $0.5M as at 1 July 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9:

	Allowance for impairment		
	AASB 139 $'000	Re-measurement $'000	ECL under AASB 9 $'000
Loans and receivables under AASB 139/Financial assets at amortised cost under AASB 9 and contract assets	226	834	1,060
	226	**834**	**1,060**

2. Basis of preparation (continued)

(4) CHANGES IN ACCOUNTING POLICIES, DISCLOSURES, STANDARDS AND INTERPRETATIONS (CONTINUED)

(c) Other adjustments

In addition to the adjustments described above, other items of the primary financial statements such as deferred taxes, and retained earnings were adjusted as necessary.

Accounting Standards and Interpretations 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 2019. The Group intends to adopt these new standards and interpretations, if applicable, when they become effective. The standards not yet effective are not expected to have a material impact with the exception of the standards disclosed below:

AASB 16 *Leases* ("AASB 16")

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation-115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117.

Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

AASB 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under AASB 117. The Group plans to adopt AASB 16 using the transitional provisions which allow a lessee to recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. The Group will elect to only apply the standard to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., printing and photocopying machines) that are considered of low value.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

2. Basis of preparation (continued)

(4) CHANGES IN ACCOUNTING POLICIES, DISCLOSURES, STANDARDS AND INTERPRETATIONS (CONTINUED)

During 2018, the Group has performed a detailed impact assessment of AASB 16. In summary the impact of AASB 16 on transition date is expected to be, as follows:

	Increase/(decrease)
Assets	**$'000**
Property, plant and equipment (right-of-use asset)	3,556
Deferred tax assets	3,432
Total assets	**6,988**
Liabilities	
Lease liabilities	11,441
Deferred tax liabilities	1,067
Total liabilities	**12,508**
Total adjustment on equity	
Retained earnings	(5,520)
Total equity	**(5,520)**

3. Significant accounting judgements, estimates and assumptions

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

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

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

Revenue recognition and measurement	Note 6
Recovery of deferred tax assets	Note 7(d)
Estimation of useful lives of assets	Note 12(a)
Valuation of property, plant and equipment	Note 12(c)
Provision for rehabilitation	Note 18
Personal leave and long service leave provision	Note 18

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

4. Interests in other entities

Details of the Group's subsidiary as at 30 June 2019 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 2019	30 June 2018
Gladstone Marine Pilot Services Pty Ltd	Pilotage services	Australia	100%	100%

Summarised financial information in respect of the Group's subsidiary, Gladstone Marine Pilot Services Pty Ltd is set out below:

	Total assets $'000	Total liabilities $'000	Total revenue $'000	Profit/(loss) before tax $'000
2019	4,555	4,555	23,528	–
2018	4,078	4,078	20,664	–

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.

	2019 $'000	2018 $'000
Financial position		
Assets		
Current assets	336,780	297,833
Non-current assets	2,144,257	2,367,054
Total assets	**2,481,037**	**2,664,887**
Liabilities		
Current liabilities	194,519	172,863
Non-current liabilities	1,177,354	1,241,587
Total liabilities	**1,371,873**	**1,414,450**
Net assets	**1,109,164**	**1,250,437**
Equity		
Issued capital	675,496	675,496
Reserves	432,459	560,465
Retained earnings	1,209	14,476
Total equity	**1,109,164**	**1,250,437**
Financial performance		
Profit for the year	61,207	65,373
Other comprehensive income	(127,365)	179,066
Total comprehensive income	**(66,158)**	**244,439**
Commitments for the acquisition of property, plant and equipment by the parent entity		
Due not later than 1 year	33,512	13,997

These commitments are not recognised as liabilities as the relevant assets have not yet been received.

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

6. Profit before income tax

(a) REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group is in the business of providing import and export shipping infrastructure services including cargo handling facilities and ancillary services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue from provision of services is recognised over time because the customer receives and consumes benefits provided by the Group. The fact that another entity would not need to re-perform the services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations
- Principal versus Agent
- Material rights (upfront fees)
- Significant financing component (upfront fees)
- Variable consideration (Breakage)
- Variable consideration (Volume rebates)

Revenue has been calculated based on existing contracts. Harbour dues, tonnage rates, other shipping charges or cargo handling charges for all vessels are invoiced after departure of the vessel. The normal credit term is 30 days from the end of month in which the service is delivered.

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

	2019 $'000	2018 $'000
Revenue from contracts with customers		
Types of services		
Cargo handling charges	261,841	–
Harbour dues	93,246	–
Tonnage rates	55,444	–
Pilotage	24,741	–
Total	**435,272**	**–**
Revenue from operations		
Cargo handling charges	–	239,474
Harbour dues	–	88,745
Tonnage rates	–	51,857
Pilotage	–	25,418
Total	**–**	**405,494**
Total Revenue	**435,272**	**405,494**
Timing of revenue recognition		
Revenue for services recognised over time	261,841	–
Revenue for transactions transferred at a point in time	173,431	–
Total	**435,272**	**–**

6. Profit before income tax (continued)

(a) REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Set out below is the revenue recognised from:

	2019 $'000	2018 $'000
Amounts included in contract liabilities at the beginning of the year	1,016	–
Performance obligations satisfied in previous years	(447)	–
Total	**569**	–

Performance obligations

Information about the Group's performance obligations are summarised below:

- Cargo handling charges

  The performance obligation is to provide cargo handling services over the contract period. Certain contracts contain take-or-pay arrangements which customers are required to nominate the minimum tonnage processed over an annual period. Some of these contracts contain provisions giving customers the right to carry forward unused take-or-pay tonnage.

  The performance obligation is satisfied over-time based on tonnage processed and payment is generally due upon completion of cargo handling services based under general trading terms. To the extent that customers carry forward unused take-or-pay, revenue is deferred until such time that the tonnes have been utilised by the customers.

- Harbour dues

  The performance obligation is to provide port access services over the contract period. Certain contracts contain take-or-pay arrangements which customers are required to nominate the minimum tonnage processed over an annual period.

  The performance obligation is satisfied over-time based on tonnage processed and payment is generally due upon completion of cargo handling services based under general trading terms. To the extent that customers carry forward unused take-or-pay, revenue is deferred until such time that the tonnes have been utilised by the customers.

- Tonnage rates

  The performance obligation is to provide port access for each vessel coming into the port. The rates are determined based on vessel size, days in port, and tonnage on vessel.

  The performance obligation is satisfied over-time based on days in port and payment is generally due upon the vessel departing from the port.

- Pilotage

  The performance obligation is to provide pilotage services to assist the navigation of vessels into the port. The rates are fixed based on agreement with the customer per vessel.

  The performance obligation is satisfied over-time based number of vessels navigated and payment is generally due upon the vessel departing from the port.

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

	2019 $'000
Within one year	569

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

6. Profit before income tax (continued)

(b) OTHER INCOME

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

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

Recoverable work revenue is received from customers as a result of rehabilitation work or other work performed by the Group for customers for which a contribution towards costs is received.

	2019 $'000	2018 $'000
Other income		
Smallcraft services	1,168	1,374
Interest received	5,921	3,543
Property revenue	10,251	11,686
Recoverable works	11,599	31,559
Other shipping charges	9,053	8,054
Other	3,096	2,805
Total	**41,088**	**59,021**

(c) EXPENSES

	2019 $'000	2018 $'000
Operational expenses		
Contractors	38,185	40,196
Services and consultants	14,977	12,015
Indirect taxes and government charges	6,792	6,699
Materials and supplies	17,224	15,054
Energy	20,744	18,854
Insurance	3,589	3,694
Lease payments	2,884	2,979
Bad debts and expected credit loss provision	(1,016)	11,917
Rehabilitation provision	–	18,817
Other	3,413	2,595
Total	**106,792**	132,820
Finance costs		
Interest	28,507	29,490
Competitive neutrality fee	7,782	8,035
Financial instrument (profit)/loss	–	(50)
Total	**36,289**	**37,475**

Finance costs

Interest borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other finance costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. No borrowing costs were capitalised in 2019 or 2018.

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

6. Profit before income tax (continued)

(d) EMPLOYEE BENEFITS EXPENSES

	2019 $'000	2018 $'000
Employee benefits		
Wages and salaries	94,246	86,433
Annual leave expense	8,975	10,161
Personal leave expense	4,896	2,874
Long service leave expense	(616)	1,693
RDO Expense	(55)	183
Employer superannuation contributions	9,533	9,206
Employer defined benefits contribution	2,889	3,010
Other employee benefits	1,305	1,172
Employee related expenses		
Workers compensation premium	1,787	1,804
Payroll tax expense	5,594	5,564
Other employee related expenses	3,218	3,311
Total	**131,772**	**125,411**

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Wages and salaries due but unpaid at reporting date are recognised in the Consolidated Statement of Financial Position at the current salary rates. As the Group expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

Defined Contribution Plans – Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

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

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

7. Taxation

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

Current tax – income tax equivalents

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

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

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

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

Offsetting deferred tax balances

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

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

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

However, deferred tax assets and liabilities are not recognised for taxable temporary differences related to investments in subsidiaries where the parent is able to control the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates and tax laws that have been enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Investment allowances and similar tax incentives

Entities within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces current tax exposure.

Tax consolidation

GPC and its wholly-owned entity are a tax consolidated group for income tax purposes. The head entity in this Group is Gladstone Ports Corporation Limited.

The head entity and the controlled entity in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

7. Taxation (continued)

(a) INCOME TAX EXPENSE

	2019 $'000	2018 $'000
Profit before income tax	89,742	91,518
Prima facie tax at 30% (2018: 30%)	26,923	27,455
Non-deductible (revenue)/expenses	3,530	583
Research and development tax offset provision	(1,951)	(1,866)
Prior year over/(under) provision	33	(27)
Income tax expense	**28,535**	**26,145**
Comprised of:		
Deferred tax asset	(1,324)	(5,780)
Deferred tax liability	(7,894)	6,866
Income tax payable	37,753	25,059
	28,535	**26,145**

(b) AMOUNTS CHARGED OR CREDITED DIRECTLY TO EQUITY

	2019 $'000	2018 $'000
Deferred income tax related to items charged or credited directly to equity		
Net gain on revaluation of property, plant and equipment	269,472	324,057
Transition of new accounting standards	(555)	–
Deferred income tax reported in equity	**268,917**	**324,057**

(c) INCOME TAX PAYABLE

	2019 $'000	2018 $'000
Opening balance	8,372	8,850
Charged to income	37,753	25,059
Payments	(32,015)	(25,537)
Closing balance	**14,110**	**8,372**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

7. Taxation (continued)

(d) DEFERRED TAX ASSET

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

	2019 $'000	2018 $'000
Long service leave	7,428	6,712
Personal leave	2,727	2,995
Annual leave	4,341	4,562
Parental leave	8	–
RDO	166	124
Public holidays	70	70
Provision for obsolete stock	33	18
Accrued expenses	19	34
Provision for rehabilitation	8,446	8,458
Provision for revenue received in advance	1,144	1,144
Provision for doubtful debts/expected credit losses	1,511	68
Contract liability	171	–
Closing balance	**26,064**	**24,185**

	2019 $'000	2018 $'000
Opening balance	24,185	18,405
Amount credited to Statement of Profit or Loss and Other Comprehensive Income	1,324	5,780
Amount (charged)/credited direct to equity	555	–
Closing balance	**26,064**	**24,185**

(e) DEFERRED TAX LIABILITY

	2019 $'000	2018 $'000
Inventory	3,195	3,092
Accrued income	–	96
Property, plant and equipment	334,275	396,940
Revenue received in advance	11,496	11,317
Closing balance	**348,966**	**411,445**

	2019 $'000	2018 $'000
Opening balance	411,445	327,835
Amount charged to Statement of Profit or Loss and Other Comprehensive Income	(7,894)	6,866
Amount (charged)/credited direct to equity	(54,585)	76,744
Closing balance	**348,966**	**411,445**

8. Cash and cash equivalents

For the purposes of the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions.

Cash at bank earns interest at floating rates based upon daily bank deposit rates. Money market investments are limited to investments in bank-backed securities or short-dated securities guaranteed 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 $4,365,791 (2018: $5,905,212) relates to LNG projects and Port Service Agreement retentions held, and may only be used in relation to these matters.

	2019 $'000	2018 $'000
Cash at bank and on hand	28,549	21,132
Total	**28,549**	**21,132**

(a) RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2019 $'000	2018 $'000
Profit for the year	61,207	65,373
Depreciation/amortisation expense	95,757	80,463
Revaluation of non-current assets	15,715	(1,906)
Impairment reversal of non-current assets	–	(1,120)
Net profit or (loss) on sale of property, plant and equipment	293	(146)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	21,529	(1,369)
(Increase)/decrease in derivative assets	–	2,855
(Increase)/decrease in inventories	807	(574)
(Increase)/decrease in prepayments	(683)	(90)
(Increase)/decrease in deferred tax asset	(1,879)	(5,780)
Increase/(decrease) in trade and other payables	(512)	(6,700)
Increase/(decrease in contract and other liabilities	1,522	1,096
Increase/(decrease) in derivative liabilities	–	(2,905)
Increase/(decrease) in provisions	1,401	18,793
Increase/(decrease) in income tax payable	5,738	(478)
(Decrease)/increase in deferred tax liability	(7,894)	6,866
(Decrease)/increase in retained earnings	(1,295)	–
Net cash inflow from operating activities	**191,706**	**154,378**

9. Cash Advance Facility

Under the Queensland Government's cash management regime, Government Owned Corporations (GOC's) advance all surplus cash to Queensland Treasury. Queensland Treasury pays interest on these advances at the Queensland Treasury Corporation (QTC) Cash Fund rate.

GOC access to the advances is generally subject to notification periods of 24 to 48 hours. Because of the short term nature of the advances, their carrying amount is assumed to represent fair value.

At 30 June 2019, the balance held in QTC Cash Advance Facility was $231,892,000 (2018: $179,222,000).

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

10. Trade and other receivables

Trade receivables are measured at amortised cost which approximates their fair value at reporting date. Trade receivables are unsecured, non-interest bearing, and are generally on terms of 30 to 90 days.

	2019 $'000	2018 $'000
Current		
Trade receivables	65,631	81,959
Less: provision for impairment	–	(226)
Less: allowance for expected credit losses (ECL)	(5,036)	–
	60,595	**81,733**
Accrued interest	438	322
Other receivables	11	6
Total	**61,044**	**82,061**
Non-current		
Trade receivables	**404**	**916**

	Impairment $'000	ECL $'000
Reconciliation of provision for impairment/Allowance for expected credit losses:		
At 30 June 2018	226	–
Opening balance adjustment on application of AASB 9[1]	(226)	1,060
At 1 July 2018	–	**1,060**
Provision for expected credit losses	–	3,976
Write-off	–	–
As at 30 June 2019	**-**	**5,036**

[1]Difference adjusted in retained earnings, refer to Note 2

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for impairment or allowance for estimated credit losses.

The major component of debtor exposure is to coal producers using the Port of Gladstone for the export of product. Coal producers are mostly major listed companies or their related companies and account for 71% (2018: 66%) 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 21(a) credit risk exposure for further information.

The Group measures the expected credit losses on trade and other debtors based on the credit risk rating (Standard & Poor's or equivalent as a proxy) of the counterparty. Loss rates are calculated separately for groupings of customers with similar loss patterns. The Group has determined there are three material groupings for measuring expected credit losses based on the bands of credit rating in i.e. from AAA to A-, BBB+ to B-, and unrated entities reflecting the different customer profiles for these bands.

The calculations reflect Standard & Poor's historical observed average cumulative global corporate default rates from 1981 to 2018. Actual credit losses over the 5 years preceding 30 June 2019 have been used to measure the expected credit losses where the counterparty is unrated.

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

10. Trade and other receivables (continued)

The historical default rates are then by adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For the Group, changes in the Coal Export Price Index and long-term forward coal price is determined to be the most relevant forward-looking indicator for both groups of receivables.

Set out below is the credit risk exposure on the department's trade and other debtors broken down by customer groupings and by aging band.

Credit risk rating analysis of trade debtor balances:

	Credit Risk		
30 June 2019	**AAA to A-**	**BBB to B-**	**Unrated**
Debtor balance[1] ($'000)	**19,553**	**13,914**	**26,787**
Expected credit losses (ECL) %	0.06%	0.81%	2.19%
ECL	**(11)**	**(113)**	**(587)**
Balance not impaired	**19,542**	**13,801**	**26,200**

[1]Debtor balance excludes debtors provided for

	Credit Risk		
1 July 2018 (On Transition to AASB 9)	**AAA to A-**	**BBB to B-**	**Unrated**
Debtor balance[1] ($'000)	**23,287**	**35,904**	**21,803**
Expected credit losses (ECL) %	0.05%	0.55%	2.78%
ECL	**(12)**	**(196)**	**(606)**
Balance not impaired	**23,275**	**35,708**	**21,197**

[1]Debtor balance excludes debtors provided for

The comparative disclosure for 2018 is made under AASB 139 impairment rules, where receivables are assessed individually for impairment.

Receivables fall into one of the following categories when assessing collectability:

- within terms and expected to be fully collectible
- within terms but impaired
- past due but not impaired
- past due and impaired.

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.

		Overdue			
2018	**Not due $'000**	**1 to 30 days $'000**	**31 to 60 days $'000**	**61 to 90 days $'000**	**Over 90 days $'000**
Debtor balance	81,348	290	95	100	1,370
Provision for impairment	(5)	(3)	–	(1)	(217)
Past due not impaired		**287**	**95**	**99**	**1,153**

11. Inventories

Inventories being spares held for use are valued at the lower of cost and net realisable value. Cost assigned to an inventory item is on the basis of weighted average costs. Inventories include spares used for the purpose maintaining assets. Upon use the spares are either expensed or capitalised subject to the nature of maintenance activities and whether such activities would meet the criteria for capitalisation under AASB 116 *Property, Plant and Equipment.*

	2019 $'000	**2018 $'000**
Inventories	11,681	12,436
Provision for obsolete stock	(111)	(60)
Total	**11,570**	**12,376**

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

12. Property, plant and equipment

(a) BALANCES AND RECONCILIATIONS OF CARRYING AMOUNT

2019	Land $'000	Buildings $'000	Channels, swing basins and berth pockets $'000	Commercial wharves $'000	Recreational and fishing wharves $'000	Roads and services (structural improvements) $'000	Plant $'000	Furniture and fittings $'000	Capital works in progress $'000	Total $'000
Categorisation of fair value hierarchy	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3		
Opening balance as at 1 July 2018	120,629	53,850	761,910	277,524	1,340	160,698	795,527	674	51,660	2,223,812
WIP additions	–	–	–	–	–	–	–	–	63,993	63,993
Transfers to/ from WIP	5,221	1,934	96	939	455	3,518	32,688	18	(44,869)	–
Disposals	–	(8)	–	–	–	(263)	(362)	–	–	(633)
Transfers (to)/ from asset categories	2,304	–	–	–	–	(2,304)	–	–	–	–
Transfers (to)/from investment properties	–	–	–	–	–	–	–	–	–	–
Depreciation	–	(2,223)	(8,534)	(9,258)	(108)	(7,207)	(62,951)	(114)	–	(90,395)
Revaluations	(8,953)	(6,207)	(30,719)	(32,741)	(279)	(18,390)	(98,233)	(13)	–	(195,535)
Carrying amount at 30 June 2019	**119,201**	**47,346**	**722,753**	**236,464**	**1,408**	**136,052**	**666,669**	**565**	**70,784**	**2,001,242**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

12. Property, plant and equipment (continued)

(a) BALANCES AND RECONCILIATIONS OF CARRYING AMOUNT (CONTINUED)

2018	Land $'000	Buildings $'000	Channels, swing basins and berth pockets $'000	Commercial wharves $'000	Recreational and fishing wharves $'000	Roads and services (structural improvements) $'000	Plant $'000	Furniture and fittings $'000	Capital works in progress $'000	Total $'000
Categorisation of fair value hierarchy	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3		
Opening balance as at 1 July 2017	114,591	43,783	728,839	216,123	334	145,601	663,843	402	84,326	1,997,842
WIP additions	–	–	–	–	–	–	–	–	37,026	37,026
Transfers to/ from WIP	4,970	3,535	–	7,705	–	7,735	45,411	336	(69,692)	–
Disposals	–	–	–	–	–	(6)	(84)	(22)	–	(112)
Transfers (to)/ from asset categories	43	(223)	(478)	17,747	737	(12,613)	(5,213)	–	–	–
Transfers (to)/from investment properties	(10,282)	–	–	–	–	–	–	–	–	(10,282)
Depreciation	–	(1,546)	(8,058)	(7,684)	(63)	(5,348)	(52,937)	(85)	–	(75,721)
Revaluations	11,307	8,301	41,607	43,633	332	25,329	144,507	43	–	275,059
Carrying amount at 30 June 2018	**120,629**	**53,850**	**761,910**	**277,524**	**1,340**	**160,698**	**795,527**	**674**	**51,660**	**2,223,812**

12. Property, plant and equipment (continued)

(a) BALANCES AND RECONCILIATIONS OF CARRYING AMOUNT (CONTINUED)

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

Initial recognition

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

An asset recognition threshold of 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 or Loss and Other Comprehensive Income as incurred.

Depreciation

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

Buildings	2.50% – 11.77%
Channels, swing basins and berth pockets	1.00%
Commercial wharves	2.22% – 20.00%
Recreational and fishing wharves	2.50% – 20.00%
Roads and services (structural improvements)	1.25% – 20.00%
Plant	1.00% – 33.33%
Furniture and fittings	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 or Loss and Other Comprehensive Income in the year the asset is de-recognised.

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

12. Property, plant and equipment (continued)

(b) CARRYING AMOUNTS IF ASSETS WERE MEASURED AT COST LESS ACCUMULATED DEPRECIATION

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

Current	2019 Net book value $'000	2018 Net book value $'000
Land	77,183	71,962
Buildings	41,017	40,674
Channels, swing basins and berth pockets	123,907	125,190
Commercial wharves	185,406	190,134
Recreational and fishing wharves	1,291	940
Roads and services (structural improvements)	132,091	133,985
Plant	550,128	559,033
Furniture and fittings	581	645
Capital works in progress	70,784	51,660
Total	**1,182,388**	**1,174,223**

(c) VALUATIONS

Measurement after recognition

Revaluation increments are credited to the asset revaluation reserve, net of tax, except to the extent that they reverse a revaluation decrement previously recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Revaluation decrements are recognised in profit or loss, except to the extent they offset a previous revaluation increment. In this case the decrement is recorded in the asset revaluation reserve. The accumulated depreciation is reversed to the revalued amounts.

As per AASB 13 *Fair Value Measurement*, quantitative information on significant unobservable inputs used in determining fair value is not disclosed. As at 30 June 2019, property plant and equipment is measured at level 3. The Group use an income based approach to determine fair value, with management establishing the appropriate inputs to the model. Management estimated the fair value of the Group's property, plant and equipment assets using an income approach based on a discounted cash flow (DCF) model.

All assets held at fair value are classified as level 3 on the fair value hierarchy. There were no transfers between the levels during the year.

Summary of key inputs and assumptions

The fair value of assets was obtained based upon projected revenue, capital and operating cash flows for the ten years ending 30 June 2029. Management judgement was applied to forecast future tonnages taking into account historical data where it exists. Management applied the following key assumptions:

- One unit of account is utilised as the three geographical areas of the company are intrinsically linked and product is interchanged where possible.
- Key inputs within the model relating to capital and operating expenditure are derived from known and future planned capital and operating works that are aligned to the delivery of GPC's core strategic goals, asset management strategies and future strategic plans as well as the incorporation of recurring expenditure required to maintain effective business operations in line with known and anticipated operating parameters and conditions.
- Future growth rates are determined through detailed review of future macro-economic factors, and guidance provided through the Reserve Bank of Australia growth rate assumptions, namely CPI.
- Revenue forecast is based upon contractual arrangements where they exist or historic tonnage throughput.
- A terminal value was calculated based upon the assumption that the cash flows in year ten will continue indefinitely into the future. A CPI rate of 2.5% (2018: 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.

12. Property, plant and equipment (continued)

(c) VALUATIONS (CONTINUED)

- The weighted average cost of capital (WACC) nominal, post-tax rate of 6.1% (2018: 6.7%) 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.

Sensitivity analysis was undertaken as follows:

Level 3 input	Fair Value output	Rate Used by Group
CPI rate +0.5 post tax	2,051,828	2,120,226
CPI rate -0.5 post tax	2,186,087	2,120,226
WACC rate +0.6 post tax	1,765,752	2,120,226
WACC rate -0.3 post tax	2,347,228	2,120,226
Terminal Growth Rate +0.5	2,428,413	2,120,226
Terminal Growth Rate -0.5	1,887,207	2,120,226
Expansionary Capital +5%	2,103,563	2,120,226
Expansionary Capital -5%	2,136,889	2,120,226

As required under AASB 116 *Property, Plant and Equipment*, Gladstone Ports Corporation has an obligation to revalue its non-current assets with sufficient regularity to ensure that the carrying amounts do not differ materially from those which would be determined using fair value at the end of the reporting period.

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

The reconciliation of revaluations across each item is shown below:

	Note	2019 $'000	2018 $'000
Valuation adjustment to Consolidated Statement of Financial Position			
Property, plant and equipment revaluations	12(a)	(195,535)	275,059
Investment property (revaluation decreases)	14	(2,130)	(16,223)
		(197,665)	**258,836**

	Note	2019 $'000	2018 $'000
Valuation adjustments to Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Statement of Profit or Loss			
Reversal of impairment		–	1,120
Revaluation decreases of non-current assets		(13,585)	-
Reversal of prior revaluation decreases of non-current assets – Statement of Profit or Loss		–	17,323
Revaluation decrease of investment properties		(2,130)	(15,417)
Other Comprehensive Income			
Revaluation of non-current assets		–	255,810
Reversal of prior year revaluation increases of non-current assets		(181,950)	-
Total		**(197,665)**	**258,836**

13. Intangible assets

Intangible assets of the Group comprise purchased software and internally developed software. Intangible assets with a historical cost or other value equal to or greater than $100,000 are recognised in the Consolidated Statement of Financial Position. Items with a lesser value are expensed. All intangible assets of the Group are amortised on a straight line basis over the intangible's useful life of between 3 and 15 years.

Reconciliation of the carrying amount for intangible assets at 30 June 2019:

	Gross $'000	Accumulated Amortisation $'000	Balance at 30 June $'000
Purchased Intangible assets	39,574	(19,357)	20,217
Internally generated intangible assets	18,400	(3,260)	15,140
Capital WIP	396	–	396
Total	**58,370**	**(22,617)**	**35,753**

Represented by movements in the carrying amount:

	Carrying amount at 1 July $'000	WIP additions $'000	Transfer (to)/from WIP $'000	Amortisation $'000	Disposals $'000	Carrying amount at 30 June $'000
Purchased Intangible assets	22,433	–	1,467	(3,683)	–	**20,217**
Internally generated intangible assets	12,603	–	4,215	(1,678)	–	**15,140**
Capital WIP	96	5,982	(5,682)	–	–	**396**
Total	**35,132**	**5,982**	**-**	**(5,361)**	**-**	**35,753**

Reconciliation of the carrying amount for intangible assets at 30 June 2018:

	Gross $'000	Accumulated Amortisation $'000	Balance at 30 June $'000
Purchased Intangible assets	39,220	(16,787)	22,433
Internally generated intangible assets	14,795	(2,192)	12,603
Capital WIP	96	–	96
Total	**54,111**	**(18,979)**	**35,132**

Represented by movements in the carrying amount:

	Carrying amount at 1 July $'000	WIP additions $'000	Transfer (to)/from WIP $'000	Amortisation $'000	Disposals $'000	Carrying amount at 30 June $'000
Purchased Intangible assets	23,108	–	3,112	(3,787)	–	**22,433**
Internally generated intangible assets	2,229	–	11,329	(955)	–	**12,603**
Capital WIP	443	14,094	(14,441)	–	–	**96**
Total	**25,780**	**14,094**	**-**	**(4,742)**	**-**	**35,132**

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

14. Investment properties

	Note	2019 $'000	2018 $'000
Opening balance		84,142	90,899
Additions		–	6
Transfers (to)/from property, plant and equipment	12(a)	–	10,282
Transfers (to)/from assets held for sale		–	(710)
Net loss from fair value adjustment	12(c)	(2,130)	(16,223)
Disposals		–	(112)
Closing balance		**82,012**	**84,142**

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 2019 year, the fair value has been determined based on independent valuations by AON Valuation Services as at 30 April 2019, in accordance with AASB 140 *Investment Properties*, which requires an annual review of fair value. The valuer has recent experience in the location and category of the investment property being valued. GPC is satisfied that these are materially correct as at 30 June 2019. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

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

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 or Loss and Other Comprehensive Income in the year of retirement or disposal.

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

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

	2019 $'000	2018 $'000
Rental income derived from investment properties	10,251	11,686
Direct operating expenses (including repairs and maintenance) generating rental income	(749)	(752)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(676)	(617)
Profits arising from investment properties carried at fair value	**8,826**	**10,317**

The group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance, and enhancements.

15. Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Due to the short-term nature of trade and other payables, their carrying value is assumed to approximate to their fair value. For more information on the Group's liquidity risk management process, refer to Note 21(c).

	2019 $'000	2018 $'000
Current		
Trade creditors	34,325	31,947
GST payable	1,665	4,773
Other	3,238	3,021
	39,228	**39,741**

16. Contract and other liabilities

Contract liabilities include long-term advances received on recoverable works contracts. The revenue received in advance relates to operating lease revenue on investment properties and revenue received in advance on recoverable works contracts.

	2019 $'000	2018 $'000
Current		
Revenue received in advance	19,085	16,167
Contract liabilities	569	–
	19,654	**16,167**
Non-current		
Revenue received in advance	**16,234**	**18,199**

17. Borrowings

	Note	2019 $'000	2018 $'000
Non-current			
Queensland Treasury Corporation loans	21(c)	776,817	776,855

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

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

Terms and Conditions

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

Interest rates

This loan is interest bearing with interest paid quarterly in arrears. The average interest rate for 2019 was 3.6% (2018: 3.7%).

Fair values

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

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

17. Borrowings (continued)

	2019		2018	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Queensland Treasury Corporation loans	776,817	849,346	776,855	806,236

The fair value represents the value of the debt if the Group repaid at that date. As it is the intention of the Group to hold the debt for its term, no provision is required to be made in these accounts.

18. Provisions

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

	2019 $'000	2018 $'000
Current		
Employee benefits	35,177	34,540
Dividends	73,820	61,945
Rehabilitation	10,470	10,511
Other	2,291	1,746
Total	**121,758**	**108,742**
Non-current		
Employee benefits	13,930	13,670
Rehabilitation	22,390	22,390
Total	**36,320**	**36,060**

Employee benefits

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

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

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

	2019 $'000	2018 $'000
Employee benefits obligation expected to be settled after twelve months	25,535	24,762
Total	**25,535**	**24,762**

18. Provisions (continued)

The non-current portion for this provision includes amounts accrued for long service leave entitlements and personal leave that have not yet vested in relation to those employees who have not yet completed the required period of service.

Liabilities for annual leave and long service leave are recognised for benefits accruing to employees when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities for annual leave and long service leave are recognised and measured as the amount unpaid at the reporting date at pay rates anticipated on settlement in respect of employees' services, including related on-costs. The provisions have been calculated using anticipated wage and salary rates including related on-costs and expected settlement dates based on usage patterns and is discounted using rates attaching to corporate bond rates at balance date which most closely match the terms of the maturity of the related liabilities. 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. These obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Dividend provision

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

Rehabilitation

A provision for rehabilitation is recognised in relation to the obligations or undertakings for the Group associated with contractual agreements executed under the Western Basin Environmental Management Funding Agreement and LNG Commercial Offsets and relate to extinguishing the obligations of the agreements. Some work was undertaken in 2019 with additional marine area works to be undertaken during 2020. The rehabilitation provisions are undiscounted.

The estimated cost and timing of future rehabilitation works can be impacted by potential deterioration of structures and factors that cannot be predicted until work commences, particularly in relation to water based structures. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

Provision movements

	Rehabilitation		Dividend		Other	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Current provision	10,470	10,511	73,820	61,945	2,291	1,746
Non-current provision	22,390	22,390	–	–	–	–
Closing balance of provision at 30 June	**32,860**	**32,901**	**73,820**	**61,945**	**2,291**	**1,746**
Opening balance of provision at 1 July	32,901	15,567	61,945	61,037	1,746	1,220
Additional provisions	–	18,014	73,820	61,945	698	651
Amounts used/paid	(41)	(680)	(61,945)	(61,037)	(153)	(125)
Closing balance of provision at 30 June	**32,860**	**32,901**	**73,820**	**61,945**	**2,291**	**1,746**

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

19. Equity

Issued Capital

	2019 No.	2018 No.
Authorised to issue – ordinary shares	1,000,000,000	1,000,000,000
Issued – ordinary shares fully paid	402,066,818	402,066,818

The shares have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Group.

Asset Revaluation Reserve

	Note	2019 $'000	2018 $'000
Opening balances at 1 July		560,465	381,411
Revaluation – gross	12 (c)	(181,950)	255,810
Deferred tax		54,585	(76,744)
Disposal of revalued assets		(641)	(12)
Balance as at 30 June		**432,459**	**560,465**

20. Dividends

Cash dividends on ordinary shares declared but not paid:

	2019 $'000	2018 $'000
Final dividend declared but not paid	73,820	61,945

Dividend calculations are based on 100% of net profit after an adjustment for revaluation increments/decrements. The effective comparable percentages are 2019 at 100% and 2018 at 100%. All dividends are unfranked. Dividends are declared after reporting date but before the financial statements are authorised for issue.

21. Financial risk management

GPC has exposure to credit risk, foreign currency risk, liquidity risk, interest rate risk and capital management risk from its use of financial instruments. The Group's financial instruments comprise receivables, payables, borrowings, cash and cash equivalents and cash advance facility. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting that reflects expectations of management of settlement of financial assets and liabilities.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group manages its exposure to key financial risks, in accordance with its financial policies. The objectives of the policies are to support the delivery of the Group's financial targets whilst protecting future financial security.

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

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow.

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

(a) CREDIT RISK EXPOSURE

Credit risk arises from the financial assets of the group, which comprise cash and cash equivalents, cash advance facility, and trade and other receivables. The Group is exposed to credit risk from the possibility of counterparties to cash and cash equivalents, cash advance facility, and trade and other receivables failing to perform their obligations. The balance of cash is disclosed in note 8 and the balance of the Cash Advance Facility is disclosed in note 9.

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

21. Financial risk management (continued)

(a) CREDIT RISK EXPOSURE (CONTINUED)

The Group does not hold any credit derivatives to offset its credit exposure. The level of exposure is disclosed in the Consolidated Statement of Financial Position and in Note 10 with the carrying amount stated net of any provision for expected credit losses.

(b) MARKET RISK

(i) Foreign currency risk

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

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 2019 and 30 June 2018 the Group did not have any exposure to foreign currency.

(ii) Price risk

As at 30 June 2019 and 30 June 2018 the Group did not have any significant exposure to price risk.

(iii) Interest rate risk exposure

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

As at 30 June 2019, the Group's financial assets and liabilities exposed to variable interest rate risk consisted of cash and cash equivalents, cash advance facility, interest bearing loans and liabilities only. The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Group constantly analyses its interest rate exposure where consideration is given to the mix of fixed and variable interest rates.

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

	Post-tax profit		Equity	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
+1% (100 basis points)	(661)	(625)	(661)	(625)
-1% (100 basis points)	713	674	713	674

(c) LIQUIDITY RISK

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

The Group has available a business card facility with a limit of $300,000 (2018: $250,000). Loan facilities shown in Note 17 are provided by Queensland Treasury Corporation. New borrowings are subject to an approved loan program with the sanction of the Treasurer of Queensland. The Group has access to a $30,000,000 (2018: $30,000,000) working capital facility provided through Queensland Treasury Corporation. This facility was not drawn upon during the financial year.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

21. Financial risk management (continued)

(c) LIQUIDITY RISK (CONTINUED)

Maturity analysis of financial liabilities based upon management's expectations

Year ended 30 June 2019	Note	< 1 year $'000	1 – 5 Years $'000	> 5 years $'000	Total $'000
Financial liabilities					
Trade and other payables	15	39,228	–	–	**39,228**
Interest bearing loans and borrowings	17	–	–	776,817	**776,817**
		39,228	**–**	**776,817**	**816,045**

Year ended 30 June 2018	Note	< 1 year $'000	1 – 5 Years $'000	> 5 years $'000	Total $'000
Financial liabilities					
Trade and other payables	15	39,741	–	–	**39,741**
Interest bearing loans and borrowings	17	–	–	776,855	**776,855**
		39,741	**–**	**776,855**	**816,596**

All trade payables and other financial liabilities originate from the ongoing operations of the Group.

(d) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

		Cash flows		Non-cash	
Year ended 30 June 2019	1 July 2018 $'000	Payments $'000	Receipts $'000	Other $'000	30 June 2019 $'000
Financial liabilities					
Interest bearing loans and borrowings	**776,855**	(38)	–	–	**776,817**
Dividend payable	**61,945**	(61,945)	–	73,820	**73,820**
	838,800	**(61,983)**	**–**	**73,820**	**850,637**

		Cash flows		Non-cash	
Year ended 30 June 2018	1 July 2017 $'000	Payments $'000	Receipts $'000	Other $'000	30 June 2018 $'000
Financial liabilities					
Interest bearing loans and borrowings	**778,834**	(1,979)	–	–	**776,855**
Dividend payable	**61,037**	(61,037)	–	61,945	**61,945**
	839,871	**(63,016)**	**–**	**61,945**	**838,800**

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

22. Capital management

RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern and maximise the return to shareholders whilst managing debt and equity balances. The Group will return a dividend for the 2019 financial year equal to $73.82M being 100% of adjusted profits after tax.

The Group will manage its capital structure to maintain an investment grade credit rating, consistent with its loan documentation with QTC. The capital structure of the Group consists of borrowings disclosed in Note 17 and equity comprising issued capital, reserves and retained earnings.

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit it financiers to immediately call on borrowings. There have been no breaches of the financial covenants of any borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2019 and 2018.

23. Commitments and contingencies

OPERATING LEASE COMMITMENTS – GROUP AS LESSOR

	2019 $'000	2018 $'000
Operating lease revenue		
Due not later than one year	10,876	9,200
Due later than one year and not later than five years	31,807	23,171
Due later than five years	72,711	63,836
Total	**115,394**	**96,207**

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:

	2019 $'000	2018 $'000
Due not later than one year	1,659	1,185
Due later than one year and not later than five years	1,633	525
Total	**3,292**	**1,710**

CAPITAL EXPENDITURE COMMITMENTS CONTRACTED BUT NOT PROVIDED FOR:

These commitments relate to expenditure on capital projects in progress

	2019 $'000	2018 $'000
Due not later than one year	33,512	13,997

CONTINGENT ASSETS AND LIABILITIES

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

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

24. 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:

	2019 $	2018 $
Remuneration	220,000	187,250

The estimated fee for 2019 is $200,000 (2018: $194,250).

25. Key management personnel disclosures

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

The Group's remuneration policy is based on a total employment cost (TEC) concept. The TEC concept ensures all benefits including salary, superannuation, motor vehicle, etc, are included in the remuneration package cost. Short-term benefits are disclosed as the gross salary package (excluding bonuses) and may be taken either as salary or salary sacrificed by the Director or employee. Leave balances paid on separation are included as a short-term benefit. Other benefits are listed as taxable fringe benefits amounts. These may include benefits that are available to all employees of the Group and are not specific to the listed roles. All disclosed items relate to amounts received by each senior executive incurred in the financial year during the period of their appointment.

All senior 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.

Short term employee expenses

This includes the following:

- Salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position;
- Non-monetary benefits consisting of provision of vehicle and telephone together with fringe benefits tax applicable to the benefit.

Long term employee expenses

This includes amounts expensed in respect of long service leave entitlements earned.

Post-employment expenses

This includes amounts expensed in respect of employer superannuation obligations.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

25. Key management personnel disclosures (continued)

Termination benefits

This includes payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements but including vested sick leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

In accordance with Ministerial guidelines details of Directors and the senior executives of the entity with the greatest authority in office at 30 June 2019 are as follows:

Directors	Last Date of Appointment	Date of Termination/ Resignation	Short Term Benefits $'000 Directors' Fees	Post-Employment Benefits $'000 Superannuation	Total $'000
Corones, P (Chairman)	1 October 2018	30 September 2021			
2019			72	7	79
2018			49	5	54
Davidson, G	12 October 2017	30 September 2020			
2019			50	5	55
2018			47	5	52
Cassidy, G	1 October 2018	30 September 2022			
2019			55	5	60
2018			54	5	59
Jamieson, P	1 October 2018	30 September 2022			
2019			54	5	59
2018			54	5	59
Corbett, M	15 December 2016	30 September 2019			
2019			56	5	61
2018			56	5	61
Butel, S	12 October 2017	30 September 2020			
2019			54	5	59
2018			33	3	36
Ward, A	1 October 2018	30 September 2021			
2019			36	3	39
2018			–	–	–
Zussino, L	1 October 2015	30 September 2018			
2019			28	3	31
2018			85	8	93
Reynolds, J	2 October 2014	30 September 2017			
2019			–	–	–
2018			17	2	19
TOTAL 2019			**405**	**38**	**443**
TOTAL 2018			**395**	**38**	**433**

25. Key management personnel disclosures (continued)

Specific Executives	Short-term employee benefits: Monetary Benefits $'000	Short-term employee benefits: Non-Monetary Benefits $'000	Long Term Employee Benefits $'000	Post-Employment Benefits $'000	Termination Benefits $'000	Total Benefits $'000
Walker, C **Chief Executive Officer (Acting)[1, 2]**						
2019	417	–	6	31	–	454
2018	236	–	5	22	–	263
O'Sullivan, P **Chief Executive Officer[3]**						
2019	483	13	9	62	–	567
2018	540	2	10	69	–	621
Cooney, J **Commercial General Manager[4]**						
2019	251	10	6	24	–	291
2018	–	–	–	–	–	–
Galt, M **Commercial General Manager[5]**						
2019	189	15	3	17	147	371
2018	276	26	9	49	–	360
Hayden, B **Asset Management and Project Services General Manager (Acting)[6]**						
2019	277	–	5	35	–	317
2018	85	–	2	11	–	98
Zimmerlie, D **Asset Management and Project Services General Manager (Acting)[7]**						
2019	262	–	7	24	–	293
2018	–	–	–	–	–	–
Brown, A **Asset Management and Project Services General Manager[8]**						
2019	33	7	–	4	13	57
2018	351	21	7	45	–	424
Winsor, R **People, Community and Sustainability General Manager**						
2019	256	24	5	32	–	317
2018	259	30	5	33	–	327
Melrose, G **Operations General Manager (Acting)[9]**						
2019	27	3	1	3	–	34
2018	–	–	–	–	–	–
Sherriff, J **Safety, Environment and Risk General Manager[10]**						
2019	–	–	–	–	–	–
2018	70	11	1	12	163	257
Carter, G **Port Planning and Development General Manager[11]**						
2019	–	–	–	–	–	–
2018	113	16	2	18	342	491
TOTAL 2019	**2,195**	**72**	**42**	**232**	**160**	**2,701**
TOTAL 2018	**1,930**	**106**	**41**	**259**	**505**	**2,841**

1 Appointed Acting 13 December 2018
2 No Acting Port Strategy and Development General Manager has been appointed whilst C Walker is acting as CEO
3 Terminated 20 May 2019 – no termination or separation benefits paid
4 Appointed 8 October 2018
5 Resigned 31 October 2018
6 Appointed Acting from 13 May 2019
7 Appointed Acting from 29 July 2018 to 31 May 2019
8 Resigned 27 July 2018
9 Appointed Acting from 13 May 2019
10 Resigned 30 September 2017
11 Resigned 3 November 2017

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

26. Related party transactions

(a) PARENT ENTITIES

The parent entity within the Group is Gladstone Ports Corporation Limited. The ultimate Australian controlling entity is the State of Queensland which at 30 June 2019 owned 100% (2018: 100%) of the issued ordinary shares of Gladstone Ports Corporation Limited.

(b) KEY MANAGEMENT PERSONNEL

(i) Shareholding Ministers – GPC's shareholding Ministers are identified as part of GPC's key management personnel. For the 2018-19 reporting period, these Ministers are, or were:

- the Honourable Jackie Trad MP, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships;
- the Honourable Mark Bailey MP, Minister for Transport and Main Roads.

(ii) Compensation – Shareholding Ministers

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The Group does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP (Key Management Personnel) of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements as from 2016-17, which are published as part of Queensland Treasury's Report on State Finances.

(c) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

Payments and commitments have been made to Sun-Coast Business Consultants, a trading entity of the Trustee for the Zussino Family Trust, which is related to the former Chairman of GPC, Leo Zussino. Payments and commitments were in consideration for the provision of interim CEO services to Gladstone Development Board (GDB) undertaken during 2018 and 2019 years. Payments this year totalled $53,352 (2018: $183,640) and represented services to 30 September 2018.

(d) INTERCOMPANY TRANSACTIONS

Balances between GPC and its subsidiary, which are related parties of GPC, have been eliminated on consolidation and are not disclosed in this note. Details of GPC's interest is disclosed in Note 4.

(e) GOVERNMENT-RELATED ENTITIES

The Group transacts with other State of Queensland controlled entities. All material transactions are negotiated on terms equivalent to those that prevail in arm's length transactions.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

26. Related party transactions (continued)

	2019 $'000	2018 $'000
Revenue		
Revenue from State of Queensland controlled entities	25,088	24,836
Interest received from QTC	5,094	3,088
Expenses		
Expenses incurred to State of Queensland controlled entities	25,430	24,707
Interest on QTC borrowings (includes administration fees)	28,545	31,398
Electricity payments to State of Queensland controlled entities	10,652	10,479
NTER, Payroll Tax, Land Tax, Rates equivalent and competitive neutrality fee paid to Queensland Treasury	48,639	47,495
Assets		
Advance facility held with QTC	231,892	179,222
Trade and other receivables from Queensland controlled entities	908	1,758
Liabilities		
Accrued interest and fees payable to QTC	7,127	7,165
Trade payables to State of Queensland controlled entities	164	–
Dividend and competitive neutrality fee payable to Queensland Treasury	75,763	63,950
Borrowings from QTC	776,817	776,855
Electricity payments to State of Queensland controlled entities	1,593	1,005

No provision for impairment of receivables was raised for any outstanding balances and no expense was recognised for bad or impaired debts due from State owned entities.

27. Number of employees

	2019 No.	2018 No.
Number of employees at year end (Full Time Equivalent)	719	728

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

28. Events occurring after reporting period

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

Director's **Declaration**

In the Directors' opinion:

a. the financial statements and notes set out on pages 55 to 106 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors

P Corones AM   Dated: 29 August 2019
Chairman

M Corbett   Dated: 29 August 2019
Director

Gladstone

Independent **Auditor's Report**

Queensland Audit Office
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INDEPENDENT AUDITOR'S REPORT

To the Members of Gladstone Ports Corporation Limited

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

a) gives a true and fair view of the group's financial position as at 30 June 2019, 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 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements including summaries of significant accounting policies and other explanatory information, and the directors' declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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*.

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

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Queensland Audit Office
Better public services

Valuation of property, plant and equipment—Note 12(c)

Key audit matter	How my audit addressed the key audit matter
Property, plant and equipment is reported at fair value and where applicable at cost. Approximately 96% of the property, plant and equipment was valued at fair value which was determined using the income-based valuation model. The key assumptions used in the valuation model included: • forecasting operating revenue • estimating future capital and operating costs • determining of terminal values • the discount rate applied to future cashflows.	My procedures included, but were not limited to: • Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices. • Checking, on a sample basis, the accuracy and relevance of the input data used, including reconciling input data to supporting evidence such as approved budgets. • Performing a sensitivity analysis to establish that management's assumptions for fair value including cash flows, terminal values, discount rates, expansionary capital expenditure and inflation adjustments are within a reasonable range of audit expectations for fair value. • Assessing the reasonableness of cash flow forecasts and terminal value estimates relative to board approved budgets, historical growth trends and other relevant internal and external evidence. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process. • Evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research. • Challenging the reasonableness of key assumptions based on my knowledge of the entity and industry. • Verifying the mathematical accuracy of net present value calculations.

Useful lives estimated for depreciation expense—Note 12(a)

Key audit matter	How my audit addressed the key audit matter
The straight-line depreciation method used requires significant judgements for: • Identifying the significant parts of assets that have different useful lives • Estimating the remaining useful lives of those significant parts.	My procedures included, but were not limited to: • Evaluating management's approach for identifying the parts of property, plant and equipment with different useful lives for reasonableness, having regard to recent replacement projects and changes in estimates over time. • Evaluating remaining useful life estimates for reasonableness with reference to historical disposal rates, condition assessments for older assets, internal consistency.

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Other information

Other information comprises the information included in the group's annual report for the year ended 30 June 2019 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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

From the matters communicated with the company's directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

original signed

29 August 2019

Vaughan Stemmett
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Glossary of terms

AMP	Asset Management Plans
AMS	Asset Management System
APLNG	Australia Pacific LNG
ASX	Australian Securities Exchange
B2B	Botanic to Bridge
BPT	Barney Point Terminal
CAT	Caterpillar
CEO	Chief Executive Officer
CIO	Cross Industry Operations
CIP	Community Investment Program
CQPA	Central Queensland Port Authority
CVIP	Clinton Vessel Interaction Project
EA	Environmental Authority
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amotisation
EIS	Environmental Impact Statement
EMS	Environmental Management System
ERMP	Ecosystem Research and Monitoring Program
FTE	Full Time Employee
GAPDL	Gladstone Area Promotion and Development Limited
GBR	Great Barrier Reef
GBRMPA	Great Barrier Reef Marine Park Authority
GBRWHA	Great Barrier Reef World Heritage Area
GLNG	Gladstone LNG
GMPS	Gladstone Marine Pilot Services Pty Ltd
GOC	Government Owned Corporation
GOC Act	*Government Owned Corporations Act 1993* (Qld)
GPC	Gladstone Ports Corporation

Glossary of terms

GWO	Gladstone WICET Operations Pty Ltd
Ha	Hectare
HRIS	Human Resources Information System
HV	High voltage
HVSPP	Heavy Vehicle Safety and Productivity Program
ILUA	Indigenous Land Use Agreement
Kt	Kilotonnes
LMDMP	Long-term Maintenance Dredging Management Plans
LNG	Liquefied Natural Gas
LTI	Lost Time Injuries
LTIFR	Lost Time Injuries Frequency Rate
Mt	Million tonnes
Mtpa	Million tonnes per annum
NPAT	Net Profit After Tax
PCCC	Port Curtis Coral Coast
PFAS	Per- and poly-fluoroalkyl substances
PPE	Personal Protective Equipment
QAL	Queensland Alumina Limited
QCLNG	Queensland Curtis LNG
QRC	Queensland Resources Council
RAP	Reconciliation Action Plan
RGTCT	RG Tanna Coal Terminal
SAMPS	Strategic Asset Management Plans
SCI	Statement of Corporate Intent
SSM	Sustainable Sediment Management
STL	Sugar Terminals Ltd
TIFR	Total Injury Frequency Rate
WICET	Wiggins Island Coal Export Terminal Pty Ltd

Gladstone Ports Corporation
Growth, Prosperity, Community.

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