Gladstone Ports Corporation

Growth, prosperity, community.

annual report 18/19

Contents

Indigenous acknowledgement

Gladstone Ports Corporation acknowledges Australia's Aboriginal and Torres Strait Islander communities and their rich cultures and pays respect to their Elders past, present and emerging. We acknowledge Aboriginal and Torres Strait Islander peoples as Australia's first peoples and as the Traditional Owners and custodians of the land and water on which we rely.

We acknowledge and pay respect to the First Nations people of the Gladstone, Rockhampton and Bundaberg regions — the Bailai, Gurang, Gooreng Gooreng, and Taribelang Bunda peoples.

We recognise and value the ongoing contribution of Aboriginal and Torres Strait Islander peoples and communities to Australian life and how this enriches us. We embrace the spirit of reconciliation, working towards equality of outcomes and ensuring an equal voice.

Tugs on Gladstone Harbour

Welcome to **our year in review**

About this report

Gladstone Ports Corporation (GPC) is a Government Owned Corporation under the *Government Owned Corporations Act 1993* (Qld) (GOC Act).

Our Annual Report summarises the operations, activities and performance of our three ports — Port of Gladstone, Port of Bundaberg and Port of Rockhampton — over the past year (2018/19) and our financial position as at 30 June 2019. This is communicated in a clear and transparent manner, while adhering to the legislative requirements of the GOC Act and the *Financial Accountability Act 2009* (Qld).

Our Annual Report reflects our sustainability journey and the progress we have made to ensure we are more economically, environmentally and socially sustainable, while safeguarding prosperity for our community, customers and shareholders. Our strong performance is possible due to the continual innovation and commitment to performance demonstrated by the entire organisation.

Our report is themed by our values of growth, prosperity and community.

Port **profile**

During 2018/19, we revised our corporate vision and mission, reinvigorated our corporate values and articulated eight principles to guide us. This strategic direction represents who we are and who we aspire to be. During 2019/20, we will embed this strategic direction in GPC through a range of communication and education initiatives.

Vision, mission, values

OUR VISION

To be Australia's premier multi-commodity port.

OUR MISSION

To responsibly manage, develop and facilitate the prosperity of others through operating our port facilities and services in an economically, environmentally and socially sustainable manner.

OUR VALUES

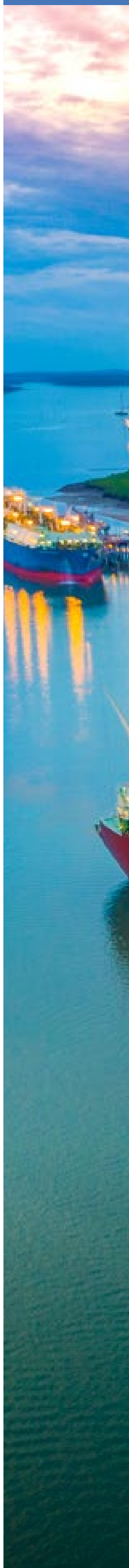
Growth: We are absolute in our resolve to make a difference. Better people and brighter prospects for future generations. We are not content to rest — we encourage high performance. Challenge with respect and courage in our endeavour to maximise our ports' contribution. We will always find a way.

Prosperity: We are focused on facilitating prosperity for others that trade through our ports. Through our efforts, our customers, shareholders and ourselves will benefit. We will not take for granted what has been created, we will not let it slip, we are united in maximising the region's prosperity. We are proud people.

Community: We are family. We look out for each other. We are respectful neighbours and contribute to our region. We treat our visitors and customers like we do ourselves. We empower people and avoid harm. We demonstrate humility and strive for our communities' implicit trust. We acknowledge all communities.

Our guiding principles

- We **support** our customers and shareholders and meet their needs.
- We will ensure **efficient and effective port services** across our three port precincts.
- We will focus on the **future**.
- We operate with **respect, humility, accountability and transparency**.
- We **sustain** our environments.
- We **ensure the safety** of all employees, contractors and the community.
- We **support and enhance** our community.
- We **empower** our workforce to **innovate** and **improve**.



Australia's premier multi-commodity ports corporation, positioning Queensland for a strong future.

Tanker at Gladstone Liquefied Natural Gas (GLNG) wharf, Port of Gladstone

GPC is Australia's premier multi-commodity ports corporation.

In 2018/19 our 734 employees focused on promoting, facilitating and developing prosperity for the Central Queensland and Wide Bay Burnett regions.

Our portfolio of assets across three regional locations facilitated record trade import and export of raw and finished products from major industries safely and efficiently.

Our ports in Gladstone, Bundaberg and Rockhampton play a distinctive and vital role in facilitating trade, jobs and prosperity for Queensland.

With our deepwater harbour in Gladstone, unique three port footprint, significant landholdings and proximity to Asia we are positioning Queensland for a strong future.

This is demonstrated by our record throughput in 2018/19, with 124.8 million tonne (Mt) handled.

MORE THAN A PORT

In combination with handling cargo, our core business includes providing and maintaining vital shipping channels and essential port services such as pilotage, towage, quarantine and waste. We provide community parklands, manage port road infrastructure and control strategic port land.

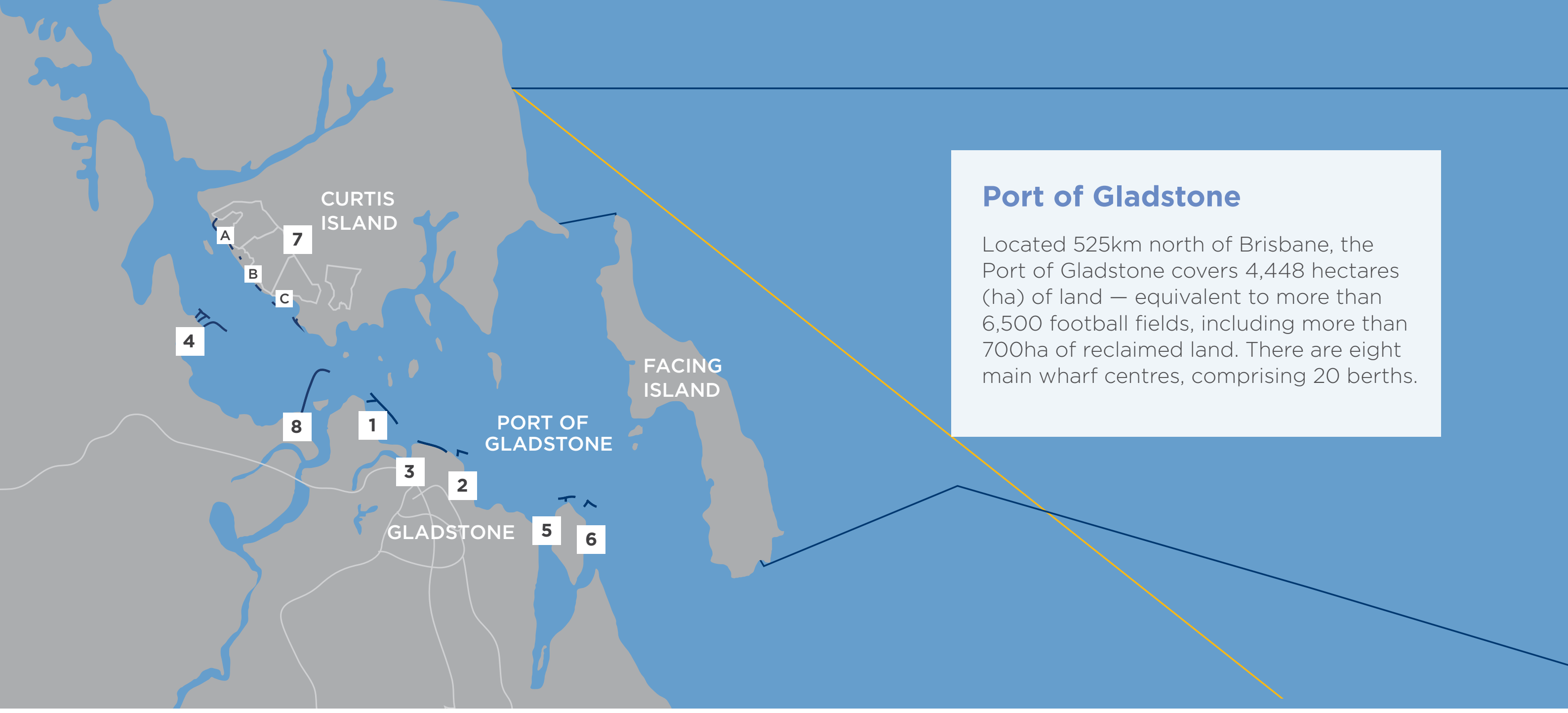
124.02Mt
PORT OF GLADSTONE

548.28kt
PORT OF BUNDABERG

222.23kt
PORT OF ROCKHAMPTON

GPC is unique among Australian ports' as we are both a landlord port authority and own and operate cargo-handling facilities within the Port of Gladstone.

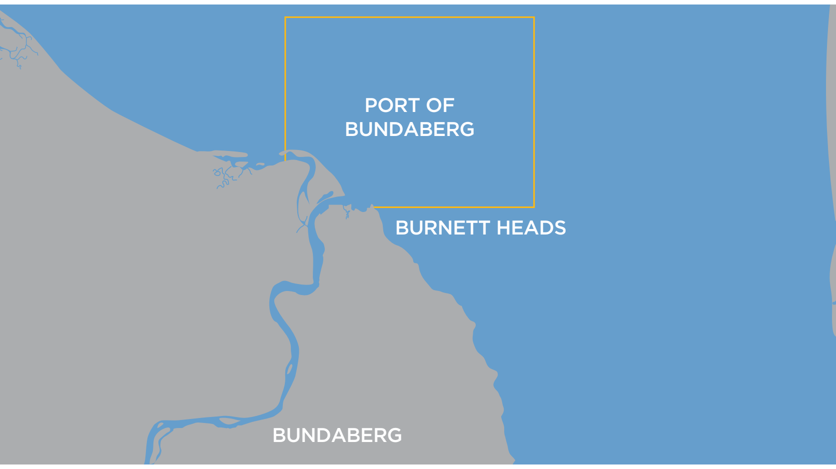
Cape size coal ship at RGTCT Wharf, Port of Gladstone

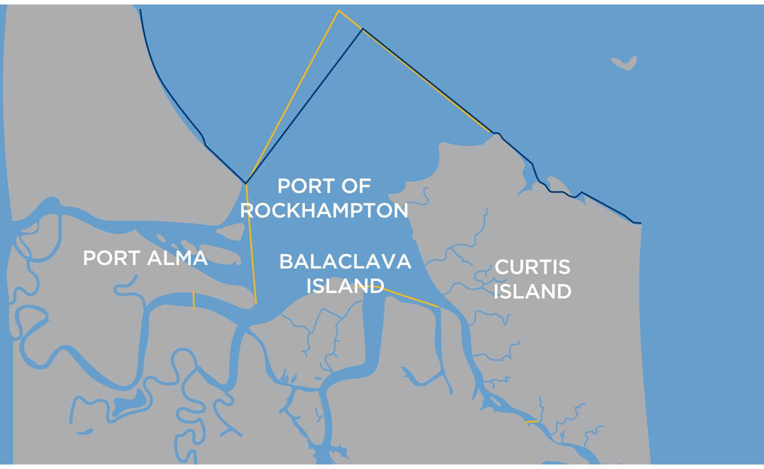


Port of Gladstone

Located 525km north of Brisbane, the Port of Gladstone covers 4,448 hectares (ha) of land — equivalent to more than 6,500 football fields, including more than 700ha of reclaimed land. There are eight main wharf centres, comprising 20 berths.

1. **RG Tanna Coal Terminal (RGTCT) —** four berths GPC owned and operated.
2. **Barney Point Terminal (BPT) —** one berth GPC owned and operated.
3. **Auckland Point Terminal —** four berths GPC owned and operated by others.
4. **Fisherman's Landing —** four berths operated by multiple companies.
5. **South Trees —** two berths operated by Queensland Aluminium Limited (QAL).
6. **Boyne Wharf —** one berth owned by GPC and operated by Boyne Smelters Limited (BSL).
7. **Curtis Island LNG Precinct —** three berths, separately owned and operated by three Liquefied Natural Gas (LNG) companies:
   a) Australia Pacific LNG (APLNG)
   b) Queensland Curtis LNG (QCLNG)
   c) Gladstone LNG (GLNG).
8. **Wiggins Island Coal Terminal —** one berth operated by Wiggins Island Coal Export Terminal Pty Ltd (WICET).





Port of Bundaberg

Located 184km south of Gladstone and 377km north of Brisbane, the Port of Bundaberg covers 507ha of land and comprises two wharves.

Sir Thomas Hiley Wharf — owned and operated by Sugar Terminals Ltd (STL), handles sugar, gypsum, wood pellets, bulk liquids, molasses and silica sand.

John T. Fisher Wharf — handles molasses imports.

Port of Rockhampton

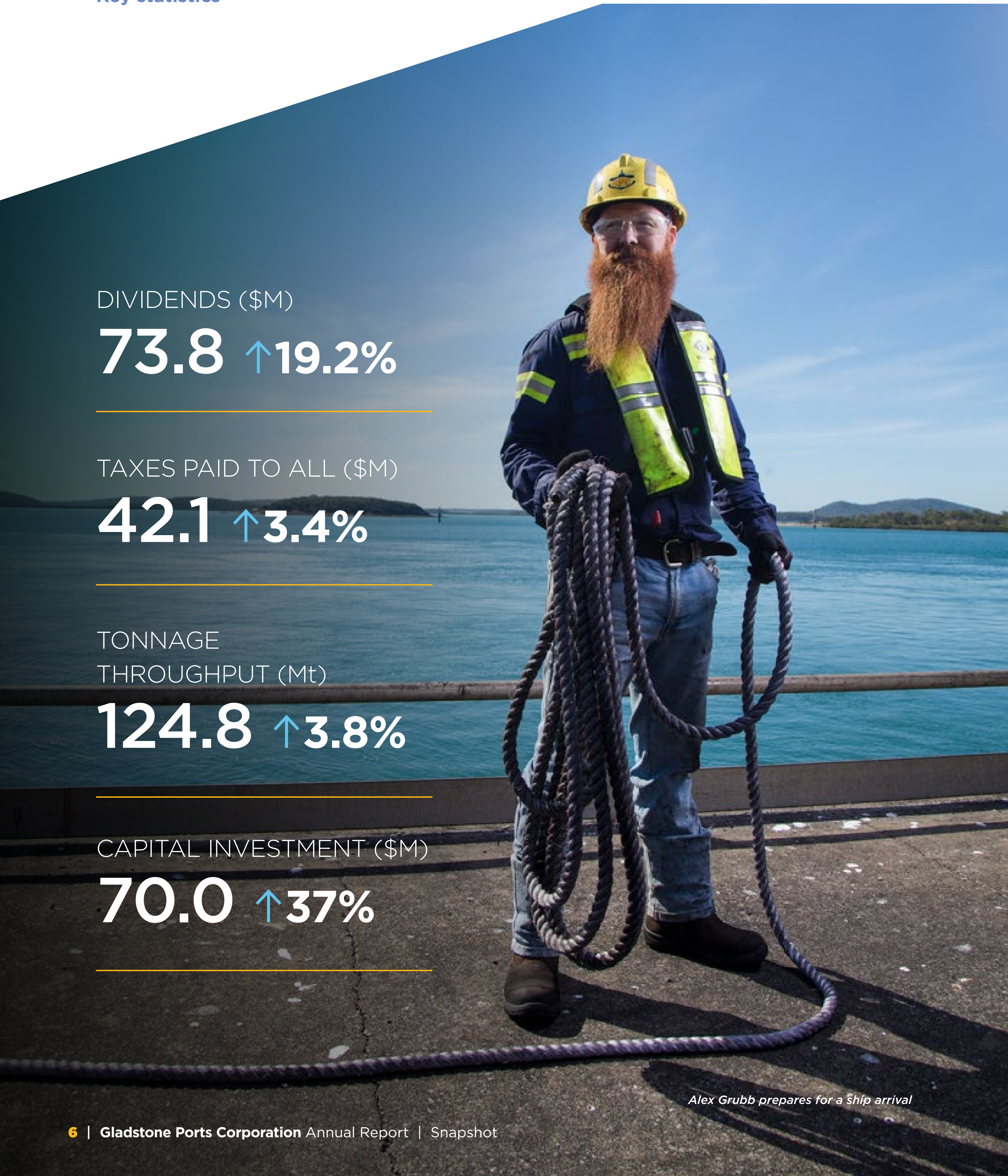
Located 62km south-east of Rockhampton, 597km north of Brisbane and within the Fitzroy River Delta, the Port of Rockhampton covers 5,812ha of land. It comprises two wharf facilities.

Berths 1 and 2 — suitable for general cargo operations.

Berth 3 — dedicated to tallow, fuel and other cargoes.

Key: Port Limits | Great Barrier Reef Marina Park Authority (GBRMPA) limits

Key statistics



DIVIDENDS ($M)

73.8 ↑19.2%

TAXES PAID TO ALL ($M)

42.1 ↑3.4%

TONNAGE THROUGHPUT (Mt)

124.8 ↑3.8%

CAPITAL INVESTMENT ($M)

70.0 ↑37%

Alex Grubb prepares for a ship arrival

Annual report snapshot

PERFORMANCE SNAPSHOT

Table 1: Two-year performance

Indicators	2017/18	2018/19	% Change 2017/18 to 2018/19	Target	% Variance actual to target
Tonnage throughput (Mt)	120.2	124.8	3.8	128.0	(2.5)
Lost Time Injury Frequency Rate (LTIFR)	0.8	0.8	0.8	0	N/A
Total number of injuries	55	39	(29.09)	0	N/A
Environmental exceedances	2	3	50	<15	N/A
Total revenue ($M)	483.1	476.1	(1.5)	458.0	4.0
Earnings Before Interest and Tax (EBIT) ($M)	129.0	126.0	(2.3%)	132.9	(5.2%)
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) ($M)	208.3	221.8	6.46%	220.5	0.57%
Total assets ($M)	2,666.0	2,482.2	(6.9)	2,407.1	3.1
Return on assets (%)	5.1	5.1	0	5.5	(7.3)
Capital investment ($M)	51.1	70.0	37	121.8	(42.5)
Dividends ($M)	61.9	73.8	19.2%	66.1	11.6%
Taxes paid to all	40.7	42.1	3.4	39.9	5.5

Summary of Statement of Corporate Intent

GPC's Statement of Corporate Intent (SCI) is underpinned by strategic risks and opportunities that set our priorities and guide our responses. These key strategic priorities align priorities with responses through a hierarchy of programs, projects and measures underpinning assurance and governance.

We have set a path towards a high-performance culture that will ensure growth, deliver prosperity and support the communities in which we operate.

The sustainable ports mindset drives everything we do. Our strategy is anchored by strategic pillars of economic, environmental and social sustainability.

2018/19 major initiatives

Business

Increase efficiencies across the coal transport chain through a focus on effective and efficient use of key water space utilisation and services.	Ongoing
Work with supply chain partners to ensure optimisation and maximisation of the Port of Gladstone.	Ongoing
Successfully secure a new Exclusive Towage Licence for the Port of Gladstone.	Completed
Finalise strategic development, marketing and business plans for GPC's port precincts.	Completed
Undertake Clinton Channel widening works.	On target
Engage with Local, State and Federal Governments to advance the Port Access Road Stage 2 project in Gladstone.	On target

Environment

Maintain an ISO 14001-2015 Environmental Standard accreditation.	Completed
Develop a Sustainability Strategy that is embedded in the workplace.	Completed
Advance discussions with the State and Federal Governments relating to future capital dredging in the Port of Gladstone.	Ongoing
Finalise the Environmental Impact Statement process for the development of outer channels (Gatcombe and Golding).	Ongoing
Progress key environmental improvement projects for wharf spillage, dust management and stormwater management.	On target

Key: Completed, On target, Commenced, Ongoing, Delayed, Not completed

People

Maintain an AS 4801 accredited Safety Management System.	
Transform GPC's safety culture to ensure the ongoing health, safety and wellbeing of employees and the subsequent improvement in safety performance.	
Foster new and reinvigorated leaders by re-initiating the Internal Leadership Development Program.	

Community

Advance East Shores Stage 1B and Auckland Point cruise ship interface design and construction works.	
Devise and implement an educational program focusing on the promotion of the Port of Gladstone as a world class commercial harbour and sustainable fishing and crabbing harbour.	
Deliver strong support and leadership to the community through the implementation of major community initiatives such as the Botanic to Bridge (B2B) event and GPC's Community Investment Program.	
Successfully execute GPC's Indigenous Land Use Agreement (ILUA) and Reconciliation Action Plan (RAP) to ensure the continuation of sustainable contributions to the local Indigenous communities.	

Finance

Maintain a minimum investment grade credit rating.	
Continue to review costs to ensure appropriate returns are achieved.	
Minimise borrowings for new capital investment for growth assets.	
Achieve after tax profit of $66.1 million. *$61.2 million achieved	...
Provide a dividend of $66.1 million. *A dividend of $73.8 million provided to the state, a $7.7 million increase on forecast	
Achieve 5.5% EBIT return on assets. *5.1% achieved	...

Governance

Develop a Corporate Governance Framework.	
Develop a Risk Management Capability Program.	
Finalise and implement a 'whole of life' asset management policy.	

2019/20 Strategic Priorities

Overview of Strategic Priorities

Strategic Priority		Description
1	Zero Harm	The safety and wellbeing of our employees, contractors and community takes priority over every other matter.
2	Performance and Principles Focused Culture	Empower our people to do their jobs within a high performance, safe, principles-focused and pride-based culture.
3	Customer Experience	Continue to strengthen and build relations with customers through proactive anticipation and response to their needs.
4	Port Waterways Management — Harbours and Channels	Protect, preserve and promote the inherent value of our ports' harbours and channels.
5	Sustainability	Steward the pathway to a sustainable future across our business, our environment, our community, our people.
6	Economic Development	Facilitate opportunities to develop and expand commercially sustainable trade, optimise prosperity and deliver increasing financial returns for the region and State.
7	Systems	Enterprise systems and processes are integrated and standardised toward 'One Port — One Team'.
8	Intergenerational Planning	Embed planning for the long-term into all that we do.

Fiona Horner and Emma Rouse on RGTCT wharf, Port of Gladstone

Strategic Programs

Deliverables for 2019/20

Zero Harm

Design and embed safety through the Safety Management Framework.

Adopt high performance and accountability focus for GPC workforce.

Develop an environmental offset strategy and portfolio.

Implement the Corporate Governance Framework.

Implement a revised Enterprise Risk Management Framework.

Performance and Principles-Focused Culture

Corporate leadership development program — high performance focus.

Enterprise agreement (EA20) planned and commenced.

Customer Experience

Lead and facilitate effective supply chain relationships and improvement initiatives work beyond the port boundaries.

Customer experience and engagement having deliberate ownership in the Corporation.

Port Waterways Management — Harbours and Channels

Introduce port-wide vetting for all commercial shipping.

Establish an integrated Port Management Information System (PMIS) for all three port precincts.

Successful completion of the Gatcombe Golding Channel Duplication Environmental Impact Statement .

Deliver the Clinton Vessel Interaction Project (CVIP).

Successfully map a path for establishment of Targinnie Channel dredging.

Sustainability

Adopt GPC Sustainability Strategy 'Pathway to a Sustainable Future' consistent with the United Nations 17 Sustainable Development Goals.

East Shores Stage 1B and Masterplan for future stages.

Economic Development

Adaptation program for alternate trades integrated into development plans, aligned to published Port Precinct Development Plans.

Lead a regional economic coordination and marketing function beyond just the port, with full stakeholder support.

Port of Gladstone's Land Use Plan.

Auckland Point Cruise Terminal and East Shores precinct infrastructure to promote tourism in the region.

Finalise Cargo Handling and Port Services Agreements for Coal Trade.

Implement a Sustainable Finance Management Strategy.

Systems

Enhance the capabilities of existing enterprise platforms within the business through targeted, strategic Information Systems (IS) projects.

Successful delivery of Human Resources Information System (HRIS).

Finalise scope and program priorities for IS projects in response to cyber security risks.

Intergenerational Planning

Alignment and support from Federal and State governments for Development Precinct plans.

Publish the 50 Year Strategic Plan.

Develop and implement an Asset Management System (AMS) aligned to ISO 55000.

Board's **review**

A message from the Chair

Gladstone Ports Corporation (GPC) has delivered an outstanding year though the ports of Gladstone, Bundaberg and Rockhampton in 2018/19.

GPC achieved a record annual throughput of 124.8 million tonnes (Mt) of trade across its three port precincts in Gladstone, Bundaberg and Rockhampton.

Last year we forecasted a dividend return to the State Government of $66.1 million. This was surpassed, with a dividend contribution of $73.8m in 2018/19.

These results are great news for Queenslanders in terms of jobs, economic growth and international trade.

We are very pleased Queenslanders will benefit from yet another strong dividend, which helps pay for much-needed infrastructure and frontline services across the State.

GPC's vision is to be Australia's leading multi-commodity port, striving towards a high performance enterprise, developing and facilitating the prosperity of others through operating our port facilities and services in an economically, environmentally and socially sustainable manner. These three pillars underpin our Corporate Plan 2019 — 2024 as we drive for excellence in all areas of our operations.

Ports operate in a dynamic, ever-changing market, both domestically and globally and success and sustainability are determined by how we anticipate and respond to challenges, opportunities and trends.

During the year, GPC updated the Port of Gladstone's 50 Year Strategic Plan and progressed long-term plans for the ports of Bundaberg and Rockhampton. These strategic plans outline GPC's strategic planning priorities and goals for the next 50 years.

The Port of Gladstone is Queensland's largest multi-commodity port, handling over 30 different products. The communities of Central Queensland and Wide Bay depend on many of these products to sustain their way of life.

The total revenue for GPC during the year was $476m, which equates to an hourly rate of $54,000.

GPC is committed to working in partnership with Government, customers, industry, and community to enhance the economic and social prosperity of the regions in which we operate.

GPC continues to investigate new major industry and trade opportunities to help grow jobs in our regions and trade through our ports.

One example of the new opportunities for increasing trade at the port has come through the Queensland Government's $19m commitment to support the development of hydrogen export facilities in Gladstone, as it seeks to make the State a major export hub for global gas supplies.

Gladstone is well placed to take advantage of significant growth in demand for hydrogen, driven by investments made by Japan and South Korea in new technologies including hydrogen-fuelled vehicles.

During the year, GPC appreciated the Queensland Government's efforts in involving it and Gladstone Regional Council in the preparation of the Port of Gladstone Master Plan.

Gladstone Port was identified as one of the state's four priority ports under the *Sustainable Ports Development Act 2015*. The new Master Plan, designed to ensure the long-term growth of the Port of Gladstone and protect the Great Barrier Reef, is being hailed as an Australian first.

Other examples of the many ways in which GPC works collaboratively with Government, its agencies and industries can be found throughout this report.

GPC has also continued to focus on the health and safety of its people as our highest priority and we have made substantial progress in this important aspect of our business through a number of targeted initiatives.

GPC understands the relationships it develops with its external stakeholders are critical to the success and sustainability of our ports. Prosperity for our community, our customers, and our shareholders is paramount to GPC.

Throughout the year, we continued to engage with our customers, service providers and the community to build trust and a shared understanding of priorities enabling us to address issues and provide support.

GPC has also continued to focus on the health and safety of its people as our highest priority and we have made substantial progress in this important aspect of our business through a number of targeted initiatives.

Throughout the year there was also a significant level of engagement across the organisation as our employees play a vital role in ensuring we meet our business objectives.

As well as drawing on the existing depth of talent and experience within GPC, we added new skills in a diverse range of areas including management, trade, technical and administrative positions. We also developed and launched our new leadership development framework, which focuses on empowering our newest and youngest leaders.

I was privileged to be appointed to the role of Chair this year following my previous role as a Director.

Adding to the Board's depth of knowledge and experience, Gladstone businesswoman Adrienne Ward also joined the GPC Board.

Peta Jamieson and Grant Cassidy OAM were reappointed to the Board.

In my new role as Chair it is an honour to work with Directors with such a diverse range of talent, skills and experience that will ensure the effective governance of GPC in achieving its strategic goals and direction.

On behalf of the Board, I would like to take this opportunity to thank our customers and the communities of Gladstone, Bundaberg and Rockhampton for their valued ongoing support.

We also recognise and congratulate Acting Chief Executive Officer Craig Walker and his executive team and staff for their determination, commitment and innovation to deliver another outstanding result this year. They have driven the organisation in its pursuit of economic prosperity for the regions in which we operate.

We would like to acknowledge our shareholding Ministers, the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, Hon. Jackie Trad MP and the Minister for Transport and Main Roads, Hon. Mark Bailey MP and their staff for their ongoing support of GPC during the 2018/19 financial year.

I would also like to thank Transport and Main Roads and Treasury departmental executive teams and their staff for their support. The Board and Executive at GPC are committed to engagement with these arms of government.

We look forward with excitement to the next 12 months as we continue to build for the future. Our focus is on ensuring the sustainability of our operations, supporting regional prosperity, and delivering value for our shareholders, who are ultimately the people of Queensland.

original signed

Peter Corones AM,
Chair

Acting CEO's review

I am pleased to report Gladstone Ports Corporation (GPC) delivered a record throughput for the year.

In addition to GPC handling 124.8 million tonnes (Mt) of trade across our three ports, our financial performance was the best on record demonstrating the strength of our operations.

Our financial performance was the best on record, demonstrating the strength of our operations. GPC achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of $221.8 million, which was a 6.5 per cent increase on the previous year.

The contribution to the Government in taxes and dividends was $115.9m, demonstrating the significant contribution of GPC's ports to the State and the people of Queensland.

It was a year in which we delivered on our commitment to develop and expand new trade sectors and advanced our plans to build the capacity, competitiveness and sustainability of our ports.

The Port of Gladstone achieved a 5Mt increase in coal exports driven by improved efficiencies and growing demand from overseas customers.

Record throughput was also achieved for Liquefied Natural Gas (LNG) exports of 21.5Mt and containerised cargo (doubled from 2018), assisted by a new fortnightly container ship service. We look forward to continuing to develop this opportunity into the future.

At the Port of Bundaberg, we worked to increase green fuel trade with a planned 170 per cent increase in wood pellet exports from the middle of next year.

New agricultural trade was also delivered to world markets and Rockhampton's Port Alma became one of the fastest growing cattle export ports in Australia during the year.

Our financial performance was the best on record, demonstrating the strength of our operations.

GPC's record throughput was achieved with 1,941 safe vessel movements across the ports of Gladstone, Bundaberg and Rockhampton.

Harbour towage providers also play a critically important role in safely and efficiently handling vessels within the Port of Gladstone. In 2018/19, GPC awarded the port's exclusive towage licence to provider Smit Lamnalco.

Significant planning work continued on major strategic projects to increase the flexibility, capacity and efficiency of the Port of Gladstone. These included:

- the Environmental Impact Statement (EIS) for the Gatcombe and Golding Cutting Channel Duplication Project
- the Clinton Vessel Interaction Project (CVIP)
- increasing the berthing capacity of the Auckland Point 1 and 2 Berths
- the approval mapping for deepening of the Targinnie Channel
- the Port Access Road — Stage 2.

There has been a strong focus on improving our robust environment management systems to not just meet, but exceed our obligations to protect the environment.

Our plans to activate the waterfront between the Port of Gladstone and the City Centre to stimulate tourism opportunities and amenity for the community were advanced during the year with construction contracts awarded for the second stage of the award-winning East Shores precinct. The project includes a cruise passenger terminal, waterfront café, amphitheatre and parklands.

Improving safety in the workplace and the safety of our staff, port community, service providers, contractors and visitors remains our highest priority. We reported a Lost Time Injury Frequency Rate (LTIFR) of 0.82, with a decrease in total injuries during the year. In our pursuit of zero harm, our 'Switched On' values-based safety program and COMPASS initiative, aimed at enhancing leadership, culture and overall safety performance, were embedded at GPC.

There has been a strong focus on improving our robust environment management systems to not just meet, but exceed our obligations to protect the environment. A number of key environmental initiatives undertaken by GPC in 2018/19 included the advancement of a wharf capture system improvement project aimed at reducing the risk of overflow events and uncontrolled releases, and a stormwater management system to ensure its effective collection and treatment.

GPC was also delighted our Indigenous Land Use Agreement (ILUA) program achieved international recognition as a runner-up in the Governance and Ethics category of the 2019 IAPH World Ports Sustainability Awards.

In conclusion, I wish to thank our Chair Peter Corones AM and Directors of the Board for their guidance and strategic contribution during what has been a busy and successful year.

My thanks goes to all of GPC's employees for the part they have played in a successful year in going about their day-to-day operations, undertaking long-term strategic planning and their commitment to the communities where we live and operate.

I would also like to extend thanks to our customers and our communities in Gladstone, Bundaberg and Rockhampton for their ongoing support.

In the coming year, we will further strengthen our position as Australia's premier multi-commodity port.

We understand the important role we play as the gateway for Australian trade, jobs and prosperity — we are cognisant that one in four jobs in regional Queensland relies on trade.

We are confident our strategy of commodity diversification and leveraging our competitive advantages — deep water harbour, landholdings and proximity to Asia — will enable Queensland to take full advantage of the unprecedented opportunity which lies ahead. We will go about this safely, prudently and efficiently.

original signed

Craig Walker,
Acting CEO

Growth

Trade breakdown

GPC is cementing its position as a premier multi-commodity ports corporation. We celebrated another record year of trade performance in 2018/19 with all three GPC ports contributing to a 124.8 million tonnes (Mt) throughput; an increase of 3 per cent since last financial year (120.2Mt).

Coal continued to dominate trade at the Port of Gladstone, with a throughput of 72.3Mt loaded across RG Tanna Coal Terminal (RGCT) and Wiggins Island Coal Terminal (WICET) — a 5Mt increase in exports. The liquefied natural gas (LNG) industry also contributed a record 21.5Mt of renewable energy to GPC's overall throughput.

Cement, alumina and containers showed a stable increase throughout the year. Other products handled across the port included petroleum, grain and logs.

The Port of Bundaberg recorded a total throughput of 548.2 kilotonne (kt) during 2018/19. Sugar and gypsum showed significant growth and contributed to 424.1kt of the total trade throughput, while molasses exports showed an incredible 127 per cent increase in trade since the 2017/18 financial year.

The Port of Rockhampton recorded 222.2kt of product during 2018/19. Ammonium nitrate remained the strongest commodity with a total of 167.9kt import and export. Other products handled at the precinct included tallow, explosives and general cargo.

Key commodities

GPC's dominance in key trade sectors and the growing diversity of our commodity mix were demonstrated this year.

COAL

In 2018/19, the coal industry experienced record growth, accounting for 58 per cent GPC's total throughput, with total exports of 72.3Mt, a 5Mt increase to 2017/18.

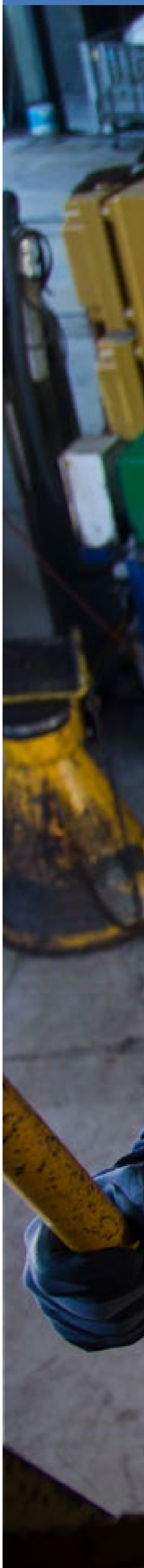
Throughput volumes increased as a result of the recommencement of existing mines and improved supply chain performance across the Central Queensland Coal Network.

For the first time, India became the Port of Gladstone's major destination for exports surpassing Japan, which has traditionally been the major destination.

GPC remains positive that demand for metallurgical coal will remain stable with coal tonnage throughput for 2019/20, anticipated to be approximately 73.9Mt.

LNG EXPORTS

Gladstone remains on track to become one of the world's largest LNG ports, as the three Curtis Island plants continue to increase production. LNG exports totalled a record 21.5Mt in 2018/19, exceeding GPC's forecast trade for LNG this financial year. GPC anticipates shipping for 2019/20 to remain consistent.



Our 2018/19 results are great news for Queensland — in terms of jobs, economic growth, and international trade.

Jayden Kiss undertaking maintenance works on one of GPC's dozers

BULK LIQUIDS (OTHER THAN LNG)

Bulk liquid products handled during in 2018/19 included petroleum (bunker fuel and diesel), liquefied petroleum gas, liquid ammonia, caustic soda, sulphuric acid and tallow.

Liquid ammonia imports increased by 42.1 per cent in 2018/19 to 2.3Mt, while liquefied petroleum gas and petroleum showed promising growth. Tallow declined moderately over the 12-month period to 22.1kt and Sulphuric Acid remained steady at 33.3kt.

GPC anticipates wet bulk commodities throughput will remain static during 2019/20.

DRY BULK (OTHER THAN COAL)

Aluminum, alumina, bauxite, calcite, cement, grain, sugar, petroleum coke, salt, fly ash, gypsum, magnesia, limestone, silica sand, wood pallets and woodchip are among the dry bulk products handled across GPC's three port precincts during 2018/19.

Chickpea exports decreased to 19.7kt during 2018/19, down 85.3 per cent compared to 2017/18, while wheat remained steady. Sorghum exportation also recommenced this financial year with a total of 27.4kt.

Alumina trade throughput for 2018/19 remained stable with a slight increase in trade to 5.67Mt compared to last year's 5.63Mt

17Kt of calcite was exported, a 6 per cent decrease compared to the previous year. Cement clinker handled at Fisherman's Landing increased by 15.9 per cent to 56.4kt, while bauxite throughput fell by 7.2 per cent.

GENERAL CARGO

General cargo product handled by GPC included explosives, scrap metal, heavy equipment, machinery, forestry products and breakbulk (bagged products).

Breakbulk Ammonia Nitrate saw an increase of 23.2 per cent in trade throughput this financial year to 167.9kt.

Scrap metal exports had a significant increase from 29.7kt to 74.5kt, log exports decreased slightly by 14 per cent.

GPC anticipates general cargo trade will increase in the coming financial year as potential new trade links are developed.

CONTAINER TRADE

GPC's commitment to diversifying its business was demonstrated with a new fortnightly container service to the Port of Gladstone in 2018/19. This new service delivered a significant 48 per cent increase in container throughput, further cementing its position as a premier multi-commodity port.

The Port of Gladstone and Rockhampton together handled 7,153 containers in 2018/19.

GPC anticipates these figures will continue to grow in the 2019/20 financial year in line with its multi-commodity port strategy focused on servicing emerging businesses and industries.

Growth opportunities

GPC will continue our focus on diversifying trade across its three ports, working closely with representatives from new and potential industries.

PORT OF GLADSTONE

At the Port of Gladstone we have been progressing several initiatives to provide export/import opportunities for our region. These initiatives, including Gatcombe and Golding Cutting Channel Duplication and Port Access Road (Stage 2), could facilitate an increase in bulk liquids, dry bulk, containers and general cargo. The port is forecast to handle more than 127 million tonnes in 2019/20.

PORT OF BUNDABERG

In 2019/20, we anticipate the throughput for the Port of Bundaberg will increase as the silica sand, gypsum and wood pellet markets continue to grow. GPC remains committed to exploring other opportunities for future trade and expects to see an increase in dry bulk throughput. The Port of Bundaberg is forecast for 585kt in throughput in 2019/20.

PORT OF ROCKHAMPTON

At the Port of Rockhampton we will continue to investigate opportunities to increase minerals, bulk liquid and ammonium nitrate shipments. The Port of Rockhampton's trade is forecast to remain stable and achieve 203kt in 2019/20.

Growth through optimisation and innovation

During 2018/19, GPC continued our focus on sustainable innovation to secure our long-term viability and extract further operational efficiencies. Two key highlights were the awarding of an exclusive towage licence to Smit Lamnalco Towage Australia Pty Ltd and the expansion of shipping parameters for coal and LNG wharf centres.

Spotlight

Port Alma, Rockhampton: cattle exports

GPC is committed to diversifying its trade product base. As part of this commitment in 2018/19 Rockhampton's Port Alma became one of the fastest-growing cattle export ports in Australia following the introduction of cattle exports.

15,830 tonnes or 31,657 head of cattle have been exported through Port Alma since its first shipment in December 2018.

A key attraction for cattle exports from Port Alma is its close proximity to Central Queensland's major cattle supply.

Key international export markets for cattle included Indonesia, Vietnam and China.

This growth in cattle exports is great news for local producers in Central Queensland, providing jobs and further contributing to the economy.

GPC is committed to working in partnership with Government, customers and industry to enhance the economic and social prosperity of the regions in which we operate.

Above: Port Alma, Rockhampton

Spotlight

Port of Bundaberg: ‘green fuel’

Green fuel trade received a boost in 2018/19, with the Port of Bundaberg exporting 37,171 tonnes of wood pellets.

And more is yet to come. From mid-2020, Altus Renewables will more than double their annual wood pellet exports through the Port of Bundaberg to 100,000Mt.

The increased throughput comes on the back of a long-term supply agreement between Altus Renewables and global conglomerate and major energy supplier, Mitsui.

The exported wood pellets will be used as a green fuel in the generation of electricity in Japan.

This agreement with Mitsui and the increased exports enables Altus Renewables to upgrade its Tuan wood pellet production facility near Maryborough which will result in further upgrades to the company’s storage and loading facilities at the Port of Bundaberg.

The Port of Bundaberg.

EXCLUSIVE TOWAGE LICENCE

On 29 November 2018, GPC awarded a new exclusive towage licence to Smit Lamnalco to manage the Port of Gladstone towage operations. Following a comprehensive and highly competitive procurement process, Smit Lamnalco was awarded the five-year licence, which came into effect on 1 January 2019.

The licence with Smit Lamnalco has delivered lower towage tariffs and improve efficiencies for port users, improved standards for workplace health and safety and environmental obligations, and guaranteed the continuation of service levels.

EXPANDED SHIPPING PARAMETERS

In collaboration with Gladstone Marine Pilot Services (GMPS) and the Regional Harbourmaster, GPC has achieved improved flexibility in terms of berth utilisation and increased efficiencies. Following diligent simulation to test safety, new berthing and unberthing parameters for coal and LNG wharf centres were introduced during the year.

Our focus has been on optimising practices and technology to gain additional shipping capacity as a priority over infrastructure investment.

Port planning and developments

Long-term planning and the systematic and sustainable development of our port precincts is critical to ensuring trade growth.

PLANNING

During the year the Queensland Government approved the Master Plan for the priority Port of Gladstone in accordance with the *Sustainable Ports Development Act* (2015) and Reef 2050.

GPC recognises Queensland is on the verge of unprecedented opportunity. With further globalisation, new energy demands, new ways of working, and new technology and markets, we are readying Queensland to take full advantage of these changes.

In line with this we commenced work on several strategic precinct plans including plans for Port Central Precinct (Auckland Point and Barney Point), Fisherman's Landing, Port of Bundaberg and Port of Rockhampton.

These precinct plans consider potential scenarios based on five to 15-year, 15 to 30-year and 50+ year horizons. They consider global economic mega trends, our geographical and trade offerings, and the importance of economic, environmental and social sustainability.

Spotlight

Growth: Precinct Plans

Innovative new 50+ year Strategic Precinct Plans have been prepared for GPC's wharf centres — the Port of Bundaberg, Auckland Point, Barney Point, Fisherman's Landing and the Port of Rockhampton. These plans identify the risks, challenges, opportunities and responses for an incremental planning and development approach for the Port.

With over 90 per cent of the world's trade by sea[1] these Precinct Plans will ensure Queensland is prepared for the future and has a seat at the global trade table.

They specifically consider the intergenerational delivery of appropriate trade opportunities, infrastructure, land uses, and the incorporation of Queensland's Priority Port principles including the:

- efficient operation of the port to deliver financial and economically sustainable benefits for Queensland
- strategic and responsible planning for resilience into the future
- sustainable development and maintenance with a focus on continuous improvement to minimise environmental impacts
- sustainably managing strategic infrastructure and assets
- facilitating regional trade to support regional development
- forging enduring connections and integration within the community in which the port operates.

Long-term planning has been instrumental to GPC's success and these plans demonstrate our ongoing commitment to economic, environmental and social sustainability.

1. International Maritime Organisation

KEY DEVELOPMENTS

Clinton Vessel Interaction Project (CVIP)

The CVIP project was initiated to reduce the risk of vessel interaction at GPC's RG Tanna Coal Terminal (RGTCT) caused from passing Capesize vessels upstream from Wiggins Island Coal Export Terminal (WICET).

After detailed planning and investigations, the widening of the Clinton Channel was identified as the preferred option to mitigate potential vessel interaction.

The CVIP project focuses on safety. Eliminating vessel interaction risk as shipping traffic continues to grow is a necessary response.

During 2018/19, statutory community engagement — including public comment and public display periods — has been a core focus and an essential aspect of the project approval process.

Investigations throughout this period include the amount and effect of fine sediment release to the Great Barrier Reef World Heritage Area (GBRWHA).

Real time monitoring, web based monitoring display and stringent environmental guidelines underpin this project proposal.

Final approval for the CVIP project from the Shareholding Minister is expected in the first quarter of 2019/20, with project works anticipated to commence in the second quarter of 2019/20.

In the interim, we continue to manage vessel interaction forces through a number of mitigation activities, including reduced vessel speed and additional escort tugs.

Gatcombe and Golding Cutting Channel Duplication

The proposed Gatcombe and Golding Cutting Channel Duplication project involves widening the channels to facilitate the safe two-way passage of vessels through the outer Gladstone Harbour channel network to increase shipping capacity.

This project identified by GPC assists our inter-generational planning and development resulting in longer term trade growth, jobs and prosperity for Queensland.

During the reporting period, the Environmental Impact Statement (EIS) for the project progressed with refinement of the methodology for the works and a focus on stakeholder engagement including:

- the display of the draft EIS for public viewing and comment
- four Stakeholder Representative Group meetings to enable GPC to better understand stakeholder interests and concerns.

It is anticipated additional information will be submitted in response to stakeholders' interests and concerns to finalise the EIS process in 2019/20.

Long-term Sediment Disposal Plan

In 2018/19, work commenced on the development of a detailed plan to provide a holistic long-term strategic approach to managing the beneficial reuse of dredged sediment at the Port of Gladstone, in alignment with the Master Plan for the Priority Port of Gladstone, the *Sustainable Ports Development Act* (2015) and GPC's Precinct Plans.

The report details the future channel requirements, associated volumes of material to be relocated, and options for sediment management to enable short- and long-term expansion requirements for the port.

In 2019/20, GPC will seek Federal Government approval for the Long-term Sediment Disposal Management Plan. This will enable potential projects to proceed such as the development of the Targinnie Channel, which ensure safe access to fully loaded Panamax vessels during the tidal ranges. This project is expected to lead to increased customer and other stakeholder enquiries regarding the Fisherman's Landing Precinct.

One of the 10 cruise ships docked at Gladstone's Auckland Point during the year

Port Access Road — Stage 2

The extension of the Gladstone Port Access Road continued to be a major focus during the reporting period.

Stage 2 of the Port Access Road will extend the existing passage from Port Central to Glenlyon Road, another 2.5km to Blain Drive. This will remove port traffic from the inner urban area of Gladstone, improve safety for local road users and promote the growth of the Port Central Trade.

GPC continues to work closely with Gladstone Regional Council, the Queensland Government and other key stakeholders in conjunction with the Department of Transport and Main Roads, to ensure this important project proceeds to construction.

Port of Bundaberg Road and Drainage Upgrades

Design works and funding for the upgrade and realignment of the Port of Bundaberg's localised road network were approved by the Heavy Vehicle Safety and Productivity Program (HVSPP) during the year.

Bundaberg Regional Council made the submission to the HVSPP, with the support of GPC. GPC is also contributing $2.8 million together with the Federal Government's $2.5m contribution to ensure this important road network is facilitated.

These works will improve road safety and heavy vehicle access into the port development area, further preparing the area for future industry development. Pre-works have commenced with expected completion by the end of 2019/20.

Cruise Ship Berth

Gladstone's strategy to become a large cruise ship destination received a further boost this year. Detailed design plans to increase the berthing capacity of the Auckland Point 1 and 2 Berths were completed during 2018/19. If approved, the berths will enable cruise ships up to 360m in length to berth and moor safely. Modifications include the construction of four additional mooring dolphins and an upgrade of the fender system.

The plans were developed in response to successfully established cruise ship tourism activity at the Gladstone Port and growing interest from larger cruise ship companies in Gladstone as a destination.

Stage one of the Gladstone Port Access Road

Port Central Container Terminal

To support the expansion of GPC's container terminal handling capacity, a number of key work programs progressed during the reporting period.

GPC awarded a contract for the construction of a new mooring dolphin at Auckland Point Berth 4 at Port Central. This will enable larger container ships to berth.

Auckland Point Berth 4 also commenced, with the majority of the works carried out by GPC's internal workforce. Stage 2 of the container hardstand is anticipated to commence in 2019/20, subject to shareholder approval. This will be followed by securing a suitable crane and extending the berth as demand increases.

Port Alma Boat Ramp

In 2018/19, a tripartite agreement was signed by the Queensland Government, GPC and Rockhampton City Council to construct two new boat-launching facilities near Port Alma. GPC will contribute in excess of $2m toward this project.

The three parties will fund the development and GPC will be responsible for the design of the access road and carparks.

The first boat ramp, at Casuarina Creek, will consist of 45 car trailer spaces and the second smaller boat ramp at Inkerman Creek will consist of 15 car trailer spaces. Both facilities will include ramps and potentially floating pontoons.

These launching facilities will replace the existing boat ramp located near port operations.

Asset management

In 2018/2019 significant work occurred across GPC to position us to be a leader in port asset management.

Properly managing and maintaining our assets is central to our economic and environmental sustainability commitments.

Asset management framework

To further enhance our commitment toward a high performance enterprise in 2018/19, GPC developed a fit-for-purpose Asset Management Framework as part of its Asset Management System (AMS).

Based on global best practice and aligned to our International Standard ISO 55000, the framework will assist in optimising and sustainably managing GPC's assets and asset systems, their performance, risks and expenditures over their lifecycle.

In the coming year, further work will be undertaken to manage and optimise our assets including the finalisation of Strategic Asset Management Plans (SAMPs) for major wharf centres and Asset Management Plans (AMPs) for critical port assets, aligned with the recently completed Strategic Port Plans.

KEY PROJECTS

Wharf capture system

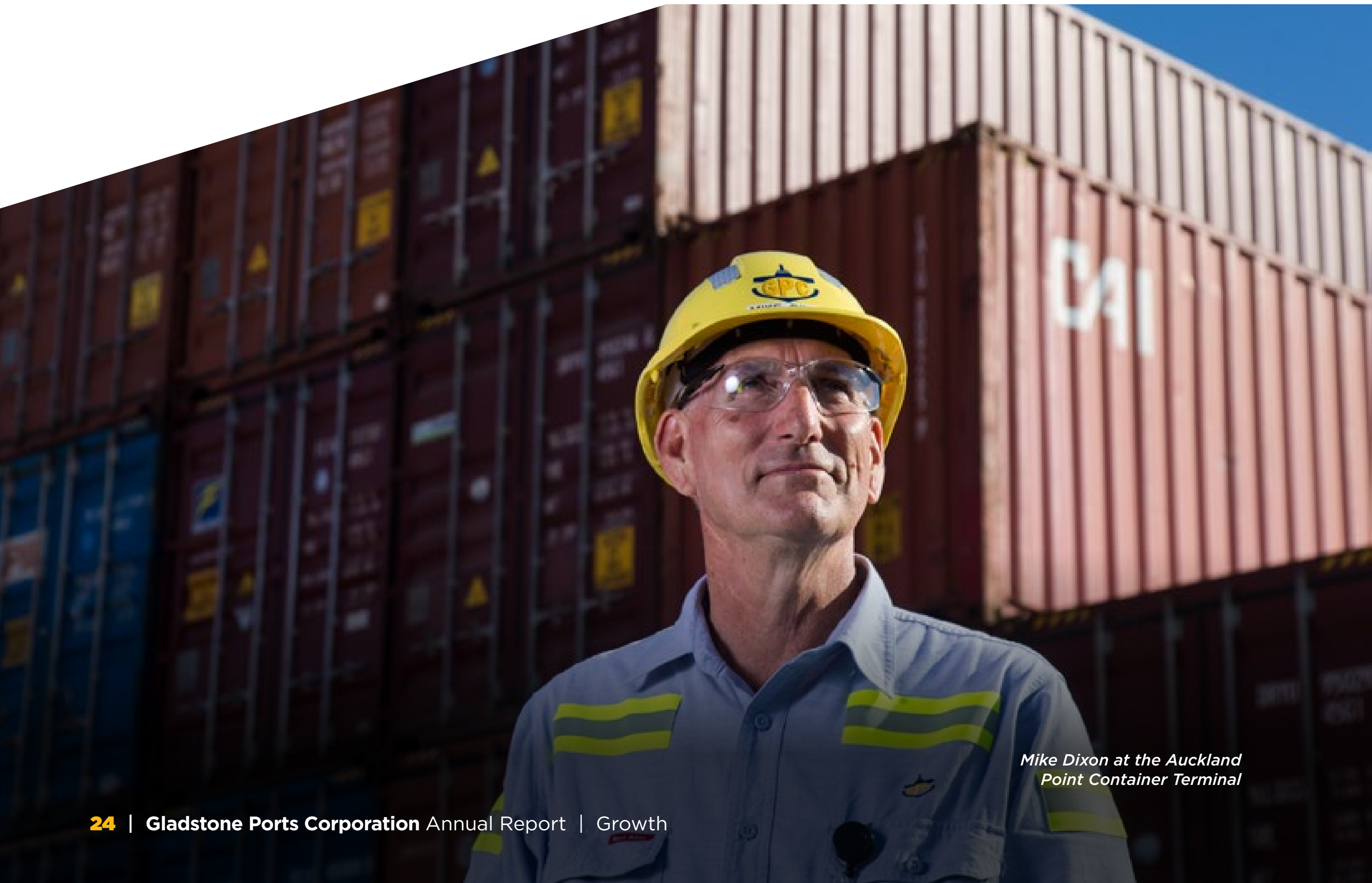
As part of our ongoing commitment to environmental sustainability, we upgraded the wharf capture and return system. This is a major environmental hazard reduction project currently underway at GPC. The system returns coal conveyor excess from the wharf to the RG Tanna Coal Terminal (RGTCT) retention ponds, preventing potential entry into the harbour.

The project involves the installation of two 20,000 litre tanks, pumps, return pipelines and associated electrical pumping and control system equipment.

Conveyor under-guarding installation

GPC accelerated the installation of additional overhead conveyor under-guarding, to provide extra protection from falling objects. Further safety and guarding upgrades will continue across the large RGTCT conveyor network.

Previous upgrades have included the installation of mesh to prevent falling objects from the overhead conveyors. This is set to continue during 2019/20.



Mike Dixon at the Auckland Point Container Terminal

Ensuring RGTCT's structural integrity

Good progress has been made during the reporting period to ensure the long-term operability of a large section of RGTCT's stockpiles and terminal throughput.

The Coal Conveyer 1B Life Extension Project achieved a number of important milestones including the completion of the CC5 Life Extension — one of the longest and most important ship loading belts to the terminal's operational capacity.

RGTCT shiploaders lifecycle strategies

RGTCT's shiploaders are critical to the terminal meeting GPC's current contracts and long-term objectives. GPC continued to execute its lifecycle strategies for all three shiploaders during the reporting period. Most notably, the replacement of Shiploader 1 was approved and is set to go to tender in 2019/20.

Dozer lifecycle strategy

Three of RGTCT's 23 Caterpillar (CAT) D11 dozers completed a CAT Certified Rebuild (CCR), following an evaluation of the first CCR last year.

The CCR program is a critical element in the Dozer fleet's asset management plan, extending the life of a machine by an extra 42,000 operating hours. This life extension is achieved at approximately half the cost of replacement, while providing modernised technology and a fuel-efficient new generation engine.

Electrical safety — reducing arc flash risk

Electrical arc flash is an inherent risk associated with the operation and maintenance of High Voltage (HV) equipment. GPC is proactively reducing the RGTCT site's arc flash hazards by upgrading switchboards and installing new local electrical isolators.

Over the past year, a number of electrical hazard reduction upgrades were progressed, including:

- main Substation HV Switchboard Replacement Feasibility works
- substation 4, 3.3KV Switchboard Replacement under construction
- local Isolators for 5 and 6 Series conveyors approved
- Auckland Point Switchroom 2, 415V Switchboard replacement approved
- removal of redundant cables and equipment at RGTCT and Auckland Point Terminal.

Lindsay Robson and Andrew Steel at the RGTCT wharf

Future development

A key pillar of GPC's strategy is a focus on intergenerational developments. Future-proofing our ports through innovation, targeted planning and development is paramount for future growth and sustainable wealth of the region and state.

With a focus on diversifying trade across our three ports and optimising current assets, GPC has this past fiscal year:

- doubled container trade
- developed the Port Central precinct plan to facilitate this growth
- received Federal Government commitment to finalising Port Access (Road Stage 2)
- facilitated a number of proponents in relation to renewables trade.

Prosperity

Our sustainability journey

GPC continued on our path to a sustainable future with the formation of a world class Port Sustainability Strategy. Developed over the last 18 months, the strategy involved extensive internal and external stakeholder engagement.

Our Port Sustainability Strategy is aligned to the United Nations Sustainable Development Goals, World Ports Sustainability Program and GPC's corporate strategy.

It is guided by our Sustainability Policy and Standard to deliver a future-focused sustainable organisation for the benefit of key stakeholders through our sustainability framework.
This consists of five key elements.

- **Our Business:** new business opportunities, drive efficiencies, protect critical supply chains and partner with industry to increase economic value.
- **Our People:** ensure the safety of our people and support their growth through ongoing learning and development.
- **Our Environment:** lead through robust identification of issues, impact avoidance and strong protection of environmental values.
- **Our Community:** support, engage and enhance partnerships with our community.
- **Our Future:** think long-term, encourage innovation and promote positive, continuous improvement through our business.

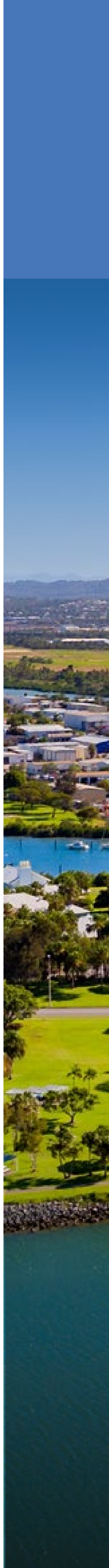
The strategy will be implemented via a Strategic Sustainability Plan that will inform future external Sustainability reports. The plan tells the GPC story by acknowledging past and present achievements, while capturing 94 future-focused actions to be implemented over the next 10 years.

TIDAL ENERGY DEMONSTRATION

GPC, in partnership with MAKO Tidal Turbines Pty Ltd, successfully demonstrated that tidal flows in the Port of Gladstone can be harnessed to produce electricity without adverse impact to the marine environment. A tidal turbine was deployed at the Barney Point Wharf in November 2018, for a six-month trial period. All electricity produced by the tidal turbine was used at the Barney Point Terminal with no marine fauna interactions recorded.

The project was nominated for a IAPH 2019 World Ports Sustainability awards. It also aligns with our Sustainability Strategy's criteria of:

- Innovation: first commercial demonstration in Australia of a tidal turbine attached to existing marine infrastructure.
- Partnerships: collaboration with an Australian based tidal energy company and supported the newly formed Australian Ocean Energy Group.
- Ongoing learning: investigated the opportunity to harness energy from predictable tidal flows as an alternate renewable energy source.



Through our sustainability framework,
we will deliver a future focused
sustainable organisation.

The Gladstone Marina provides premium foreshore access to the community

Spotlight

Prosperity: Indigenous Land Use Agreement (ILUA)

GPC's ILUA program was one of three projects shortlisted for a 2019 IAPH World Ports Sustainability Awards in the category of Governance and Ethics.

The ILUA was voluntarily established in 2014 between First Nations Bailai, Gurang, Gooreng Gooreng, Taribelang Bunda People Aboriginal Corporation and GPC to ensure the responsible and respectful management of the land and sea on which GPC operates.

It has allowed us to work together in a sustainable and mutually beneficial manner, while educating and enhancing our community and environment.

The nomination and recognition as runner-up emphasises the importance and success of the agreement, strengthening the ties between the community and GPC.

'Our Journey' a collaboration of work by GPC employees and local Aboriginal artist Patricia Coleman, descendant of the Bailai/Byellee Peoples of Gladstone

Our environmental compliance

GPC's commitment to environmental sustainability was demonstrated by strong and positive trends in our environmental performance in 2018/19. We continued to ensure all environmental compliance obligations were assessed and managed responsibly, demonstrating continued environmental commitment and innovation.

Following the completion of our Transitional Environmental Program, which saw infrastructure upgrades and process improvements to ensure stormwater compliance at the RG Tanna Coal Terminal, we have continued to further reduce sediment loads and increase environmental performance of the five on-site stormwater catchments.

In 2018/19, GPC developed Long-term Maintenance Dredging Management Plans for the Port of Gladstone and Port of Rockhampton in alignment with the Department of Transport and Main Roads Maintenance Dredging Strategy for Great Barrier Reef World Heritage Area Ports. These plans reflect best practice long-term maintenance dredging management and will continue to be implemented, demonstrating our commitment to continual improvement, transparency, and best practice management.

Our environmental monitoring and offset strategies

AMBIENT WATER QUALITY MONITORING

Upgrades to wharf-mounted water quality analysers at Clinton, Fisherman's Landing and Boyne Wharf centres took place in 2018/19. This project has been completed with all monitoring equipment commissioned allowing GPC to monitor the ambient water in the harbour throughout the year in real time.

This real time monitoring further demonstrates our commitment to high quality environmental performance and sustainability.

In addition to this, a project for the commissioning of two telemetry water quality buoys has commenced. These will be placed in the harbour to monitor ambient water quality complementing the wharf-mounted analysers. The first buoy is being assembled and will be trialled and tested. If testing is successful, then the second buoy will be assembled and the project will proceed to deployment/ commissioning phase.

AIR QUALITY

GPC continued to improve its air quality practices during 2018/19, via projects such as the upgrade of the telemetry network. The upgrade aims to ensure the transmission of secure, fast and readily available data so we can effectively monitor our activities. Air quality data in 2018/19 continues to demonstrate GPC's control measures are effective.

CORAL SURVEYS

In accordance with GPC's long-term monitoring schedule for maintenance dredging activities, GPC undertook coral surveys in May and June 2018 with the results becoming available in 2018/19. The surveys enable GPC to understand the condition of benthic reef communities along Facing Island and Rundle Island. Highest coral cover was observed at Rundle Island and along the eastern side of Facing Island. The spatial patterns in hard corals correlated with catchment disturbances and based on plume modelling studies, it was considered unlikely that maintenance dredge placement influence the patterns observed.

MONITORING OUR TIDAL WETLANDS

Mapping and condition assessment of mangroves from the Narrows to Rodds Bay continued in 2018/2019 under the Ecosystem Research and Monitoring Program (ERMP). Key observations were indications of active retreat of mangroves at some locations due to sea level rise and discovery of a rare mangrove leaf Oyster Reef in Rodds Bay and observation of large amounts of marine debris including nets, small boats, floats, plastic drums, and abandoned crab pots. The team has provided the locations of the debris to the "Taking out Trash" community.

Spotlight

Sustainability: Sustainable Sediment Management

Our Sustainable Sediment Management Project builds on our knowledge of sediment movement in the Port of Gladstone and helps GPC maintain sufficient depth in navigable areas of the port through sustainable maintenance dredging practices.

Following the completion of a conceptual study, various options were assessed for the ongoing management of sediment within the port. Assessments to identify potential options to avoid or reduce maintenance dredging and disposal activities and to beneficially reuse the dredged material were also undertaken.

These options identified by external specialists, were presented to external port stakeholders in May 2019 via an online survey, with the results of the survey presented to stakeholders in June 2019.

The next step in this project involves selecting options to progress to the feasibility stage and potential trials.

The project delivers on GPC's commitment to the Department of Environment and Energy and the relevant aspects of Queensland's Maintenance Dredging Strategy, both linking to the joint Government's Reef 2050 Long-term Sustainability Plan.

Ships at anchorage outside the Port of Gladstone

TURTLE HEALTH

GPC continues to play an active role in supporting the monitoring, tagging and rehabilitation of turtles in both the Gladstone and Bundaberg regions. In 2018/19, GPC:

- funded flatback turtle nesting census studies at Curtis, Avoid and Peak Islands under the ERMP
- monitored the health of green turtles in Port Curtis under the Ecosystem Research and Monitoring Program (ERMP)
- supported turtle nesting studies undertaken by the Department of Environment and Science along the Woongarra Coast (including Mon Repos Beach)
- contributed to two marine rehabilitation centres, the Gladstone Area Water Board and Quoin Island Turtle Rehabilitation Centre.

Assessments of 457 green turtles were conducted in Port Curtis in 2018. Most juvenile turtles were found in shallow intertidal areas and the larger turtles in the deeper intertidal and subtidal waters at the Pelican Banks, South Trees and southern Wild Cattle Island.

Annual seagrass monitoring was conducted at Port Curtis, Rodds Bay, Pelican Banks, Fisherman's Landing and Wiggins Island in November 2018. Substantial improvement in seagrass meadow condition occurred in The Narrows, Western Basin and Rodds Bay zones compared to the previous two years. Highest biomass was observed in the subtidal meadow in the Western Basin zone. Variability in seagrass meadows is potentially attributable to catchment run off, available light, sediment dynamics and grazing pressure.

Pelican Banks seagrass meadow at the Port Curtis entrance

Migratory shorebirds identified during the March 2019 survey

SHOREBIRD MONITORING

Comprehensive monitoring of shorebirds commenced in 2019 with surveys conducted in January, February and March across 154 sites from Port Curtis, Fitzroy Estuary Mundoolin Rocks/Colosseum Inlet, Mainland Shoreline, Rodds Peninsula and North Curtis Keppel Creek and Yellowpatch Sandbar. Eighteen different species of migratory shorebirds were identified in the summer surveys and 27 different species during the northern migration period.

ENVIRONMENTALLY FRIENDLY MOORINGS

Six environmentally friendly public moorings and reef protection markers were installed under GPC's Biodiversity Offset Program at Pancake Creek. Pancake Creek was chosen as the preferred location as it supports a diverse range of habitats including mangrove, seagrass, tidal flats and coral reefs. The coral reefs and seagrass beds are susceptible to anchor damage as it is a popular anchorage for yachts and coastal cruisers making their way along the coast. The estuarine system is home to migratory seabirds, marine turtles, dugongs and numerous fish species.

STORMWATER POLLUTANT TRAP

A stormwater debris assessment of the stormwater pollutant trap installed adjacent to the yacht club was conducted in May and August 2018. Hard plastic fragments, fibrous plastics (e.g. cigarette butts), polystyrene and sheet plastic (e.g. food wrappers) comprised most debris sampled in the stormwater system by number and by weight.

Spotlight

Sustainability: PFAS (per- and poly-fluoroalkyl substances)

In early 2018, GPC commenced a sampling program at all GPC ports to detect the presence of PFAS in groundwater. In the second half of 2018 and early 2019, GPC worked closely with the Queensland Government PFAS Working Group on future monitoring and investigations.

GPC also commissioned a conceptual groundwater model for the Gladstone Port Central area and the Port of Bundaberg to help determine the extent of the PFAS present and identify any future management and monitoring programs. GPC has and will continue to keep the community informed throughout future investigations.

Our environmental education and communication

Education is an important part of our environmental program. Encouraging greater awareness, appreciation and understanding of our port environments by communicating with our communities is integral to our sustainability journey.

GPC demonstrates a high level of environmental stewardship with our internal and external stakeholders. Our employees are trained in areas such as environmental awareness, management and compliance obligations, and receive regular updates on environmental activities through various internal channels. These include our monthly CEO newsletter and toolbox talks, which are accessible on the intranet and via weekly bulletins.

We are proud of our involvement with numerous external environmental programs such as:

- the Port Curtis Integrated Monitoring Program
- the Gladstone Healthy Harbour Partnership
- the Great Barrier Reef Marine Park Authority's Local Marine Advisory Committee.

GPC is also active in school engagement, community events and more environmentally focused initiatives such as the Technical Advisory Consultative Committee, which was established to ensure stakeholders understand and can have input into specific port activities.

Our Marine Pilot prepares to safely bring a vessel into port

We host regular community forums to deliver performance and project updates, as well as providing our communities with an opportunity to provide feedback and ask questions about port projects and activities.

Gladstone Marine Pilot Service (GMPS)

In Queensland, it is compulsory for all ships over 50 metres to carry a marine pilot when entering and leaving the pilotage area of our three ports.

GPC is renowned as one of Australia's premier pilotage services in terms of safety, complexity and variability of pilotage movements.

GPC and GMPS' integration of pilots and launch crews enables GPC to deliver a more cohesive and efficient plan for managing increased shipping volumes and vessel movements in our ports. During 2018/19, GMPS undertook 4,723 vessel movements — 4,502 in Gladstone, 52 in Bundaberg and 163 in Rockhampton.

In January 2019, GPC took delivery of its second Pilot Launch the Goonanga, a sister vessel to the Takoko. Goonanga is the Byellee word meaning Black Duck.

With two newly acquired launches, GPC now provides enhanced safety and faster transfer of pilots to ships at the Port of Gladstone, with reduced emissions, reduced fuel load and greater comfort.

In addition to ensuring the safe guidance of ships in and out of our three ports, the pilots also contribute to our community with several pilots volunteering their time to the Gladstone Mission to Seafarers, who provide important services to the thousands of seafarers visiting the Port of Gladstone each year.

The Gladstone Marine Pilot Services Pty Ltd is a subsidiary of GPC.

Spotlight

Customer growth: new coal customer — Bluff PCI

The Bluff PCI Project is a small truck and excavator operation located 20km east of Blackwater with a 1.2 million tonnes (Mt) per year output of PCI coal.

Construction of the mine began in 2018 with first coal exported from the Port of Gladstone, ahead of schedule, at the end of the financial year.

Over 140 people from the Central Queensland region are now employed by the mine, which continues to forge strong connections with the local community.

As the gateway for regional trade, jobs and prosperity — GPC is pleased to be supporting this successful new venture.

PCI coal is a low-volatile coal used in steel production and the Bluff mine is the first standalone PCI project developed in Queensland since 2002.

"Establishing strong partnerships with our community and industry stakeholders has contributed to Bluff PCI's success, transforming from a greenfield site into production and delivering our first shipment ahead of schedule. The team at the Gladstone Ports Corporation have worked diligently to support our commencement, and we felt we were in capable hands for our first shipment. We feel we've been welcomed into the GPC family and I look forward to continuing our partnership for many years to come."

Stuart Clarke
Chief Executive Officer,
Bluff PCI Management

Stuart Clarke (Bluff PCI Management), Rob Torrisi (GPC) and James Chang, (Wealth Resources) celebrate the first shipment of coal

Community

We are committed to working in partnership with community, government, customers and industry to enhance the economic and social prosperity of the regions in which we operate.

Botanic to Bridge FunD Run

Now in its ninth year, more than 3,500 people participated in the annual Botanic to Bridge (B2B) FunD Run, which offers 8km and 3km courses. The event is a highlight on the Gladstone community calendar and has raised nearly $400,000 for local schools and community groups since inception.

In 2018/19, GPC donated $20,000 to PCYC Gladstone to develop a youth Space drop-in lounge. In addition, 100% of the proceeds from every B2B student registration were directed back to their nominated school, enabling them to purchase new educational resources and sporting equipment and update facilities.

Cruise ships

Since commencing cruise ship trade at Gladstone Port in March 2016, GPC has hosted 24 cruise ships. In 2018/19 a total of 10 ships brought passengers from across the world to explore the Gladstone region.

GPC continues to work with the State Government, Gladstone Regional Council and Gladstone Area Promotion and Development Ltd to grow and promote the cruise ship industry, which currently provides $3.2 billion dollars to the Australian economy.

The development of the East Shores Precinct will showcase to cruise ship passengers the rich industrial heritage of Gladstone to cruise ship passengers, as well as providing a gateway to the iconic Great Barrier Reef.

Investing in our community

GPC' Community Investment Program (CIP) contributes to a sustainable future for our regions, with more than $290,000 provided across two funding rounds.

The program supported 26 initiatives during 2018/19 across our three operational areas of Gladstone, Rockhampton and Bundaberg.

Activities are assessed against GPC's investment criteria, which include values, strategic alignment, corporate reputation, community reach, impact, and value for money.

Highlights during 2018/19 included:

GPC'S FAMILY FUN NIGHT

at the 57th annual Gladstone Harbour Festival, held over Easter in GPC's Marina Parklands.

MORE THAN **3,000 PARTICIPANTS**

were part of the 2019 Boyne Tannum HookUp, enjoying recreational fishing in the Gladstone region.

SUPPORT TO **UPGRADE IRRIGATION**

for the main ring at the Mt. Larcom Showgrounds in the lead up to the 100th Mt Larcom Show.

20 STUDENTS

across Rockhampton and Bundaberg supported the Smith Family's Learning for Life Scholarships.

BUNDABERG **SHOREBIRD MONITORING**

has proudly been supported for many years.

GPC's Community Investment Program (CIP) contributes to a sustainable future for our regions.

The Botanic to Bridge FunD Run is a highlight on the Gladstone Community Calendar

On behalf of GPC, the National Theatre for Children scheduled 18 performances at 10 primary schools across Gladstone, Bundaberg and Rockhampton reaching a total of 4,095 students and 179 teachers. The performances shared important information on water conservation and pollution prevention.

During the year, we have also continued to support the Port of Bundaberg Shorebird Monitoring Program and the Early Childhood Services Project facilitated by the Gladstone Men's Shed.

GPC's Student of the Year Bursary program saw 23 Year 12 students and two Year 10 students awarded a bursary in late 2018. Recipients were selected by their respective schools based on selection criteria provided by GPC, which include attitude, academic achievements and commitment to community.

Spotlight

Community Investment: Sailability Bundaberg

Sailability Bundaberg was the proud recipient of funding via GPC's Community Investment Program this year with funds used to purchase a new sailing dinghy. This purchase increased Sailability's fleet to six 303 Hansa sailing dinghies, providing additional opportunities for people with disabilities.

These sailing dinghies are designed with safety in mind and include a special weighted keel and built-in buoyancy. The organisation is run entirely by volunteers and dependent on the generosity of the community to fund the service. Sailability has been operating in Bundaberg since 2006, providing people with a disability the opportunity to participate in sailing in a safe and supportive environment.

GPC's commitment to our communities in Gladstone, Rockhampton and Bundaberg is demonstrated by

MORE THAN

$290,000

provided in sponsorships and donations in 2018/19.

Education

STUDENTS TAKE A PEEK OF HARBOUR OPERATIONS

In May 2018, GPC introduced a Year Six Harbour Tour Program, giving students and teachers a front row seat to view and learn about harbour activities and surrounding industries.

The program is offered to all Year 6 students in the Gladstone region, with 10 schools and 665 students participating to date.

Through this initiative, GPC provides schools with support in areas such as environmental sustainability, the economy, history and community.

An integral part of the harbour tours is the commentary, provided by a GPC representative, which focuses on who GPC is, what we do and the importance of ports. Students are encouraged to take notes during the tour and are provided with fact sheets containing information about each wharf centre.

The program directly aligns with year six curriculum outcomes, particularly in the areas of humanities and social sciences. The tours help develop long-term understanding and support of port operations and recognition of GPC's important contribution to Queensland's economy and community.

UNIVERSITY OF QUEENSLAND STUDY TOURS

In July 2018, 35 students and lecturers from the University of Queensland School of Earth and Environmental Sciences visited GPC as part of their sustainable development studies.

GPC's Principal Planner and Environmental Project Principal presented to the group on the importance of ports to the Australian economy, the importance of protecting our supply chain and environmental management at GPC. Students and lecturers also enjoyed a coach tour of the Port Central precinct.

GPC has been an integral part of this tour program since 2014.

Spotlight

Community: East Shores 1B takes off

The first sod was turned at the East Shores 1B redevelopment during the year.

The construction of the next stage of the multi-award-winning East Shores foreshore precinct was awarded to Queensland-based company Hutchinson Builders, with more than 28 local businesses engaged as subcontractors.

The design pays tribute to Gladstone's rich industrial heritage, world-class port, pristine marine environment and welcoming community. It includes a cruise ship terminal, waterfront café, amphitheatre, fitness hub and waterfront parklands.

East Shores Stage 1B will create an entertainment and tourism hub for Gladstone and provide a much-needed injection for the region's economy and businesses — helping to drive prosperity for our community and region.

Construction is to be completed in early 2020 with an opening during the Easter school holidays.

Construction on East Shores 1B has commenced

Spotlight

Aboriginal and Torres Strait Islander peoples: Allen Craigie

An example of GPC's Aboriginal and Torres Strait Islander focus is professional development and career progression of one of our most valued employees, Allen Craigie. Mr Craigie commenced a two-year Certificate IV Workplace, Health and Safety traineeship with GPC in 2016.

He was on-boarded at the same time as the Cross Industry Operations (CIO) trainees, participating in the same cultural classes and programs as the cohort. During his traineeship, Mr Craigie was based with the Safety Team and supported them in the delivery of a new values-based safety approach to the business.

After finishing his traineeship, Mr Craigie was appointed to the role of Mentor and Liaison Officer role as part of GPC's Indigenous Affairs team. He is currently working with the second cohort of CIO trainees. Mr Craigie also utilises his safety training to assist the Safety Team with noise monitoring for GPC.

Nicole Smith successfully completed GPC's Cross Industry Operation traineeship

Supporting our Indigenous community

GPC has a long-standing and proud history of working with the First Nations Bailai, Gurang, Gooreng Gooreng and Taribelang Bunda Aboriginal peoples.

This strong relationship was formalised through our 2012-2015 Reconciliation Action Plan (RAP) which outlines our commitment to Closing the Gap, specifically ensuring better health outcomes, improved educational opportunities, increased employment prospects, and a reconciled Australia for Aboriginal, Torres Strait Islander and Australian South Sea Islander peoples.

We continue to build on our achievements with the development and implementation of our second Reconciliation Action Plan: 2015-2018. This plan includes the key achievements shown on page 39.

GPC is currently developing a third Reconciliation Action Plan: 2019-2022 where we will continue to build stronger relationships with the Aboriginal, Torres Strait Islander and Australian South Sea Islander communities in which we operate.

A target for this RAP is to increase Aboriginal, Torres Strait Islander and Australian South Sea Islander employees within GPC to at least 5% by 2020.

Allen Craigie has been appointed as GPC's Mentor and Liaison Officer

KEY ACHIEVEMENTS FROM THE RECONCILIATION ACTION PLAN: 2015–2018

INCREASED EMPLOYMENT
OF ABORIGINAL, TORRES STRAIT ISLANDER and Australian South Sea employees to 4.15%, exceeding our target of 3.6% by 2018.

DEVELOPMENT & IMPLEMENTATION OF
'WELCOME TO COUNTRY'
'Acknowledgment of Traditional Owners' protocols booklet.

DEVELOPMENT & IMPLEMENTATION OF CERTIFICATE II IN
CROSS INDUSTRY OPERATIONS
(CIO) Program with round one offered in August 2016 and round two offered in February 2018.

ESTABLISHMENT OF THE
STAY IN TOUCH DATABASE

DEVELOPMENT OF THE INDIGENOUS
EMPLOYMENT SPECIFICATION

PERMANENT EMPLOYMENT
OF THREE CIO TRAINEES

Engagement with local Aboriginal and Torres Strait Islander artists to
PROVIDE ARTWORK
FOR GPC PRECINCTS
from our inaugural CIO Program.

Development & implementation of the Port Curtis Coral Coast (PCCC) & GPC
INDIGENOUS LAND USE AGREEMENT (ILUA)
IMPLEMENTATION COMMITTEE

Partnership with local Aboriginal Health Service, Nhulundu Health Service to
RAISE AWARENESS DURING NAIDOC WEEK &
FOSTER RESPECT WITH LOCAL ELDERS

Partnership with Yallarm Advocacy and Advisory Committee to run the Yallarm
INDIGENOUS CAREERS EXPO
FOR LOCAL SENIOR STUDENTS

RECRUITMENT OF A
MENTOR LIAISON OFFICER
A new position dedicated to supporting the CIO Program and other Aboriginal, Torres Strait Islander and Australian South Sea Islander employees.

Engagement with Aboriginal, Torres Strait Islander and Australian South Sea Islander businesses and local organisations to
SUPPLY GOODS & SERVICES TO GPC

Engagement with local Traditional Owner Groups (Bailai/Byellee, Gooreng Gooreng, Gurang — Meerooni/ Toolooa) to provide significant language for
THE NAMING OF MEETING ROOMS AND LANDMARKS
WITHIN GPC PRECINCTS

Spotlight

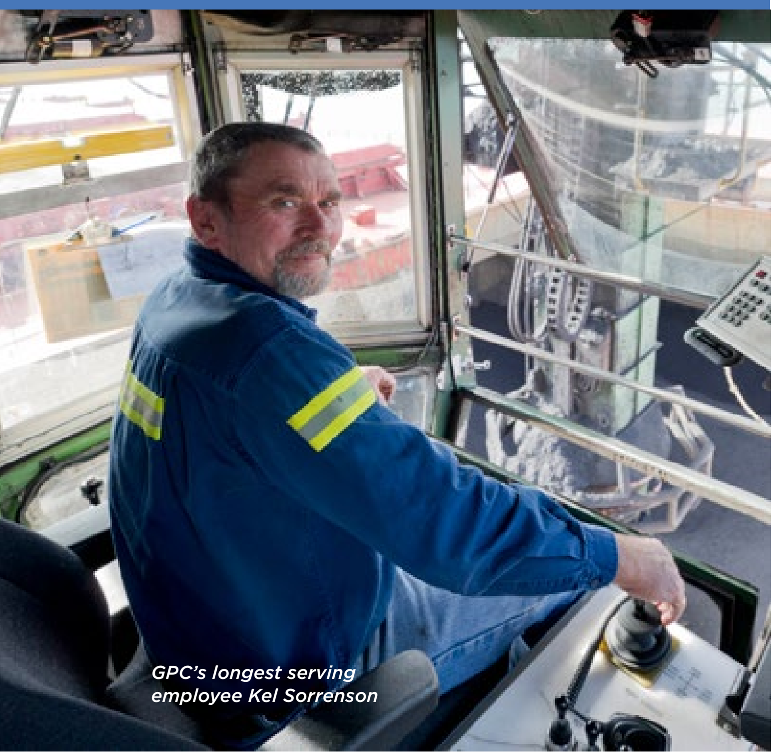
Service: Kel Sorrenson 50-year anniversary

Kelvin Sorrensen celebrated 50 years at GPC in January 2019 – a milestone no other employee has achieved in the history of port operations.

Mr Sorrensen started at GPC in 1969 as an operator at the quarry. Over the ensuing years he has had several different roles including operating machinery at the quarry, driving dozers at Auckland Point, and as a shiploader operator. During his 50 years at GPC Mr Sorrensen has experienced many organisational changes and witnessed significant periods of growth.

During Mr Sorrensen's time at GPC, the port has grown from 10 million tonnes and 407 vessels annually to 124 million tonnes and 1682 vessels annually.

We salute Kel and acknowledge his service and loyalty.



GPC's longest serving employee Kel Sorrenson

Our people

This year GPC evaluated our values and reset the tone in relation to a high performance focus, an eye on the future and the prosperity to be gained by providing opportunities of employment and growth for the great people of Central Queensland.

Our values and guiding principles describe our expectations and our style, they guide all of our actions, and are at the core of our business.

734 EMPLOYEES (719.36 full time equivalent [FTE])

97.9% FULL TIME

2.1% PART TIME AND CASUAL

48 APPRENTICES AND TRAINEES

GENDER RATIO

146 (19.9%) FEMALE

588 (80.1%) MALE

7.35% STAFF TURNOVER (voluntary turnover rate of 4.49%)

4.1% IDENTIFY AS ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE OR AUSTRALIAN SOUTH SEA ISLANDER PEOPLE

45.4 YEARS THE AVERAGE EMPLOYEE AGE

GMPS Pilot and Captain aboard the ship's bridge

Our safety performance

A wide range of actions this year reinforced our commitment to the safety of our people.

CERTIFICATION

In 2018/19, GPC's Safety Management System maintained its certification as part of the triennial AS 4801 surveillance audit. The Safety Management System continues to evolve with several key procedures developed, reviewed and implemented including Safety Risk Management, Confined Space, Smoking and Safety Management.

SWITCH ON

This year, GPC achieved a 100 per cent completion rate for employees that attended the Switched On values-based safety course. Strategies for embedding the models learnt through 'Switched On' continue to be implemented, including:

- internal and external Lead Safety Leadership Coaching
- routine safety communications to keep the language of 'Switched On' fresh
- an expectation of visible leadership by performing safety interactions
- integration of 'Switched On' concepts within our risk assessments.

Safety remains a priority at GPC

SAFETY RESET AND COMPASS

GPC initiated a safety reset during the year, with a key component being the COMPASS initiative. The COMPASS initiative details six programs aimed at enhancing leadership, culture and overall safety performance. The programs include:

- Safety Management System Simplification
- Life Saving Commitments
- Permit to Work System
- Material Risk Management
- Leader as Coach
- Operational Management Systems.

Each of these programs will continue over the coming year as GPC remains focused on developing a stronger safety culture and zero harm performance.

HEALTH AND SAFETY PERFORMANCE

This year, GPC recorded a decrease in total injuries compared to 2017/18. Lost time injuries remained consistent with the previous two reporting years, with one injury recorded.

Sprain and strain injuries were the most prominent injury type in 2018/19. Our forward focus is to reduce sprain and strain injuries is to:

- continue promoting the benefits of safe spine exercises
- utilise mechanical aids
- provide better access to equipment
- investigate an ongoing functional capacity evaluation.

Spotlight

Safety: Ship Mooring Committee innovation

The Ship Mooring Committee has been working to refine and streamline ship movement processes at the port to ensure safe, efficient and effective services are maintained.

As part of our safety and employee improvement processes, a new approach was developed to further protect our employees. Our Ship Mooring Committee worked closely with key internal stakeholders, the safety team and marine pilots and sought advice from other coal terminals as well as our towage service provider to develop an improved method for safely performing shipping movements.

Prior to any ship movement commencing, the entire GPC crew is involved in a PORT risk assessment where each crew member is delegated a role and location for supporting the movement. Two spotters are positioned at the stern and bow of the vessel and are required to wear an orange high-visibility personal floatation device and orange gloves, making them easily identifiable during the movement regardless of whether it is night or day.

The spotter provides guidance to the crew, who is positioned in specific locations, using hand signals and keeps a visual on the movement to ensure crew members always remain safe.

The Committee has also introduced ‘pinning the ship’ during ‘tie up’ and ‘let go’, which involves the vessel being firmly positioned against the wharf by tugboats providing additional safety for our crews.

GPC employees’ commitment to continuous improvement practices has resulted in safer work practices, stronger engagement and pride in our performance.

Our health

SUPPORTING A HEALTHY TEAM

GPC’s health philosophy is “Work Healthy. Retire Well” and covers three pillars:

- injury and illness management
- health surveillance
- health promotion.

INJURY AND ILLNESS MANAGEMENT

Influenza vaccinations were provided free to all GPC employees in 2018/19. A record number of employees (282 in total) took up the offer and attended Fluvax clinics for influenza vaccinations at the Gladstone and Bundaberg sites. GPC installed additional defibrillators and trauma kit stations across RG Tanna Coal Terminal (RGTCT). Defibrillators were also installed on all pilot boats that travel to the Fairway buoy.

HEALTH SURVEILLANCE

Our commitment to healthy lungs was supported by the GPC Respiratory Face Fitting Program which ensures any employees who may be required to wear Respiratory Protection Equipment as part of their role are provided with face fit testing and training in the proper use of their equipment. The test ensures:

- the wearer of the respirator understands how to correctly put on and wear a respirator and that the respirator fits the individual wearer (as not all faces are the same)
- the respirator works and provides the protection it is supposed to
- the correct respirator is being used for the identified type of contaminant.

HEALTH PROMOTION

At GPC we believe prevention is better than cure. As a result employees were provided with educational opportunities to improve their health and wellbeing. Key initiatives included:

- 2019 Health and Wellbeing Calendar
- monthly health focus and weekly health bulletins
- quarterly Production Team training days.

Bronwyn Hannam and Rob Smith take part in daily operations meetings, contributing to a stronger safety culture

Assurance
and governance

Our Board of Directors

PETER CORONES AM
MAICD

Chair

Member — Finance, Investment, Commercial and Audit Committee

Member — Governance, Risk and Compliance Committee

Member — People, Performance and Culture Committee

Peter's professional experience 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. His current roles include Chair of Gladstone Area Group Apprentices Limited 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 sectors for more than 42 years and until July 2016 was the Executive General Manager Disability and Community Services for Endeavour Foundation. She has been involved in the disability sector for over 28 years, having previously worked in the hospitality and health sectors. Gail has been a member of the Gladstone Foundation Board of Advice, the Disability Council of Queensland, the Gambling Community Benefit Fund, and worked for 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. Gail has qualifications in management and is a Fellow of the Australian Institute of Company Directors.

First appointed October 2008
Current term 12 October 2017 — 30 September 2020

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 has 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 was Chair of Capricorn Enterprise (the region's peak Tourism and Economic Development organisation) for 10 years, as well as a former serving Board Director at Tourism Queensland, where he also chaired their Audit and Risk Committee. He also served on the boards of CQ University and Rockhampton Girls Grammar School. Grant is the current Chair of Regional Development Australia — Fitzroy Central West Region, Vice Chair of Beef Australia, Chair of the Rockhampton Salvation Army Red Shield Business Appeal and Chair of Capricorn Business Advisory Alliance. He is also a member of the Rockhampton Regional Council Advance Rockhampton Committee and a Fellow of the Australian Institute of Company Directors.

First appointed October 2015
Current term 1 October 2018 — 30 September 2022

PETA JAMIESON

BA (Hons), MScEnvMgt, 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, the Local Government Association of Queensland, and is the director of her own management consultancy. She has extensive executive and operational experience and a clear understanding of how government and its policies and processes work. Peta is a strong advocate for the Bundaberg and Wide Bay Burnett Region. She is actively involved with community, commercial and government bodies such as the Wide Bay Burnett Regional Organisation of Councils on local and regional projects and initiatives. She 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 and 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 is 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 the 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

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 more than 40 years' 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 Chair 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 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, Member of The Public Transport Fares Advisory Panel Qld, Committee Member of the Regional Arts Development Fund 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

Previous Directors

LEO ZUSSINO

BE, MBA

Former Chair

First appointed September 1990
Term expired 30 September 2018

Our management team

CRAIG WALKER

Acting Chief Executive Officer

Craig commenced as Acting Chief Executive Officer in December 2018. His substantive role is as Port Strategy and Development General Manager, which he has held from October 2017. Craig has more than 20 years of senior executive experience in the ports, rail, manufacturing, resources, infrastructure and community sectors, specialising in strategic environments.

JASON COONEY

Commercial General Manager

Jason started with GPC in October 2018 as Commercial General Manager. Jason has more than 15 years' experience with multinational logistics/transportation and engineering service companies with specialisation in commercial development, financial information management and company secretary duties. Jason is experienced in developing and implementing industry best practice solutions to meet customer needs and producing tailored solutions within a dynamic commercial environment.

ROWEN WINSOR

Community and Sustainability General Manager

Rowen is GPC's People, Community and Sustainability General Manager and has been a key member of the executive team since October 2015. Rowen has more than 20 years' experience as a senior executive across a range of industries including the mining, energy, rail, aviation, and tourism sectors. Rowen is Chair of the GPC and PCCC ILUA Implementation Committee and is GPC's industry representative on the Board for GAPDL.

Benjamin was appointed as Acting Asset Management and Project Services General Manager in May 2019. Benjamin's substantive role is as Operations General Manager, which he commenced in March 2018. Prior to joining GPC, Benjamin spent more than 20 years in the power generation sector and has worked at most of Queensland's public and private coal fired power stations, more recently in engineering, maintenance, and asset management leadership roles.

BENJAMIN HAYDEN
Acting Asset Management and Project Services General Manager

Gerard was appointed as Acting Operations General Manager in May 2019. His substantive role is as Logistics Manager, which he commenced in March 2016. Gerard has worked for GPC for more than 10 years across a number of areas including business development, risk, insurance, and human resources.

GERARD MELROSE
Acting Operations General Manager

Sohana was appointed as the Chief Governance Officer at GPC on 2 January 2018. She also serves as the Company Secretary to the Board and Committees and guides governance, risk and compliance frameworks at the Corporation.

SOHANA MAHARAJ
Chief Governance Officer and Company Secretary

Previous management team members

PETER O'SULLIVAN Chief Executive Officer	Peter was appointed Chief Executive Officer in July 2016, having previously worked in community relations, human resources, and major projects. Peter left GPC on 20 May 2019, after serving in the CEO role for almost three years.
ALLAN BROWN Asset Management and Project Services General Manager	Allan was appointed Asset Management and Project Services General Manager in April 2018, following nine years in the roles of Cargo Handling Operations General Manager and Maintenance and Engineering Manager. GPC farewelled Allan on 27 July 2018.
DENNIS ZIMMERLIE Acting Asset Management and Project Services General Manager	Dennis was appointed Acting Asset Management and Project Services General Manager in July 2018, having previously held the positions of Reliability and Maintenance Manager. Dennis is currently on leave and GPC will farewell Dennis in August 2019, after 15 years of service to the organisation.
MIKE GALT Commercial General Manager	Mike was appointed Commercial General Manager in June 2001. GPC farewelled Mike in October 2018, after 17 years of service to the organisation in this role.

Corporate governance

On 13 March 2008, Central Queensland Port Authority (CQPA) was renamed Gladstone Ports Corporation. On 1 July 2007, Gladstone Ports Corporation converted to a Government Owned Corporation (GOC), constituted under the provision of the *Government Owned Corporations Act 1993* (Qld) (GOC Act) and became Gladstone Ports Corporation Limited (GPC) as part of this process. Port Alma also assumed a new trading name, Port Alma Shipping Terminal. On 1 November 2009, the Port of Bundaberg was transferred to GPC, having been a wholly owned subsidiary of the Port of Brisbane Corporation.

GPC is a public company incorporated under the *Corporations Act 2001* (Cth) and subject to the requirements of the GOC Act. Gladstone Marine Pilot Services Pty Ltd (GMPS) is a company incorporated under the *Corporations Act 2001* (Cth) and is also subject to the GOC Act as wholly owned subsidiaries of a GOC.

The former GPC subsidiary company Gladstone WICET Operations Pty Ltd (GWO) was deregistered on 13 June 2018. GPC owns all the shares in GMPS.

The Queensland Government is the owner of all shares in GPC. These shares are held by two shareholding Ministers:

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

GPC is committed to adopting leading practices in sustaining its economic, environmental and socially focused operations. As a government owned corporation, GPC subscribes to a corporate governance framework designed to incorporate the following eight ASX Corporate Governance Principles 4th Edition.

Corporate governance principle	Description — governance commitment
Lay solid foundations for management and oversight	Through its organisational design, policies and procedures, GPC clearly delineates the respective roles and responsibilities of its board and management and discloses how their performance is monitored and evaluated.
Structure the Board to be effective and add value	The Board consists of an appropriate size, composition, skills, commitment and knowledge of the organisation and the industry within which GPC operates, to enable it to discharge its duties effectively and to add value.
Instil a culture of acting lawfully, ethically and responsibly	GPC instils and continually reinforces a culture across the organisation of acting lawfully, ethically and in a socially responsible manner.
Safeguard the integrity of corporate reports	GPC establishes formal and rigorous processes to validate the quality and integrity of its corporate reporting.
Make timely and balanced disclosure	GPC makes timely and balanced disclosure of all matters that have a material effect on the way in which it conducts its operations.
Respect the rights of security holders	GPC provides its shareholders with appropriate information and facilities to allow them to exercise their rights as owners effectively.
Recognise and manage risk	GPC establishes a sound risk management framework and periodically review the effectiveness of that framework.
Remunerate fairly and responsibly	GPC designs a remuneration model to attract, retain and motivate high quality senior executives and employees and to align their interests with the creation of value for shareholders over the short, medium and longer term.

Through its corporate governance framework, GPC is committed to demonstrating effective leadership and accountability in delivering prudent and efficient outcomes aligned to its corporate objectives. Sound and effective governance at GPC will be underpinned by the foundations of:

- solid corporate performance — our governance framework helps to achieve our corporate performance objectives across all focus areas of the Corporation
- › accountability — we are held to account under our governance framework, for regulatory and policy compliance, enterprise risk management and corporate conduct based on transparency and integrity.

The GPC Enterprise Risk management framework is guided by the principles of ISO 31000 (Risk Management). The framework focuses on the adoption of an enterprise wide system and establishes a standard consistent with ISO 31000 and Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management-Integrating with Strategy and Performance 2017.

Our strategy setting and business planning cycle engages its Board and Executive Management Team on a cyclical basis to review the strengths, weaknesses, opportunities and threats affecting, or likely to affect, the GPC. This process is supported by an ongoing process of reviewing and setting GPC's risk appetite.

GPC's extensive and comprehensive risk management framework and has been developed to guide decision-making, to allocate resources to the level of risk which is considered acceptable; and the requirements for escalation and reporting. The Risk Appetite Statement is a 'trigger for decision making, escalation and reporting (as applicable) versus being a 'rule-based parameter'.

PRINCIPLE 1:

Lay solid foundations for management and oversight

Our Board

Chairperson: Peter Corones AM

Current members: Grant Cassidy OAM, Adrienne Ward, Gail Davidson, Peta Jamieson, Marita Corbett, Stewart Butel

Secretary: Sohana Maharaj (Chief Governance Officer)

Our directors are appointed by the Governor-in-Council, pursuant to the GOC Act. GPC is required to have a minimum of three directors and any director may be removed at any time by the Governor-in-Council. No director is subject to retirement by rotation. The Board is supported by three sub committees (Governance Risk and Compliance, People Performance and Culture and Finance, Investment, Commercial and Audit).

The criteria for Board membership are in accordance with the GOC Act. This states that in appointing a person as a director, the Governor-in-Council must have regard to that person's ability to make a contribution to the statutory GOC's commercial performance and implementation of its SCI.

All directors are non-executive directors. GPC is committed to ensuring that all new members of the Board receive an effective induction to their Board and Committee responsibilities as well as an overview of our structure, operations, policies and processes. Directors are generally appointed for a term of three years, but may be reappointed after that time.

Roles and responsibilities of the Board

The Board provides leadership and sets the strategic objectives of GPC. The Board assumes overall responsibility for corporate governance practices within GPC and monitors the performance of the corporation, its management and employees. The Board, in conjunction with the CEO, establishes and implements GPC's operational, financial and strategic direction as outlined in the one year (SCI 2019–2020), five year (Corporate Plan 2019–2024) and long-term (50 year Strategic Plan 2012–2062) plans. Ongoing Government, customer, community and employee consultation assists the Board to enact the corporate objectives defined in these plans.

Induction of new members and continuing professional development

A comprehensive directors' induction is carried out for new directors appointed to the Board. This includes a site visit to familiarise them with our operations. As part of the induction process, information and briefings are also provided. These cover enabling legislation, corporate planning documents, relevant policies and detail of Board administrative arrangements.

Directors are kept advised of relevant industry related seminars and conferences available to update their skills and knowledge. Directors are also encouraged to attend workshops and seminars as part of a continuing professional development policy to enable them to undertake their role effectively.

Our Organisation

The organisational structure is the framework within which GPC makes responsible, accountable decisions, supported by expert advice and the assurance provided by internal and external audit services. The CEO leads the management team and is responsible for GPC's organisational structure. The structure is approved by the Board. The CEO is directly responsible to the Board for the administration of the organisation.

CEO Performance Review

In accordance with GPC's Corporate Governance Framework, the Board, supported by the People, Performance and Culture Committee, conducts an annual CEO and senior executive performance review. Performance plans are reviewed periodically throughout the year and a final assessment is conducted at year end.

PRINCIPLE 2:

Structure the Board to be effective and add value

Board meetings

The Chairman and CEO discuss and finalise the agenda for each meeting; standing items include:

- apologies, declarations of interest or pecuniary interest and minutes of previous meetings
- Board action list
- workplace, health and safety report
- commercial and governance decisions requiring resolutions for adoption
- committee reports
- monthly reports on GPC's strategy, performance, risks, projects and new infrastructure (through a CEO's report detailing the activities of each department)
- correspondence
- corporate governance report
- corporate strategy report.

Meetings may include presentations by GPC employees or invited guests. Board papers are circulated in digital format one week before the meeting to provide sufficient time for review of agenda items and enable directors to request additional information to support them in their decision making.

Board committees

The Board may delegate its powers to a committee of directors. GPC has three committees: the Governance Risk and Compliance, People Performance and Culture and Finance, Investment, Commercial and Audit. One director on each committee is appointed Committee Chairperson by the Chairman of the Board.

Management personnel attend these meetings as do. GPC's external and internal auditors attend Committee meetings as required.

Director independence

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

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

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

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

Gaining independent advice

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

Board performance review

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

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

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

In accordance with the biennial review process, a board performance review was not conducted during the 2018/19 financial year. Directors' attendance at 2018/19 Board meetings was in accordance with their individual terms of appointment to the Board. Details are disclosed within the Notes to the Accounts

PRINCIPLE 3:

Instil a culture of acting lawfully, ethically and responsibly

GPC's ethical standards such as the Code of Conduct, Fraud and Corruption Prevention Policy, and Risk Management Policy, and the means by which we implement them, form part of the induction for all new Board members and employees. Updates are provided as new policy developments occur and as part of our CEO's annual business update sessions. Policies are available on the GPC internal website.

Code of Conduct

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

Fraud and corruption prevention

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

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

Procedure on Public Interest disclosure

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

A Public Interest Disclosure Procedure has been developed to provide transparent and accessible reporting processes, and protect employees who make a PID. The Company Secretary is the PID Officer for the purposes of the procedure. All PID s and related activities are reported to the Governance, Risk and Compliance committee by the PID Officer on a regular basis for consideration.

Right to information and information privacy

During the reporting period, GPC received two requests for information in accordance with the *Right to Information Act 2009* (Qld) and *Information Privacy Act 2009* (Qld). The requests were duly registered, addressed and finalised.

GPC's Whistleblower's reporting hotline

All suspected and actual misconduct and reprisal action must be reported in accordance with the PID procedure. Under GPC's Code of Conduct, all employees are required to report any reasonably based suspicion of theft, fraud, assault, corruption and/or official misconduct to their manager, another appropriate officer of GPC, the PID Officer or through GPC's confidential reporting Hotline (1800 063 408), or through the Crime and Corruption Commission. While the GPC's Whistleblower's reporting Hotline is intended primarily to be a service for employees, contractors and customers of GPC, the same reporting channel is available to the community, to raise issues and concerns. No calls to the Hotline will be dismissed on the basis of their source.
The service is provided externally by Deloitte.

PRINCIPLE 4:

Safeguard the integrity of corporate reports

Finance, Investment, Commercial and Audit Committee

Chairperson: Marita Corbett

Current members; Grant Cassidy OAM, Stewart Butel, Adrienne Ward

Secretary: Sohana Maharaj (Chief Governance Officer)

The Committee is assisted by the CEO, the Commercial General Manager and Chief Governance Officer. The internal and external auditors are invited to attend Committee meetings to present relevant reports and to openly discuss any concerns with the Committee, without management influence. The responsibilities of the Finance, Investment, Commercial and Audit Committee include, but are not limited to:

- following the internal audit charter, and overseeing the internal audit and compliance functions of GPC
- making recommendations on the results of various internal audit reviews carried out throughout the year
- making recommendations based upon the reports of the external auditors
- reviewing and approving the annual financial statements

The Finance, Investment, Commercial and Audit Committee operates under a charter established by GPC's Board. During 2018/19, the Finance, Investment, Commercial and Audit Committee reviewed and observed the terms of its charter and had due regard to Queensland Treasury's Audit Committee Guidelines.

External audit arrangements

GPC, in accordance with the *Auditor General Act 2009* (Qld), engages the Queensland Audit Office as its external auditor. The Auditor-General of Queensland, an independent Officer of Parliament, is the external auditor of government public sector entities in Queensland. The independence of the position, mandated by law, means that the Auditor-General and staff of the QAO have unfettered access to government entities and can examine and report to Parliament on the efficiency and effectiveness of any aspect of public sector finances and administration.

QAO officers conduct regular reviews and assessments of GPC's internal control environment, including financial management. Implementation of the QAO's recommendations targeting improvements to GPC's financial and related processes and systems are closely monitored by the Finance, Investment, Commercial and Audit Committee and the management team.

The QAO has conducted its annual independent assessment of GPC's finances and operations and concluded that the general purpose financial statements contained in this annual report present a true and fair view of GPC's financial position as at 30 June 2019.

Internal audit

Internal audit is an independent function that assists the Board and management in the effective discharge of their responsibilities. The Finance, Investment, Commercial and Audit Committee defines the internal auditors' scope of work through establishment of an annual internal audit plan.

The Committee also reviews the reports of the internal auditors and assesses their quality of work. KPMG was appointed GPC's internal auditors for a period up to 31 December 2020.

Dividend policy

GPC's dividend policy takes into account the return that shareholders expect from their investment and the ongoing capital investment requirements of our business. In 2018/19, the Board recommended to shareholders a dividend payment of 100% of net profit after tax, adjusted for any unrealised movements from the revaluation of non-current assets.

Records management

GPC is aware of its responsibilities under the *Public Records Act 2002* (Qld) and in 2015/16 GPC formulated an Information Management Policy, Records Management Standard and Archive Management Procedure in line with ISO40 recordkeeping used under the *Financial Accountability Act 2009* (Qld) to improve recordkeeping practices. This will ensure that operational business needs, legal, evidential and accountability requirements are met and stakeholder expectations are fulfilled.

Summary of directions and notifications given to the Board by shareholding Ministers

There were no directions issued by shareholding Ministers under the GOC Act for the 2018/19 financial year. There were no notifications issued by shareholding Ministers under the GOC Act for the 2018/19 financial year

PRINCIPLE 5:

Make timely and balanced disclosure

Corporate planning and disclosure

GPC presents an annual SCI and 5-year Corporate Plan to shareholding Ministers annually. The SCI forms the basis of the contract between GPC and shareholding Ministers. Status reports are presented monthly and quarterly to shareholding Ministers. Reports against key performance indicators are provided to the Board on a monthly basis. In addition, the CEO regularly advises the shareholding Ministers' departments on developing projects and GPC's proposed actions. This is also supported through written briefings as required. GPC has met the requirements of the 2018/19 SCI.

PRINCIPLE 6:

Respect the rights of security holders

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

PRINCIPLE 7:

Recognise and manage risk

Our Board retains ultimate responsibility for risk management and for determining the appropriate level of risk that the Board is willing to accept in the conduct of our business activities. The CEO provides the interface between the business units and the Board. Overall, the CEO has the ultimate responsibility for maintaining a Board-endorsed, robust corporate risk management system within GPC that through transparency in reporting reflects the true state of business risk exposure.

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

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

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

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

Governance, Risk and Compliance Committee

Chairperson: Grant Cassidy OAM

Current members:, Peta Jamieson, Stewart Butel and Marita Corbett

Secretary: Sohana Maharaj (Chief Governance Officer)

The Committee is assisted and attended by the CEO, Commercial General Manager, and the Chief Governance Officer.

The Committee's responsibilities include, but are not limited to:

- of GPC's risk appetite and risk tolerance, as determined by the Board on a holistic enterprise wide basis, and with respect to relevant categories of operational risk
- and assessment of the likelihood of occurrence, severity of impact of those risks, and any mitigating measures affecting those risks

- of the responsibility for risk oversight and management of specific risks to ensure a common understanding of accountabilities and roles
- of the risk treatment and mitigation policies and procedures developed by management, including procedures for periodic and critical reporting of matters to the Board and the Committee
- management's implementation of GPC's risk treatment and mitigation policies and procedures, to assess compliance and effectiveness.
- Overseeing the ethical conduct and governance functions of GPC

PRINCIPLE 8:

Remunerate fairly and responsibly

People, Performance and Culture Committee

Chairperson: Gail Davidson

Current members: Peta Jamieson, Adrienne Ward

Secretary: Sohana Maharaj (Chief Governance Officer)

The People, Performance and Culture Committee is assisted and attended by the CEO, People, Community and Sustainability General Manager and the Chief Governance Officer.

The Committee's responsibilities include, but are not limited to:

- monitoring and implementing recommendations relating to salaries and Enterprise Agreements
- reviewing reports and overseeing the implementation of recommendations arising from audits and reviews of systems and processes
- providing strategic direction for human resource management, training, planning and development
- making recommendations to the Board on remuneration issues.

The People, Performance and Culture Committee continued to review and approve GPC's strategic plans for Health and Safety.

Remuneration for the board

Directors' remuneration is determined by shareholding Ministers and the 2018/19 details of Directors' remuneration are disclosed in the Notes to the Accounts in accordance with GOC remuneration disclosure requirements.

Remuneration for senior management

Senior Management's remuneration was approved by the Board in accordance with the Policy for Government Owned Corporations Chief and Senior Executives Employment Arrangements released July 2014.

Corporate entertainment

GPC did not hold any corporate and hospitality events during 2018-19 which individually cost more than $5,000.

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

Contents

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.

Director's **Report**

For the year ended 30 June 2019

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.

original signed

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.

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**

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)

(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.

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.

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).

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.

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**

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)

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.

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

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.

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

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**

Notes **to the Consolidated Financial Statements**

For the year ended 30 June 2019

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**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

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
Better public services

INDEPENDENT AUDITOR'S REPORT

To the Members of Gladstone Ports Corporation Limited

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

a) gives a true and fair view of the group's financial position as at 30 June 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.

Queensland Audit Office
Better public services

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.

Queensland Audit Office

Better public services

- 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.

Gladstone Ports Corporation Limited

40 Goondoon St / PO Box 259
Gladstone, QLD, 4680, Australia

Tel +61 7 4976 1333
Fax +61 7 4972 3045
www.gpcl.com.au

ACN 131 965 896
ABN 96 263 788 242