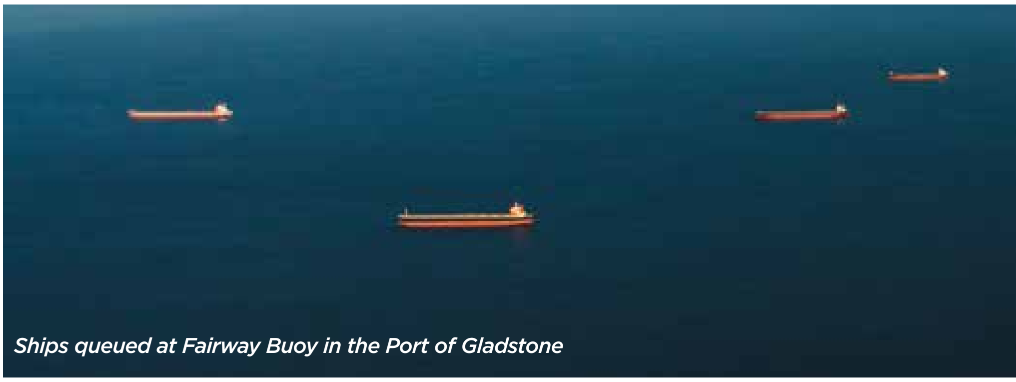
ANNUAL REPORT 2014/15

Gladstone Ports Corporation

Growth, Prosperity, Community.

www.gpcl.com.au

Contents



Ships queued at Fairway Buoy in the Port of Gladstone

About this Report

Gladstone Ports Corporation Limited (GPC) is a Company Government Owned Corporation under the *Government Owned Corporations Act 1993* (Qld) (GOC Act). This Annual Report is a summary of the operations, activities and financial position of GPC's three ports – Port of Gladstone, Port of Rockhampton (Port Alma Shipping Terminal) and Port of Bundaberg as at 30 June 2015.

It provides qualitative and quantitative information that enables us to compare our performance in 2014/15 against our own previously set performance benchmarks and against the performance levels achieved by our peers. It demonstrates the commitment to our mission to responsibly manage, develop and operate port facilities and services for the sustainable economic growth and social prosperity of our region, Queensland and Australia. It also reflects the progress made toward our vision to be the most respected Ports Corporation in the nation.

We have a policy of transparent operation and full disclosure – our report exceeds the legislative requirements of the GOC Act and the *Financial Accountability Act 2009* (Qld).

Please see the inside back cover for contact details.

Front cover:

1. ***5 LNG tugs were added to the tug fleet in 2014/15 in readiness for the LNG industry***
2. ***In 2014/15, 68.6Mt of coal was exported***
3. ***Gladstone Coal Exporters Maritime Precinct - East Shores opened in October 2014***
4. ***Water quality monitoring forms part of GPC's broader environmental management program, with almost twenty sites monitored regularly throughout the harbour***

Throughout this document this icon will appear where further information is available at the link provided.

Highlights and Challenges

Highlights

- First Liquefied Natural Gas (LNG) ship (pp 9)
- First Wiggins Island Coal Terminal (WICT) ship (pp 9)
- Completion of the new Tug Harbour (pp 24)
- East Shores – Stage 1a completed (pp 37)
- Commencement of the Indigenous Land Use Agreement (ILUA) (pp 37)
- Formation of a Port Welfare Committee (pp 23)
- Finalisation of all major commercial arrangements that will underpin our revenue for the next 20 years (pp 10)
- New trade opportunities (pp 16)

Challenges

- Regulatory framework / legislative changes (pp 16)
- Coal market conditions (pp 18)

Future Focus

- Business and operational improvements to assist customers in challenging market conditions (pp 18)
- Trade diversification (pp 16)
- Channel duplication (pp 24)

Five Year Performance

Indicators	2010/11	2011/12	2012/13	2013/14	2014/15	% Change 2013/14 to 2014/15	Target	% Variance Actual to Target
Tonnage throughput (Mt)	77.0	84.5	85.8	98.3	100.0	2.0	102.0	(2.0)
Lost Time Injury Frequency Rate (LTIFR)	3.5	2.7	2.0	3.5	4.1	17.0	0	N/A
Total number of injuries	113.0	109.0	107.0	83.0	61.0	(26.5)	0	N/A
Environmental exceedances	131.0	117.0	43.0	26.0	8.0	(69.0)	28	(71)
Total income ($M)	496.7	841.1	889.2	691.2	452.7	(34.5)	413.9	9.4
Earnings Before Interest and Tax (EBIT) ($M)	113.5	135.0	137.7	177.9	134.4	(24.5)	123.6	8.7
Total assets ($M)	1,822.6	1,815.8	1,810.6	1,962.7	2,004.1	2.11	1,612.5	24.3
Return on assets (%)	6.6	7.4	7.6	9.4	6.8	(28.2)	6.8	(0.9)
Capital investment ($M)	34.2	69.5	168.4	104.1	74.8	(28.2)	120.3	(37.8)
Dividends ($M)	42.1	48.1	57.4	58.6	54.4	(7.11)	49.1	10.7
Taxes paid to all taxing authorities ($M) ex-GST	33.2	42.8	34.1	38.4	42.7	11.4	40.5	5.6

This table represents key financial and non-financial performance indicators for the past five years. Targets are set annually in our Statement of Corporate Intent (SCI)(pp 6). Commentary on our performance is provided in the financial overview (pp 48) and further information is available in the Financial Statements (pp54).

The new Wiggins Island Coal Terminal will contribute to increased trade through the Port of Gladstone

Our Port

The Port of Gladstone commenced operation in 1914 with a modest throughput of 7,000 tonnes (t). In 2014/15 it is one of three ports under the control of GPC which together achieved a record 100Mt throughput:

- Port of Gladstone (99.3Mt)
- Port of Rockhampton (Port Alma Shipping Terminal) (0.2Mt)
- Port of Bundaberg (0.5Mt).

Across our three ports, GPC handles the export of resources from Central Queensland and finished products from local industries and the import of raw materials used by businesses locally and nationally. We are unique among Australian port corporations as we not only conduct the functions of a landlord port corporation, but also own and operate cargo handling facilities within the Port of Gladstone, including the world's fourth largest coal export terminal (by volume), RG Tanna Coal Terminal (RGTCT).

This year saw the first shipments from the LNG precinct on Curtis Island and from WICT. See pp9 for more information.

In addition to our cargo handling operations, GPC's core business functions are to provide and maintain vital shipping channels and to provide essential port services such as pilotage, towage (through an exclusive licence) and quarantine and waste. GPC also provides community parklands, manages road infrastructure, and controls Strategic Port Land (SPL).

Our Vision

To be the most respected Ports Corporation in the Nation.

Our Mission

To responsibly manage, develop and operate port facilities and services for the sustainable economic growth and social prosperity of our region, Queensland and Australia.

Our Values

// *Sustainability:* We preserve the inherent worth of port assets for future generations. We protect the health and safety of our people, the environment and our community. We engage with and contribute to the communities in which we operate.

// *Excellence:* We continually strive for excellence in all that we do and constructively challenge for a better way. We are open to learning and appreciate that shared knowledge and innovation are essential to our growth.

// *Customers:* We serve our customers and the port community with pride and passion. We respond with urgency, anticipate their needs, and exceed their expectations.

// *Respect:* We build relationships based on equality, dignity, honesty and trust. In all our dealings we strive to be friendly and courteous, as well as fair and compassionate.

// *Empowerment:* We support and empower people to give their best and reach their potential. We fully apply our skills and capacity, are accountable in our actions, and perform to the best of our ability.

// *Teamwork:* We are one company, one team. We work together to achieve our objectives.

Port of Gladstone

525km north of Brisbane. 4,448 hectares (ha) of land, including more than 700ha of reclaimed land.

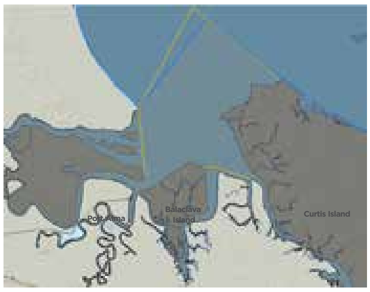
- Six main berth centres - 21 wharves:
  1 RGTCT – four wharves GPC owned and operated
  2 Barney Point Terminal (BPT) – one wharf GPC owned and operated
  3 Auckland Point – four wharves GPC owned and operated by others
  4 Fisherman's Landing – four wharves operated by multiple companies
  5 South Trees – two wharves operated by Queensland Alumina Limited (QAL)
  6 Boyne Wharf – one wharf operated by Boyne Smelters
- Curtis Island LNG Precinct – three wharves, separately owned and operated by three LNG proponents –
  7 APLNG
  8 QCNG
  9 GLNG

10 One wharf owned by Wiggins Island Coal Export Terminal Pty Ltd (WICET) and operated by GPC

Port of Rockhampton

43km south-east of Rockhampton in the Fitzroy River delta covering 5,812ha of land

Three wharf facilities. Berths 1 and 2 are suitable for general cargo operations whilst Berth 3 is dedicated to tallow, fuel and other cargoes



Port of Bundaberg

184km south of Gladstone covering 507ha of land.

Two main wharves:

- Sir Thomas Hiley Wharf – handles bulk sugar exports
- John T. Fisher Wharf – handles molasses imports

Bundaberg

Strategic planning for our ports is aligned with state and federal policies to protect the Great Barrier Reef

Statement of Corporate Intent

The Statement of Corporate Intent (SCI) represents our commitment to our shareholding Ministers. It outlines the strategies that will be implemented in a given year to support our contribution to the Queensland economy. The SCI complements the longer term five-year and 50-year Strategic Plans that provide further strategic direction for achieving the Corporate Vision. The full SCI and strategic plans are available at: *www.gpcl.com.au/development/strategy-and-planning*

2014/15 Major Initiatives

Business	
Develop asset management systems to ensure assets are managed across their life cycle and are aligned with future needs of the business	▶
Continue to collaborate with rail operators and coal customers to improve efficiencies across the coal transport chain through the Capricorn Coal Chain Steering Committee (CCCSC)	▶
Finalise key operating protocols with terminal and port users	■
Develop and implement a Port vessel management and scheduling system	▷
Continue assessments of Port of Gladstone's shipping capacity and focus on effective and efficient use of key areas of tugs, pilots, tidal flexibility etc	▷
Undertake a feasibility assessment for a centralised approach to monitoring for security purposes	●

Infrastructure	
Facilitate new port industry and infrastructure strategies and plans	▶
Continue the Environmental Impact Statement (EIS) process for the development of Gladstone's outer channels	▶
Progress the continuing development of Curtis Island and Fisherman's Landing areas for LNG projects	▶

Environment	
Active advocacy for the operational needs of ports operating in the Great Barrier Reef World Heritage Area (GBRWHA), both directly and through participation in relevant industry groups, i.e., Ports Australia, Queensland Ports Association and Queensland Resources Council	■
Progress improvement projects for wharf spillage, dust management and stormwater management	▷
Maintain ISO 14001 - 2004 Environmental Standard accreditation in 2014/15	■
Deliver the offset commitments required by approvals for the Western Basin Dredging and Disposal Project (WBDDP)	▷

Community	
Ensure valued contributions to the communities in which we operate through an effective Community Investment Program (CIP)	■
Execute the ILUA and Reconciliation Action Plan (RAP) to ensure sustainable contributions to the local Indigenous community	■
Complete construction of the Auckland East Shores Project Stage 1a	■
Continue the commercially prudent reinvigoration of GPC parklands for the assurance of safe and quality community facilities	■

People	
Target zero lost time injuries and a minimum of 20% improvement in safety performance	▷
Maintain an AS4801 accredited Safety Management System	■
Continue the development and implementation of behavioural-based safety programs	▷
Complete the Enterprise Agreement (EA) negotiations with marine pilots and transfer crew to achieve productivity gains that contain significant offsets to any wage increase	■
Complete the productivity initiatives stipulated in the GPC EA 2012	●

Corporate Governance	
Enhance governance by establishing and implementing a governance framework for enhanced conformance of regulatory and legislative obligations and Board directives	▶
Develop a records management strategy which includes effective and efficient distribution, storage, access and publication of meaningful information	▷
Revise the Capital Investment System (CIS) to provide a more rigorous framework for evaluating and managing new capital investments (target completion date is December 2014)	▷

Finance	
Achieve after tax profit of $61.3M	■▌
Provide a dividend of $49.1M	■▌
Achieve 7.7% EBIT return on assets	▶
Finalise Major Cargo Handling and Port Services Agreements	▶

▶ On Target
○ Reviewing
▷ Commenced
■ Completed
■▌ Exceeded
● Delayed

2015/16 Major Initiatives

Business

- Facilitate new port industry and infrastructure strategies and plans
- Continue assessments of the Port of Gladstone's shipping capacity and focus on effective and efficient use of key areas of tugs, pilots, tidal flexibility etc
- Commence and complete a new Port vessel management and scheduling system, in conjunction with key stakeholders
- Complete necessary approvals for a five year maritime security plan for the Port of Gladstone
- Undertake strategic reviews of the Ports of Rockhampton and Bundaberg to maximise the potential of the existing port areas. Development of these non-Priority Port Development Areas will be limited over the next decade

Infrastructure

- Following the adoption of the Reef 2050 Long-Term Sustainability Plan and the draft Sustainable Ports Development Bill 2015, GPC will develop, in conjunction with the Queensland Government, a master plan for the Port of Gladstone
- Develop asset management systems to ensure assets are managed across their life cycle and aligned with future needs of the business
- Prepare for closure of BPT to coal operations and review options for future use
- Finalise and submit the EIS for the Channel Duplication project
- Commence planning for the Clinton Bypass project

Environment

- Maintain ISO 14001 - 2004 Environmental Standard accreditation
- Progress improvement projects for wharf spillage, dust management and stormwater management
- Deliver the offset commitments required by approvals for the WBDDP

People

- Target zero lost time injuries and a minimum of 20% reduction in the total number of injuries
- Maintain an AS4801 accredited Safety Management System
- Complete the productivity initiatives stipulated in the GPC EA 2012 and commence the new enterprise agreement (2016) negotiations
- Continue the implementation of behavioural-based safety programs and introduce additional lead safety indicators

Community

- Ensure valued contributions to the communities in which we operate through an effective CIP
- Develop and implement a process for the ILUA and RAP to ensure sustainable contributions to the local Indigenous community

Corporate Governance

- Develop the CIS to provide a more rigorous framework for evaluating and managing new capital investments (target completion date is December 2015)
- Develop a records management framework which includes effective and efficient distribution, storage, access, retention, disposal and publication of information
- Revise and implement risk mitigation, business continuity, and crisis management procedures and policy

Finance

- Achieve after tax profit of $74.9m
- Provide a dividend of $59.9m
- Achieve 7.1% EBIT return on assets
- Finalise outstanding Port Services Agreements

The LNG precinct on Curtis Island will bring significant economic benefits to Queensland

Welcoming New Industry and Trade

In 2014/15 GPC welcomed the commencement of a new LNG export industry and a new coal terminal facility within the Port of Gladstone.

LNG Industry

As a result of the Asian energy boom and the increasing demand for coal seam gas, Queensland gas producers began investigating potential sites for an LNG production facility on the Queensland coast in 2006.

After four years of investigations, studies, assessments and negotiations, construction commenced in October 2010. Queensland Curtis LNG (QCLNG) was the first of the three LNG operators to begin building on the shores of Curtis Island. They were followed in June 2011 by the Santos project, titled Gladstone LNG (GLNG), and in August 2011 the ConocoPhillips/Origin project, titled Australia Pacific LNG (APLNG), commenced.

When complete, the three LNG operations will add approximately 25Mt of trade through the Port of Gladstone, positioning Gladstone as the second largest concentrated location in the world for LNG production.

The three plants are expected to be in full operation by mid-2016, with the majority of exports under long-term supply contracts to China, Japan, South Korea and Malaysia. The first LNG vessel, Methane Rita Andrea, entered the Port of Gladstone on Friday 26 December 2014 and the first export shipment departed the QCLNG berth on Monday 5 January 2015.

The safe arrival and departure of the first LNG carrier was the culmination of GPC's WBDDP.

The project, which was completed in September 2013, successfully increased port access by deepening, widening and creating new shipping channels with depths of up to 13m to enable LNG carriers to enter and exit the Western Basin.

GPC also developed a new tug base facility in 2014, to accommodate the five additional 80t bollard pull escort tugs specifically designed to actively escort LNG carriers to and from the Fairway Buoy.

The QCLNG plant was officially opened by the Premier of Queensland, the Hon. Annastacia Palaszczuk MP on Friday 15th May 2015.

Coal Trade

The 2014/15 financial year also saw GPC appointed as the operator of the new WICT and the subsequent set up of a 100% subsidiary of GPC called Gladstone WICET Operations (GWO), under which it recruited members of the operational team for WICT.

In late April 2015, WICT successfully loaded its first vessel with 74,000t of coal bound for Hong Kong. The vessel was loaded in less than seven days with loading only taking place in daylight hours, and with no injury or damage to equipment. In addition to assisting in terminal operations, the increased trade and utilisation of port services enabled GPC to increase revenue and profitability.

GPC ended the 2014/15 year on a note of optimism and looking towards a bright future. Trade is projected to grow to nearly 145Mt handled per year within the next five years putting the Port of Gladstone on track to be Australia's largest multi-cargo port by the end of the decade.

Chairman, Mark Brodie

Chairman's Review

With total trade exceeding 100Mt for the first time, 2014/15 was an exceptional period for GPC. Importantly, as we move into the year ahead, we will continue to see new business opportunities being developed by our team, not only for Gladstone, but for all our three ports.

GPC's financial performance is again strong with solid returns from an expanding customer base. This year has seen a significant softening of coal, LNG and other key commodity prices. Notwithstanding this, GPC worked closely with our customers to identify opportunities to improve service levels and manage costs. This was underpinned by the focus on new Cargo Handling Agreements for coal terminal customers and the Port Services Agreements with coal and LNG customers, with documents to be executed early in 2015/16. These agreements, negotiated over several years, represent long-term sustainable outcomes for GPC and its customers and guarantee capacity and service delivery for our operations now and into the future.

GPC has a long history of supporting local communities through direct and indirect funding and infrastructure improvements. In 2014/15 the opening of the new East Shores development continued this history. A collaborative effort with Wiggins Island Coal Export Terminal Pty Ltd, this project has been very well received by the Gladstone community. Our Gladstone Marina won the Best Public Boat Harbour Australasia this year, a recognition of the high standard of our Marina facilities and local parks and gardens. We also continue to work with the indigenous community on our Reconciliation Action Plan and ILUA initiatives and are proud of the outcomes achieved so far.

Among several significant milestones for the year, was the first LNG vessel loaded in Gladstone in the last week of December 2014. This was from the QCLNG plant on Curtis Island and by year end over 1.6Mt of LNG had been exported from Gladstone. By mid-2016 all three LNG plants will be operational with six production trains in total producing LNG. Export volumes are set to grow to approximately 25.0Mt within two years and make Gladstone and Queensland one of the largest exporters of LNG in the world.

Another milestone was the successful commissioning of the new multi-billion dollar Wiggins Island Coal terminal in Gladstone. The first vessel was loaded in late April and the terminal is receiving and shipping coal on a frequent basis. This new terminal adds considerable coal handling capacity to GPC's two coal Terminals and will place us in a strong position to manage future growth in the coal industry.

We saw another reduction in the total number of injuries in the business this year however we will continue to work towards zero harm moving forward.

Since becoming Chairman in June 2012, the Board, management and I have strived to facilitate opportunities for the under-utilised Port of Bundaberg. It has been a port dominated by sugar and molasses exports for many years. This year, GPC along with the Bundaberg Regional Council and the State Government finalised negotiations that have been ongoing for almost two years with Knauf to construct a new large plasterboard manufacturing plant on port land. Knauf is a large multinational company with a number of other plants in Australia and over 200 in total worldwide. The new plant will see gypsum imported by ship and the plasterboard produced distributed throughout Australia. This is a significant opportunity for Bundaberg and will create many new jobs during both construction and operational phases. Construction is set to be completed by early 2017. In 2015/16 we will see the culmination of other key projects and a continuing focus on delivering new strategies and growth for GPC's three ports.

This year's results were particularly pleasing given the increased workload placed on the business for several months whilst working on a number of significant matters. I am extremely proud of what has been achieved by all the team at GPC and take this opportunity to acknowledge all the hard working men and women at all levels within the organisation.. Thanks also go to the Management Team led by our CEO Craig Doyle for delivering another record and strong year of performance. I also take this opportunity to thank my fellow Directors for their ongoing support and dedication to their roles.

original signed

CEO, Craig Doyle

CEO's Review

This year we continued to improve safety performance, while at the same time achieving a new trade record of 100 million tonnes through our three ports and finalising a number of key initiatives.

Our safety journey has continued with another significant reduction in the number of employees injured in 2014/15. We have implemented a behavioural based safety interaction program from Board level to the floor which has improved hazard identification and our communication with our employees. However, there is still room for improvement and safety will remain a core focus for GPC.

Key trade performance was again dominated by coal with 68.6Mt traded through Gladstone. Of this total 0.46Mt was from the new Wiggins Island Coal Terminal which had its first vessel loaded in late April. In its role as Operator of the terminal, GPC worked closely with WICT preparing for the commissioning phase. With WICT in full operation, the Port of Gladstone now has the capacity to handle over 100Mt of coal per annum.

GPC's coal terminals again realised improved service delivery performance, and supporting our valued customers in a difficult market. Port Alma continued with its traditional key trade products of explosives, ammonium nitrate, salt and petroleum. At Port of Bundaberg the last year has seen a significant focus on attracting new trade. This has resulted in an agreement with Knauf to construct a large plasterboard plant on port land in the coming twelve months. New products such as wood pellets and mineral sand complemented the existing sugar and molasses trade resulting in increased trade through the port.

A significant milestone was reached in the last week of December 2014 when the LNG vessel Methane Rita Andrea entered Gladstone and the first LNG cargo from coal seam gas was successfully loaded. For the year, just over 1.6 Mt was traded through Gladstone from the QCLNG plant. This result was the culmination of many years of hard work by multiple stakeholders which has resulted in a fantastic outcome for Gladstone, Queensland and Australia.

The year also saw the completion of a number of large capital projects by GPC. The new $30M tug base in Gladstone was completed. This is now home to the entire port tug fleet (11 in total) which has nearly doubled as a result of the new LNG trade. The $41M Gladstone Coal Exporters Maritime Precinct was completed and officially opened in November 2014. This is a fantastic new recreation area for the community.

We also finalised our ILUA with the Port Curtis Coral Coast (PCCC) Native Title Group and have commenced implementation of a number of key initiatives focusing on providing opportunities to enhance relationships and foster social, cultural or economic benefit. I take this opportunity to acknowledge the commitment and enthusiasm of the PCCC and congratulate the Implementation Committee members on what has been achieved in such a short time.

We continued to make positive progress in managing marine operations. As our ports expand their trade throughput, we are working with Maritime Safety Queensland to upgrade the ports scheduling capability in the next twelve months. Our focus on environmental excellence has also continued with a number of initiatives both onshore and offshore.

2015/16 will see the GLNG and APLNG plants on Curtis Island commence operations; eventually over 25Mtpa of LNG will be produced. The coming year will also bring new trade opportunities to be realised at all ports and an expected 15% increase in tonnage. Our financial returns to the state of Queensland will increase as a result.

GPC has enjoyed another positive growth year. It is only through the hard work and commitment of our employees, and the valued support of existing and new customers and the community that we have achieved these outstanding results. I thank each and every one of you who assisted us in the last year. My thanks also goes to the Board of Directors and shareholding Ministers and their departments for their ongoing support. We look forward to another record year in 2015/16.

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Bauxite from the Rio Tinto Yarwun Refinery is exported through Fisherman's Landing

Trade

Increased Total Trade

Across the Ports of Gladstone, Bundaberg, and Rockhampton, total shipping trade achieved a new record level of 100.0Mt, increasing 1.7Mt above the 2013/14 achievement of 98.3Mt. The number of cargo vessels visiting the region was 1,648, a slight decrease (5%) from the previous year. Trade has continued to grow consistently over the last decade, with the exception of 2010/11 when trade was seriously impacted by flood events that affected much of Queensland.

Trade volume is underpinned primarily by the coal industry (through RGTCT, BPT and WICT), and the alumina industry (through the QAL and Rio Tinto Alcan Yarwun (RTAY) facilities). The commencement of the LNG trade will continue to positively influence our growth.

We continue to facilitate development opportunities for new industries that have requirements to handle cargoes through the ports under its jurisdiction.

Coal Remains Strong

Despite having processed record coal shipments in the Port of Gladstone in 2013/14, this year our coal customers were met with an increasingly difficult coal market.

In the face of a number of supply chain disruptions, primarily from extreme weather events and interruptions to a number of mines, coal customers still maintained an historically high volume. In 2014/15, a combined 68.6Mt was exported, only a slight decline (1.5%) on 2013/14. Whilst there has been pressure on the coal market, we remain positive that thermal and metallurgical coal will remain stable into the future.

We anticipate 2015/16 will be equally as difficult for the coal industry however we are again targeting record coal shipments (74Mt) through the port. We will support this outcome through our continued commitment to working with our customers and other stakeholders to maximise supply chain performance.

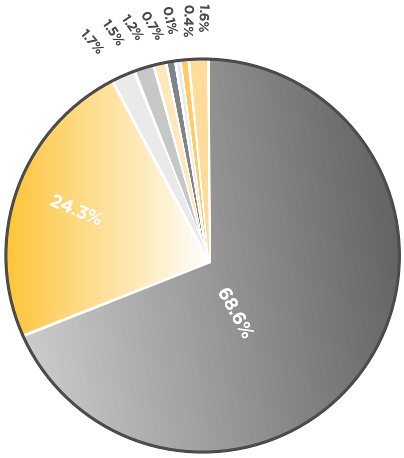
LNG Exports Commence

QCLNG commenced exports of LNG in December 2014 following the completion of its first train facility.

LNG exports totalled 1.6Mt in 2014/15. The LNG trade is forecast to grow significantly in the 2015/16 financial year with all LNG proponents, QCLNG, GLNG and APLNG either commencing operation and/or bringing their second trains into production. Our forecast tonnage for LNG exports for 2015/16 is approximately 12Mt.

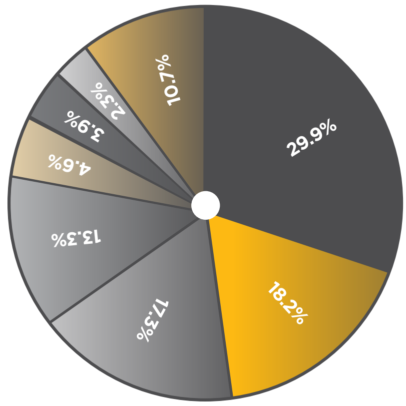
Table 1: Trade breakdown

Wharf Centre	Major Products	2013/14	2014/15	Difference (%)		Vessel Nos
Tonnage Throughput – Port of Gladstone						
RG Tanna Coal Terminal	Coal	64,980,430	64,395,516	-0.90%	▼	648
Barney Point Terminal	Coal	4,642,069	3,707,827	-20.13%	▼	53
	Nickel Ore	-	50,010	100.00%	▲	1
Auckland Point #1	Calcite, General Cargo	154,315	244,642	58.5%	▲	13
Auckland Point #2	Grain	151,630	145,537	-4.02%	▼	5
Auckland Point #3	Petroleum, LP Gas, General Cargo	1,088,367	998,192	-8.29%	▼	92
Auckland Point #4	Breakbulk, Containers, General Cargo	449,494	425,440	-5.35%	▼	82
Boyne Smelter	Alumina	385,448	408,102	5.88%	▲	26
	Petroleum Coke	216,629	208,876	-3.58%	▼	18
	Liquid Pitch	49,831	42,584	-14.54%	▼	10
South Trees East	Alumina	2,458,498	2,569,926	4.53%	▲	70
	Caustic Soda	990,146	996,566	0.65%	▲	25
	Petroleum Products	156,752	145,189	-7.38%	▼	4
South Trees West	Bauxite	9,514,721	9,658,340	1.51%	▲	131
Fisherman's Landing #1 & #2	Bauxite	7,095,565	7,470,618	5.29%	▲	108
	Alumina	2,624,063	2,663,397	1.50%	▲	70
	Caustic Soda	760,302	866,225	13.93%	▲	21
	Alumina Hydrate	-	93,571	100.00%	▲	5
Fisherman's Landing #4	Cement Products	1,446,369	1,697,551	17.37%	▲	82
Fisherman's Landing #5	Liquid Ammonia	255,774	178,463	-30.23%	▼	31
	Caustic Soda	116,801	177,701	52.14%	▲	6
	Sulphuric Acid	40,409	36,484	-9.71%	▼	5
QCLNG	LNG	-	1,611,103	100.00%	▲	25
Curtis Island	Construction Material	83,925	33,349	-60.26%	▼	20
WICET	Coal		461,447	100.00%	▲	4
Wiggins Island	Construction Material	3,975	1,548	100.00%	▲	2
Total Port of Gladstone		**97,665,513**	**99,288,204**	**1.63%**	▲	**1,557**
Tonnage Throughput – Port of Rockhampton						
Berths #1 & #2	Ammonium Nitrate	112,327	57,402	-48.90%	▼	49
	Explosives	8,407	7,766	-7.62%	▼	
	Containers	1,190	956	-19.66%	▼	
	General Cargo	266	0	-100.00%	▼	
	Tallow	5,001	3,880	-22.42%	▼	
	Salt	76,104	75,123	-1.29%	▼	
Berth #3	Tallow	21,994	25,644	16.60%	▲	18
	Petroleum Products	58,166	63,545	9.25%	▲	
Total Port of Rockhampton		**283,455**	**234,316**	**-17.34%**	▼	**67**
Tonnage Throughput – Port of Bundaberg						
John T Fisher Wharf	Bulk Liquids – Molasses	43,877	60,934	38.87%	▲	7
Sir Thomas Hiley Wharf	Sugar	347,004	375,810	8.3%	▲	15
	Wood Pellets	-	52,608	100.00%	▲	2
Total Port of Bundaberg		**390,881**	**489,352**	**25.19%**	▲	**24**
OVERALL TOTAL TONNAGE		98,339,849	100,011,872	1.7%	▲	1,648



Coal 68,564,790 **68.6%**
Alumina 24,318,643 **24.3%**
Cement 1,697,551 **1.7%**
Other Cargo 1,484,471 **1.5%**
Petroleum 1,154,405 **1.2%**
Aluminium 659,562 **0.7%**
Grain 145,537 **0.1%**
Sugar 375,810 **0.4%**
LNG 1,611,103 **1.6%**

Figure 1 : Product by industry



Japan 23,404,615 **29.7%**
China 14,351,391 **18.2%**
India 13,621,782 **17.3%**
Korea 10,506,371 **13.3%**
Australia 3,634,539 **4.6%**
Taiwan 3,079,146 **3.9%**
Brazil 1,777,485 **2.3%**
Other 8,396,869 **10.7%**

Figure 2 : Export destinations

Dry Bulk (Other than Coal)

Products handled includes: alumina, bauxite, calcite, cement, grain, sugar, petroleum coke and salt.

The alumina trade increased by 3.6% and maintained its position as the second largest export trade (24.3%) through GPC. The major import through the Port of Gladstone continues to be bauxite with a record 17.1Mt through the QAL and RTAY refineries.

Cement clinker exports from Fisherman's Landing 4 increased by 69% to 0.7Mt. However, other dry bulk trade throughput across the three ports remained flat, and is reflective of the current challenges facing many industries.

Grain exports were 0.15Mt, a decrease of 2.5% from the previous year. No wheat was exported due to adverse weather conditions.

Trade through the Port of Bundaberg improved with sugar exports increasing by 8.3% to 0.37Mt and a new trade opportunity created through the export of 0.53Mt of wood pellets.

Wet Bulk (Other than LNG)

Products handled includes: petroleum (bunker fuel and diesel), LPG, liquid ammonia, caustic soda, sulphuric acid and tallow.

Petroleum trade imports decreased from the previous year's levels by 7.9% reaching just over 1Mt in 2014/15. Diesel decreased by 8.8% from 2013/14 import volumes. The reduction is due to the LNG industry's transition from construction phase to operation phase. Volumes are anticipated to remain stable into the future. Caustic soda imports increased on the back of the continued alumina trade growth.

In general, other wet bulk products remained largely unchanged for the period. We anticipate wet bulk commodities throughput for 2015/16 to be consistent with that of 2014/15.

General Cargo

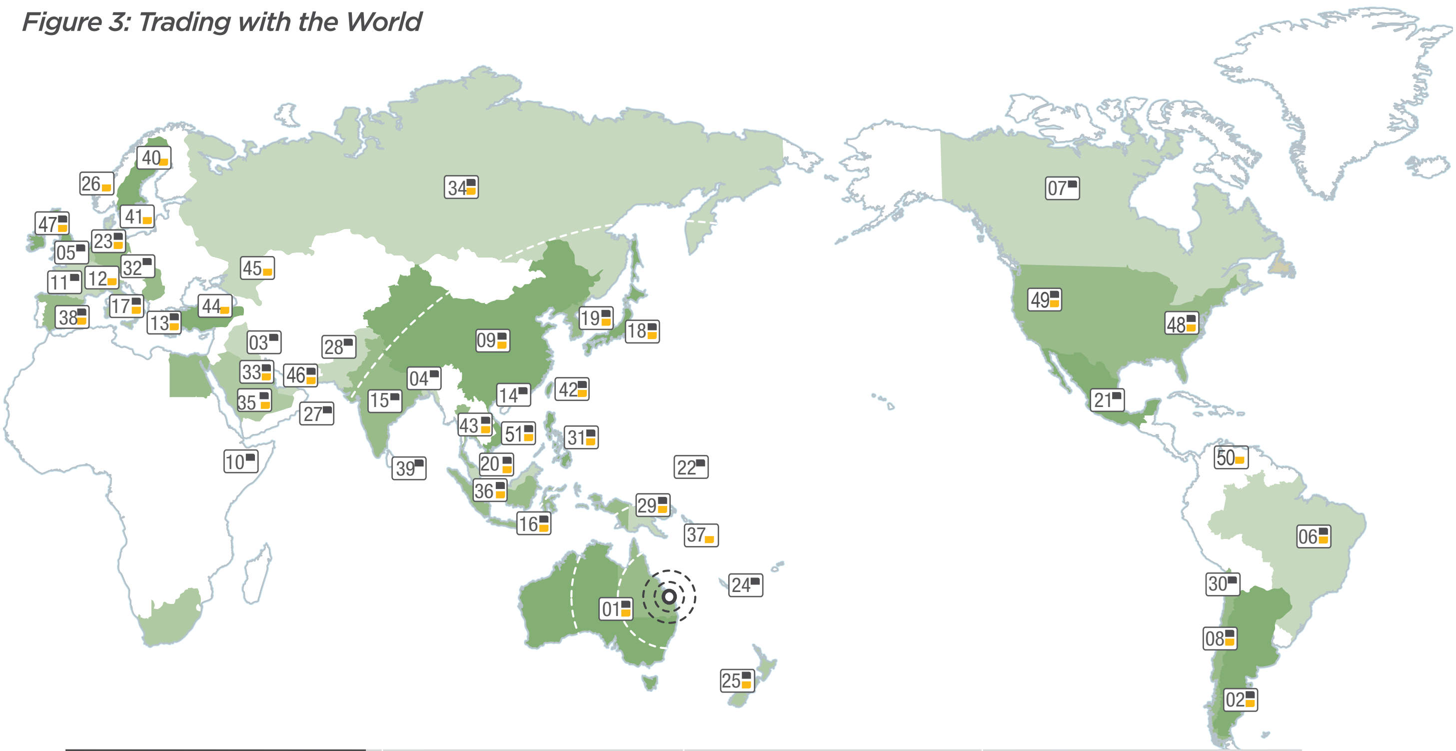
Products handled includes: explosives, scrap metal, forest products, heavy equipment, machinery, containers and breakbulk (bagged products).

General cargo throughput increased by 18% to 0.94Mt in 2014/15. Scrap metal exports for 2014/15 decreased 5.7% to 0.70Mt, and ammonium nitrates volume was 0.57Mt. We anticipate that general cargo trade will increase over the coming financial year with the development of potential new trade. Log and woodchip exports from the region will commence in 2015/16.

Container Trade

The container trade continues to be supported by the regular South East Asia Liner Service offered by Swire Shipping to Gladstone Port's Auckland Point Facility . Container throughput grew for the sixth consecutive year with a record 10,901 containers handled through the Ports of Gladstone and Rockhampton.

Figure 3: Trading with the World



EXPORT PRODUCTS (TONNES)

Alumina	5,233,323
Aluminium	408,102
Break Bulk – Ammonium Nitrate*	6,417
Calcite	169,420
Cement Clinker	725,025
Cement	652,373
Coal	68,564,790
Containers**	108,132
Calcined Magnesia	21,915
Deadburn Magnesia	30,221
Electrofused Magnesia	14,163
Fly Ash	273,168
General Cargo**	86,766
Grain – Sorghum	129,750
Grain – Chick Peas	15,787
Limestone	46,985
Scrap Metal	70,212
Sugar***	375,810
Tallow*	29,524
Wood Pellets	52,608
Petroleum Bio Fuels	16,764
LNG	1,611,103
Alumina Hydrate	120,493
Nickel Ore	50,010
Ilmenite	6,587

EXPORTS BY COUNTRY OF DESTINATION 2014/15

01 Australia

02 Argentina	14 Hong Kong	25 New Zealand	38 Spain
03 Bahrain	15 India	27 Oman	39 Sri Lanka
04 Bangladesh	16 Indonesia	28 Pakistan	42 Taiwan
05 Belgium	17 Italy	29 Papua New Guinea	43 Thailand
06 Brazil	18 Japan	30 Peru	44 Turkey
07 Canada	19 Korea	31 Philippines	46 United Arab Emirates
08 Chile	20 Malaysia	32 Poland	47 United Kingdom
09 China	21 Mexico	33 Qatar	48 USA (E Coast)
10 Ethiopia	22 Micronesia	34 Russia	49 USA (W Coast)
11 France	23 Netherlands	35 Saudi Arabia	51 Vietnam
13 Greece	24 New Caledonia	36 Singapore	

IMPORT PRODUCTS (TONNES)

Bauxite	17,128,958
Break Bulk – Ammonium Nitrate*	35,991
Caustic Soda	2,040,492
Containers**	12,855
Construction Related Cargo	34,897
Copper Slag	26,804
General Cargo**	7,771
Gypsum	57,591
LP Gas	10,962
Liquid Ammonia	178,463
Liquid Pitch	42,584
Magnetite	95,998
Molasses	60,934
Petroleum – Fuel Oil Bunkers	145,189
Petroleum Coke	208,876
Petroleum Products	945,671
Petroleum – Bio Fuels*	46,781
Salt*	75,123
Sulphuric Acid	36,484

IMPORTS BY COUNTRY OF ORIGIN 2014/15

01 Australia

02 Argentina	19 Korea	34 Russia	44 Turkey
06 Brazil	20 Malaysia	35 Saudi Arabia	45 Ukraine
08 Chile	23 Netherlands	36 Singapore	46 United Arab Emirates
09 China	24 New Caledonia	37 Solomon Islands	47 United Kingdom
12 Germany West	25 New Zealand	38 Spain	48 USA (E Coast)
13 Greece	26 Norway	40 Sweden	49 USA (W Coast)
16 Indonesia	29 Papua New Guinea	41 Switzerland	50 Venezuela
17 Italy	31 Philippines	42 Taiwan	51 Vietnam
18 Japan	33 Qatar	43 Thailand	

*Unless otherwise noted all figures are for Port of Gladstone only. *Port of Rockhampton only.*
*** Combined Port of Gladstone and Port of Rockhampton Shipping Terminals. ***Port of Bundaberg only.*

Alumina and bauxite are exported from the two South Trees wharves

Tropical Cyclone Marcia in March 2015 created an opportunity for log exports through Auckland Point

Diversifying Our Trade Focus

We continue to focus on diversifying trade across the three Ports. A key project is the establishment of a team to develop a concept for configuring BPT post-coal. The concept centres on BPT's ability to accept a diverse range of dry bulk goods which could be satisfactorily managed from an environmental and community perspective. There is also a focus on expanding our capability to import fuel.

We have been diligently progressing a number of initiatives with potential customers to provide export/import opportunities through the region. These initiatives could well see an increase in new minerals and forestry products through Bundaberg, Gladstone and Rockhampton.

Prospects for continued growth in Bundaberg are promising, with GPC approving two major port developments - a new bulk export storage facility for wood pellets and a new state-of-the-art plasterboard manufacturing plant and bulk import gypsum storage facility (see pp17). Construction of a wood pellet storage facility by Altus Renewables Limited has commenced and is expected to be completed by December 2015. Construction of the plasterboard manufacturing facilities by Knauf is expected to commence by September 2015 and be completed by January 2017.

At Gladstone we are working with a number of companies to potentially manage an increase in minerals exports. Ilmenite exports and a significant log and woodchip export operation have recently commenced through our Auckland Point facilities.

Rockhampton is exploring opportunities for minerals expansion and improving its ammonium nitrate shipments.

Planning for Strategic Port Development

The National Port Strategy (NPS) and Queensland Ports Strategy (QPS), together with the actions outlined in the Reef 2050 Long-Term Sustainability Plan, identified the need for ports to develop a long-term Master Plan for the ports in their jurisdiction. Queensland Government policy and the draft Sustainable Ports Development Bill 2015 have identified four Priority Ports within the GBRWHA at which capital dredging may occur. Those Priority Ports are required to have Master Plans developed to demonstrate the various aspects of sustainability.

The Port of Gladstone is identified as a Priority Port and the Master Planning process has commenced with the Department of Infrastructure, Local Government and Planning.

The Port of Rockhampton has been restricted to development not requiring capital dredging.

The Port of Bundaberg is located outside the GBRWHA and may be developed. Planning for all three ports will be progressed throughout 2015/16.

GPC's focus in the short to medium term is to increase the use of existing port infrastructure at the Port of Bundaberg

Knauf, a Cornerstone Investor in the Port of Bundaberg

During 2014/15, GPC and Knauf (a global plasterboard manufacturing business) were involved in negotiations for the construction of a large manufacturing plant at the Port of Bundaberg. In conjunction with the Bundaberg Regional Council and the state government, GPC agreed to sell Knauf a parcel of land on which to build the new plant and to allow gypsum import through the port. Knauf's new facility will produce plasterboard from the imported gypsum.

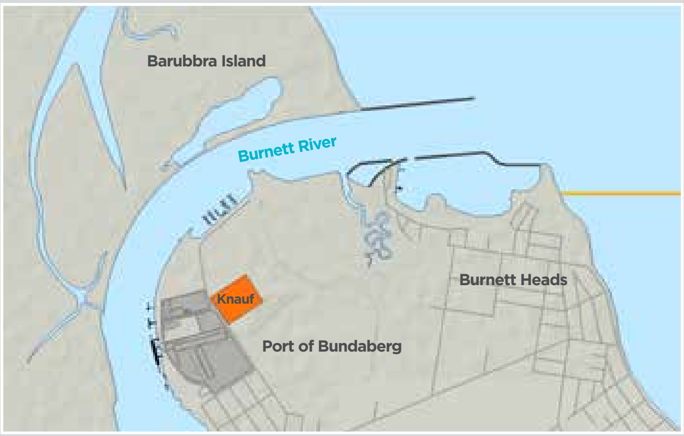
Internationally, Knauf has more than 220 facilities, 70 quarrying operations and 23,000 employees. It operates in over 60 countries, and is one of the leading plasterboard manufacturers in the world, producing more than 1 Billion square metres of plasterboard annually and with sales of ~€8 Billion per year.

Knauf Australia manufactures and distributes plasterboard, compounds, cornice and associated products and systems. With two manufacturing facilities in Matraville (Sydney) and Altona (Melbourne), over 220 employees and a national franchise PlastaMasta network, Knauf is a major supplier of plasterboard and associated products to the light weight construction industry.

Knauf Australia will now build a state-of-the-art plasterboard manufacturing facility at the Port of Bundaberg – including gypsum handling and processing facilities to support plasterboard production and for sale into the agriculture sector. The facility will have the capability to produce plasterboard wallboard, ceiling tiles, compounds and metal systems.

The project will provide significant benefits to the Bundaberg community, including:

- Investing ~$100M in the construction project at the Port of Bundaberg
- Creating 70 direct jobs in Bundaberg
- Increasing Regional Gross Domestic Product by 2.12%
- On-going training and development of employees including an apprenticeship development program
- Becoming a cornerstone investor in the Port of Bundaberg Industrial Precinct – facilitating further manufacturing investors to the area.




RGTCT is the culmination of the three arms of the coal supply chain – mine, rail and port

Cargo Handling Operations

Coal Operations

Delivering Results in a Difficult Market

In spite of the ongoing coal market difficulties, we set our 2014/15 targets at RGTCT and BPT at near record levels. As coal prices continued to fall throughout the year, and coal markets became oversupplied, our customers were forced to make significant changes to their businesses.

Working closely with our customers, directly and through supply chain forums, our Cargo Handling Operations team was constantly adjusting plans to ensure our efforts were supportive of coal customers' evolving needs. Our combined effort resulted in more than 9,500 trains being unloaded and 700 ships loaded through GPC's coal terminals. Whilst not quite meeting the record tonnes of the previous year, we loaded over 68Mt of coal through RGTCT and BPT.

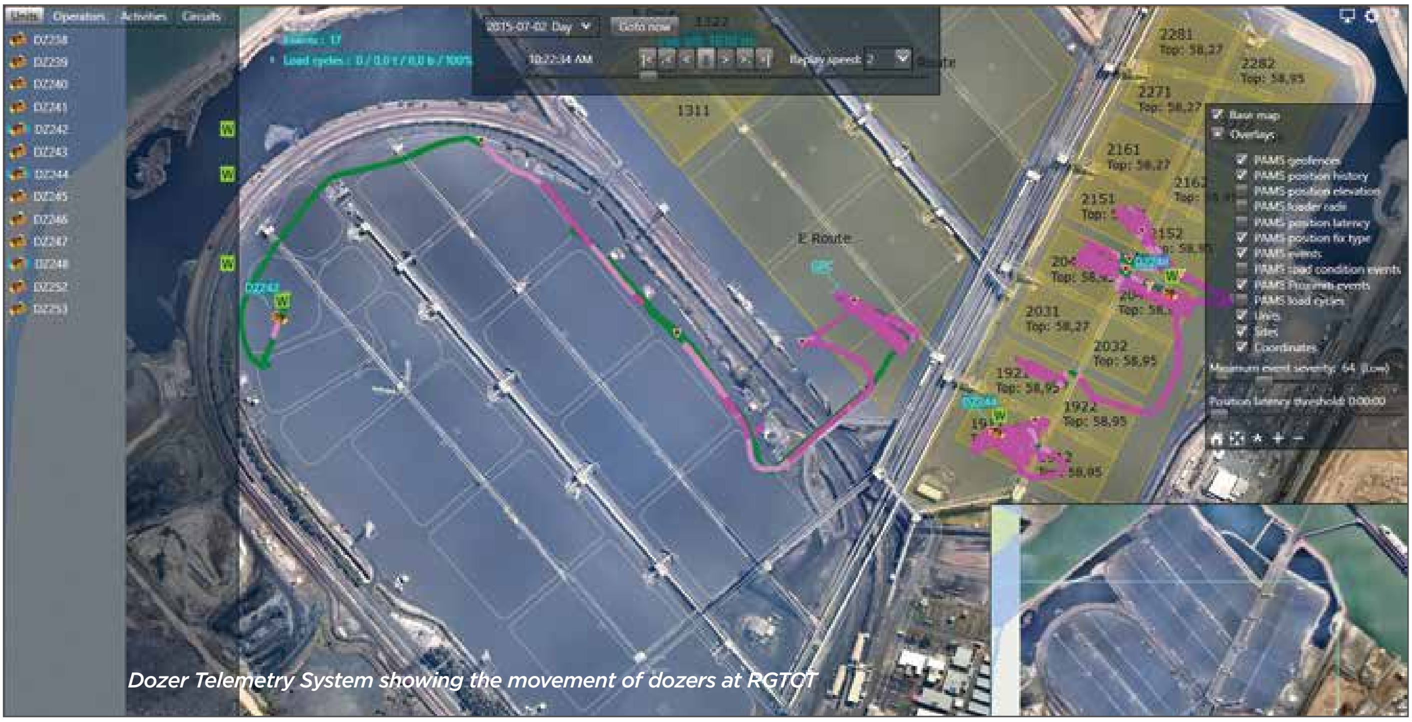
Our team continued to work closely with customers and rail service providers through networks such as the Capricornia Coal Chain Steering Committee (CCCSC) to improve our supply chain performance. A key project being managed by GPC on behalf of the CCCSC is the Coal to Coast (C2C) project.

This project is primarily focused on reducing the errors associated with a manual, paper based system in order to improve train unloading efficiency. By moving to a system that electronically captures and transfers data, GPC and coal customers will be able to monitor their coal as it moves through the rail system, via devices such as a smartphone or tablet. The system will also enable better preparation for the processing of each train as it arrives at our unloading facilities, ensuring a greater percentage of trains incur no delay before process.

The system was trialled with a number of customers throughout 2014/15 and will be fully implemented during 2015/16.

Terminal Protocols

We have been working with coal customers to review our Terminal Protocols. These protocols, along with the Port Protocols, define the rules and processes used to manage coal vessels being nominated and serviced through the Port of Gladstone and GPC's coal terminals. The review has improved the level of rigour and clarity associated with the processes and forms used by shippers and agents. This will become increasingly important as trade through the Port of Gladstone increases over coming years.



Dozer Telemetry System showing the movement of dozers at RGTCT

Improving Operational Performance

The performance of our terminals and Cargo Handling Operations team is measured across a number of areas including safety, health, environment, operational processes and asset management. Improvement plans cover all performance areas, however our key initiatives typically deliver benefits across a number of performance areas. Over the last year, a number of key initiatives, as outlined in the following sections, have been undertaken.

Improving Day of Operations Planning

As part of our program to increase the capacity of RGTCT, a suite of projects focused on improving our Day of Operations Planning have commenced. This work links the three distinct parts of the terminal operation (train unloading, stockpile management and shiploading) into a single planning system. Work this year focused on the development and implementation of the technical solutions that provide the basis of the system, such as our Dozer Telemetry System.

Having developed and proven the Dozer Telemetry System, it will be extended across the entire fleet of 23 dozers and RGTCT during the first half of 2015/16.

The system not only provides detailed process information to the dozer operator, but it also provides real time data transfer for use within the Day of Operations Planning and Maintenance processes.

Process Control System Upgrade

A project that delivers benefits across a number of performance areas involves the upgrade of RGTCT's process control system. Undertaken over the last six years, the project is systematically replacing RGTCT's redundant control system whilst extending the system to better analyse and control the terminal's performance. Stage 5 of the project and early works for Stage 6 were completed in 2014/15. Stage 6 will commence in 2015/16. Stage 7 will also commence in 2015/16 with the eighth and final stage scheduled for completion in 2016/17.

Managing Assets for the Long-term

To better support management of GPC's key assets, an Asset Management Framework was adopted during 2014/15. This framework is being used to guide the review of our maintenance strategies and practices.

During 2014/15 this work included the review of maintenance strategies for all conveyor systems, coal sample plants and dust suppression pumps across RGTCT. These strategies have been modelled using a Reliability Centred Maintenance (RCM) process which is directly linked to our maintenance management system.

Noela is a symbol of support for GPC employees and their families who have been affected by cancer

Validation of this work will continue during 2015/16, as will the refinement of work instruction detail and relevant tasks to optimise Preventive Maintenance (PM) activities covering all key asset groups. Future plans are to utilise this data to develop Life Cycle models for all key assets to ensure our long-term operating objectives are achieved.

Renewing Aging Assets

Work continued during 2014/15 on the restoration of older cargo handling structures, ensuring their integrity and performance over coming decades. A large number of critical assets were completely refurbished along with the commencement of the CC1A gantry unloading route life extension project. With the ongoing focus on the condition and age of our assets, structural refurbishment and improvement will be a focus for some time to come.

In accordance with fleet life cycle plans, we replaced two of our D11 dozer fleet. One of these new dozers was Noela a pink dozer which was used to help raise money to fight cancer.

RGTCT High Voltage Ring Main Project

2014/15 saw the completion of the RGTCT High Voltage Ring Main project. This project extended the high voltage network into a ring main, effectively providing redundancy within the network and ensuring continued supply in the event of a power loss incident in any part of the network. This significantly reduces any risk to the business of power loss within RGTCT.

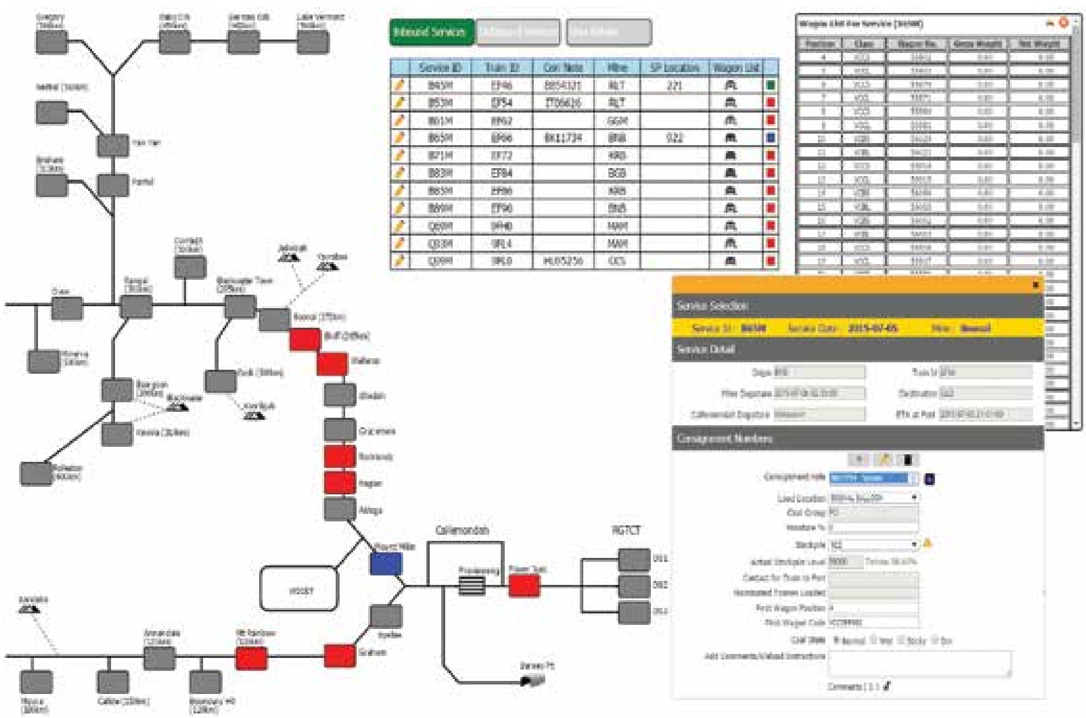


Figure 4: C2C – Coal 2 Coast screen shot

Mobile technology allows up to the minute information about the transport of coal from mine to port


BPT will close for coal within the next 18 months

Minimising Environmental Risk

Ensuring RGTCT's long-term viability includes continually improving the terminal's environmental performance. The upgrade of key assets is critical in meeting this challenge and through 2014/15 the following projects were undertaken.

RGTCT Wharf Slurry System - Stream 3 Upgrade – aimed at improving the processing of coal spillage captured on Shiploader 3 and transporting this material back to land, installation of the new system commenced in 2014/15. The system will be fully commissioned and in production during the first half of 2015/16.

RGTCT Fuel Bay Upgrade – Stage 2 – this four stage project is designed to eliminate incidents associated with the uncontrolled release of fuel during refuelling of the terminal's mobile equipment fleet. The project will remove some fuel bays and upgrade or fully replace the remainder. This not only rationalises the number of fuel bays on site but ensures the remaining fuel bays are environmentally compliant whilst at the same time achieving improvements in safety and efficiency.

Stormwater Management – GPC's coal terminals have a series of stormwater dams, also known as discharge ponds. The ponds are designed to capture and polish water runoff from around the sites, ensuring that water discharged at each site meets regulatory standards. In accordance with our commitment to environmental authorities, work is in progress to upgrade each of these ponds to improve the quality of water release across a greater range of extreme weather and operational events.

During 2014/15, significant upgrade works were completed on RGTCT's discharge ponds, DP2, DP4 and DP5 with major works on DP1 planned for 2015/16.

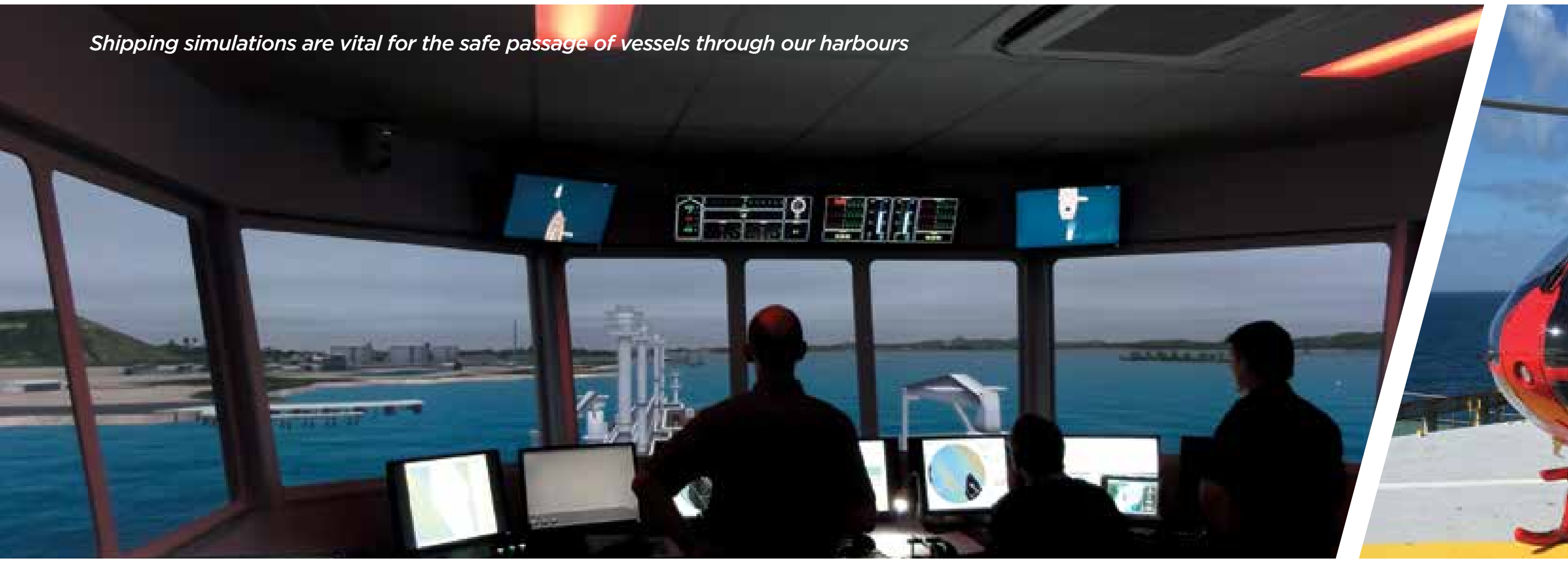
Auckland Point No.1

Calcite remained the only product to be processed through GPC's Auckland Point No.1 (AP1) facility during 2014/15, with over 0.17Mt loaded. In 2015/16, while calcite will continue to be handled, GPC will also recommence the loading of woodchip through this facility. This will take place during the first half of the year and will require the recommissioning of the second reclaim system. The addition of woodchip processing through AP1 complements the shipping of wood logs for the same customer through AP3 and AP4 berths which commenced late in 2014/15.

To support the planned increase in utilisation of the Auckland Point shiploaders and the recommissioning of the second reclaim and conveyor system, a condition assessment was undertaken on AP1's key assets. As a result of the assessment, significant refurbishment work was completed to ensure the facility can continue to load both calcite and woodchip safely and efficiently in the coming year.

It remains GPC's longer term plan to cease loading bulk products through the AP1 facility. As such, work to identify alternative options for the long-term use of AP1 will continue throughout 2015/16.

A further 0.75Mt of general cargo was loaded at the AP1 berth but not through the loading facility.



Shipping simulations are vital for the safe passage of vessels through our harbours

Marine Operations

Providing Pilotage Services

Gladstone Marine Pilot Services (GMPS) provide pilots for all vessels over 50m length in the Port of Gladstone, Port of Bundaberg and Port of Rockhampton. This service is available 24 hours a day 365 days of the year. Pilots are transported to and from ships either by helicopter (where the vessel has a helipad) or by one of GMPS' own specialised pilot transfer launches. These small transfer launches are capable of operating at high speed in all weather conditions to safely deliver the pilot alongside the pilot ladder to access the ship.

Safe and Efficient Scheduling

One of the key challenges facing the Port of Gladstone as tonnages increase is how to maximise the throughput of the shipping channels without affecting safety.

Tonnages are increasing as is the size of vessels and cargoes. The average size of a coal cargo is now very close to 100,000t and the ships using the port are often 300m long and 50m wide.

Port optimisation involves making sure vessels are scheduled as efficiently and safely as possible taking into account the draft, size and speed of the vessels; the number of tugs required, the number of pilots and whether the pilot boards and lands by helicopter or pilot transfer launch; and also the tidal and weather conditions at the time of the movement.

We are working closely with Maritime Safety Queensland (MSQ) and all other stakeholders including Smit Lamnalco (towage operator) and wharf centre operators to make sure the port channels are working as efficiently as possible. New information technology systems will be introduced to monitor, measure and manage water space efficiency.

LNG Operations

LNG vessels are now a regular sight in the Port of Gladstone and will become even more frequent callers as the Curtis Island LNG facilities ramp up. LNG Carriers (LNGC) are large vessels, approximately 270m long and 45m wide and due to their relatively shallow draft of 11.0 m can arrive and depart the port at any state of the tide. In order to ensure maximum safety of these vessels four tugs are used for the journey through the Port. Two tugs, known as escort tugs, are attached at the Fairway Buoy, and two additional tugs are secured in the harbour to assist with the safe berthing of the vessel. Similarly on departure four tugs assist with leaving the berth and the two escort tugs remain attached all the way out to the Fairway Buoy. Towage services are provided by Smit Lamnalco and five new escort tugs have been brought into the port to provide the escort towage services. These tugs, named after local islands, are capable of bollard pulls of 80t and up to 136t in escort mode.

- SL Curtis Island
- SL Quoin Island
- SL Boyne Island
- SL Heron Island
- SL Wiggins Island (arrived 8 July 2015)

Pilots are transported to ships by helicopter or pilot boat

Five additional 80t LNG tugs have joined the Port of Gladstone's fleet (photo courtesy of Smit Lamnalco)

LNG Berthing Simulation

GMPS has trained 14 senior pilots as LNG pilots to provide pilotage services to the LNG vessels now regularly calling at the QCLNG Terminal on Curtis Island. In anticipation of the start-up of the APLNG and GLNG terminals a final two day simulation session was conducted at the Smartship Australia Simulator in Brisbane to practice berthing LNG vessels at the two terminals.

Simulation training allows the pilots to practice manoeuvres before the vessel arrives – a great opportunity to give the pilot confirmation that the manoeuvre is safe and can be performed over and over again.

Using the simulator also allows pilots to practice emergencies such as steering failure, engine failure, tug problems and even adverse weather such as heavy rain, fog and strong winds.

The simulator provides highly accurate graphics and hydrodynamic response to make sure that the exercises are as realistic as possible. During the APLNG simulations the pilots were joined by tug Masters from Smit Lamnalco who operated two of the four tugs used in the simulations.

Port Welfare Committee

Life at sea , even when a ship is alongside in a port like Gladstone, has never been easy. Today's trends toward smaller crews, multi-cultural backgrounds, and ever shorter turnaround times in port all impact on the quality of life of seafarers. The Maritime Labour Convention (MLC 2006) recognises these issues and the need for seafarers to have access to port welfare services.

The International Seafarers Welfare and Assistance Network, the global umbrella organisation for seafarers' welfare, has commissioned a project to establish new port welfare committees around the world, and the Port of Gladstone has been chosen to be the first Port Welfare Committee formed under this project.

We are pleased to support the Gladstone Port Welfare Committee which has strong local support from AMSA, MSQ, shipping agents, berth and terminal operators, the local Council, and many others. The Port Welfare Committee will support the already very effective welfare services provided through the Mission to Seafarers.

The new Tug Harbour will facilitate future growth of port trade by better meeting the needs of tug operators and port users

Tug Harbour

The increased demand for tugs to service the growing trades within the port and the provision of escort tugs for the LNG Industry has resulted in the need to cater for up to twelve tugs. A new $30M tug harbor, completed this year, was built adjacent to the wharves at RGTCT to cater for these tugs.

The facility incorporates three floating pontoon systems each catering for four tugs. The pontoon system allows for improved safety for the transfer of crew onto the tugs and for maintenance due to the deck remaining at the same relative level to the tug throughout the tidal range. Access for crew at the old berths was via ladders.

Smit Lamnalco has transferred its operations to the new office complex and workshops have been constructed in conjunction with the marine facilities.

Gatcombe and Golding Channel Duplication

The duplication of the Gatcombe and Golding Channels will cater for future growth of the Port of Gladstone. The section of channel represents approximately 40% of the transit between the Fairway Buoy and the inner harbour berths. When dredging is completed, a greater opportunity will exist for vessels to pass in this section of the channel which will lead to increased capacity for the Port.

The EIS for the duplication has been progressing over the past twelve months.

Background data on the existing environment has been collected and complements the extensive database for the harbour that we have been building over a number of years.

Sampling of the seabed to determine the quality of the material to be dredged has been completed to determine whether there are any detrimental impacts associated with its dredging.

The EIS will identify disposal strategies for the capital dredging works for the immediate development and the longer-term requirements of the Port.

Progress on completion of the EIS has been adapted to address issues raised within the Reef 2050 Long-Term Sustainability Plan and the changes of policy from the state and federal governments. The EIS is scheduled to be submitted in mid-2016.

Clinton Bypass Channel Deepening

The commencement of shipping at WICT has highlighted the issue of vessel interaction. As deep draft vessels pass RGTCT, this interaction can result in vessels breaking mooring lines on the moored vessel. The passing vessel can limit the extent of interaction by passing at a slow speed, but this results in inefficiencies for port capacity.

The Clinton Bypass Channel had been deepened for LNGCs and can cater for Panamax and light draft cape vessels for the bulk solids trades.

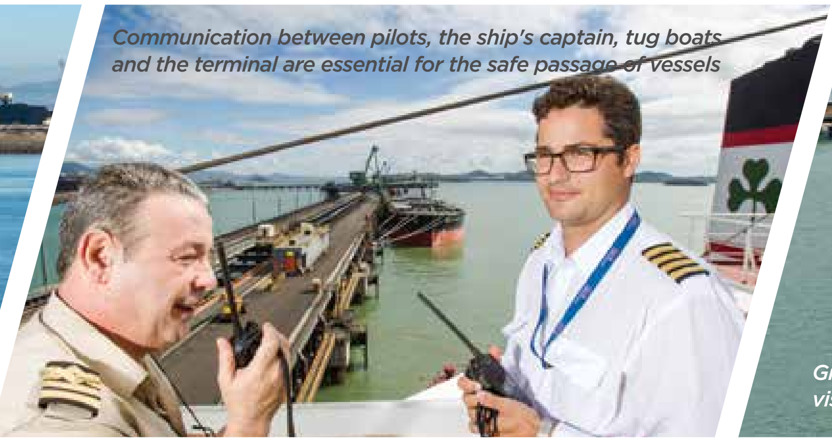
By deepening the Bypass to cater for fully laden cape vessels for the coal trades, the safety of the moored vessels is assured and port efficiencies maintained.

Studies have commenced to identify how the deepening of the Bypass may be executed before the frequency of vessels servicing WICT increases.

Asset Maintenance

A marine environment is a major impediment to the longevity of the concrete and steel in a marine structure. As structures approach the end of their design life the preference is to extend that life rather than demolish the structure and rebuild.

Over a number of years the refurbishment of structures has been undertaken through the removal of spalling concrete and the installation of Cathodic protection systems.



Communication between pilots, the ship's captain, tug boats and the terminal are essential for the safe passage of vessels

Growth of the port will result in an increase in the number of vessels visiting the Port of Gladstone

This Cathodic protection is now being installed on more recently built wharves, prior to the spalling of concrete and the significant cost of reinstating reinforcing and concrete. This is achieved by introducing anode tapes into slotting of the structure.

Works have commenced through the year on the protection system at Fisherman's Landing 5 and is being undertaken in conjunction with the repainting of the steel piles.

Security

Security Incidents and Events

GPC is required to monitor security regulated zones within our Ports. We must respond when security requirements are breached, and report these breaches to the Office of Transport Security.

Breaches fall into two categories:

- Incidents: The most serious breaches, incidents relate to situations where there is a real or potential threat of unlawful interference with maritime transport and offshore facilities and the threat is, or is likely to be, a terrorist attack.
- Events: The events category captures all other non-compliance issues. At GPC these events typically involve unauthorised access to security regulated areas, For example, ship crew attempting to walk through port areas to go to town, or small vessels encroaching within water side restricted zones around our wharfs.

The commissioning of the WICT and the QCLNG plant on Curtis Island required the development, approval and implementation of amendments to Gladstone's Maritime Security Plan. Both facilities commenced operation with minimal impact from a maritime security perspective.

Upgrades of security systems at Port of Rockhampton, Port of Bundaberg and Gladstone's Port Central were either completed or substantially progressed during the year. Moving to automated gates and camera based monitoring of security regulated areas is proving to be a more effective means of fulfilling our security obligations.

Looking Ahead

The arrival of passenger ships at Gladstone's Port Central in 2016 will add an additional degree of complexity to the security picture at the Port of Gladstone. We will work closely with the Passenger Liner operator and tenants at Port Central to ensure operations are efficient and effective.

In early 2016 all three LNG facilities on Curtis Island will be fully operational. We will finalise arrangements with the LNG companies to ensure that our measures and procedures to manage the Waterside Restriction Zone (WRZ) are complementary and satisfy legal requirements.

To fulfil our obligations under the *Maritime Security and Offshore Facilities Security Act 2003* we will continue to periodically test our maritime security plans. Wherever possible, we will do this in conjunction with other parties in order to improve integration of effort and foster mutual understanding.

Table 3: Security events and incidents

Report type	2010/11	2011/12	2012/13	2013/14	2014/15
Security events	18	2	17	6	9
Security incidents	0	0	0	0	0


GPC's partnerships with external stakeholders are key to protecting our marine environs

Environment and Sustainability

EMS Recertification and Amalgamation

GPC's commitment to manage, develop and operate in an environmentally sustainable manner is delivered through a robust Environmental Management System (EMS). The EMS is regularly audited by an independent third party and certified on a triennial basis to ISO AS/NZS 14001:2004. The system was re-certified in early 2015 by independent auditors, demonstrating ongoing systems compliance and improvements. One of GPC's current improvement priorities is the integration of Environmental, Health and Safety and Quality Management Systems Procedures which aims to provide the workforce with useful tools to carry out activities in a systematic and responsible manner.

Improving our Environmental Performance

GPC's activities are subject to many legislative obligations. Our EMS is used to ensure compliance with these obligations and to drive continuous improvements which lead to enhanced environmental performance. Our compliance performance, Figure 5, shows a marked improvement in our ability to meet licence conditions, even taking into account the heavy rains experienced during the La Nina conditions of 2013/14.

Stormwater management improvements have been made at BPT, RGTCT and earthworks extraction sites, with work continuing on wharf spillage and dust control measures at RGTCT. The Environment team proactively identifies other opportunities to improve our performance and further reduce our environmental impact.

In December 2014, GPC completed an Environmental Evaluation of its stormwater management system at RGTCT. The recommendations of this Environmental Evaluation were included in a Transitional Environmental Program (TEP) which sets a work program for upgrading stormwater infrastructure and improving management controls with an ultimate aim of reducing sediment loads in stormwater discharged from the terminal.

This program of work commenced in 2014/15 and involved increasing stormwater capacity by cleaning out accumulated sediments in existing stormwater ponds and creating new ponds and discharge structures. These physical improvements have been undertaken in conjunction with updates to supporting management procedures and maintenance regimes. The TEP work program will continue through to 2017.

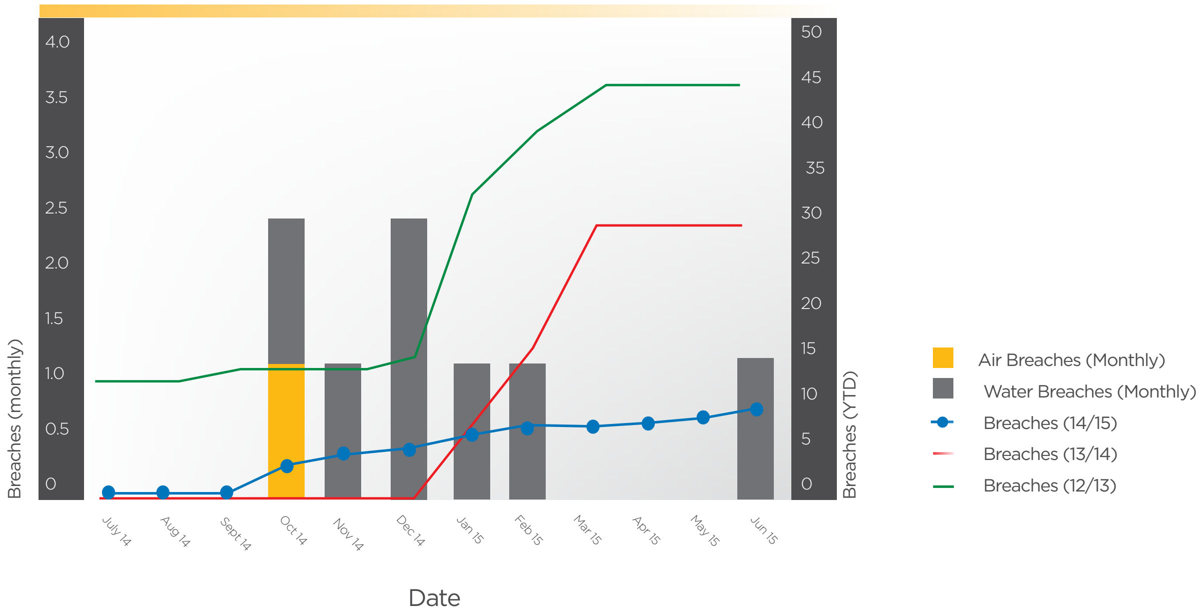


Figure 5: Validated environmental breaches 2014/15

Landlord Responsibilities

As a landlord and an owner and operator of cargo handling facilities, GPC is unique among Australian port companies. We not only manage strategic port land, but we are ultimately responsible for the activities that occur on that land. Ensuring that activities being carried out on our land by third parties is not causing environmental harm is a key focus area for GPC.

We have actively engaged with our contractors and tenants to ensure that any potential environmental risks are identified, and that appropriate levels of environmental management are in place to manage these risks. This is being achieved through the rollout of environmental inspections and audits with GPC's tenants, and the development of environmental standards for contractors, port users and tenants.

The standards and expectation we set for tenants, contractors and other port users are the same environmental standards by which our performance is measured.

A Fire Ant infestation was discovered at Fisherman's Landing in 2014. Since then, Biosecurity Queensland has been implementing an eradication project. Verification surveillance for Fire Ants continued throughout the year and showed that the eradication measures had been successful.

Maintenance Dredging

Maintenance dredging involves the removal of sediments that are naturally transported by wind, waves, currents and freshwater inflows into the deeper channels or berths. Maintaining the declared depth in channels and berths allows ships to have safe and efficient passage through the harbour and is a critical activity for the ongoing operation of our ports and the facilitation of Australia's export and import trades.

Maintenance dredging usually occurs once annually and is generally conducted by the trailing suction hopper dredger Brisbane which services all Queensland ports and is operated by the Port of Brisbane Pty Ltd.

GPC has made significant efforts over the past few years to better understand the potential environmental impacts associated with maintenance dredging activities at our three port centres. We have developed a comprehensive maintenance dredging monitoring schedule with input from community and traditional owner groups, not for profit organisations, commercial industries and local, state and federal governments.

This monitoring schedule includes:

- water quality monitoring
- monitoring of dredging plumes to determine whether or not they impact sensitive seagrasses and corals within Port Curtis

Monitoring of discharge ponds ensures GPC is compliant with environmental obligations (above and at right)

- using sophisticated hydrodynamic modelling to predict the possible impacts of a dredging campaign before they occur and assist in the active management of the activity
- testing of the sediments to be dredged to ensure that they are not contaminated
- the purchase of sediment monitoring equipment to conduct targeted investigations into the movement and quantity of sediments within Port Curtis.

The results of the monitoring programs give us confidence that we are managing maintenance dredging in an environmentally responsible way. We will continue to implement and update the maintenance dredging monitoring schedule to incorporate the findings of monitoring programs and address any new community or government concerns.

GPC is working proactively with the Queensland Ports Association, Ports Australia and the state and federal governments to implement actions from the Australian Government's Reef 2050 Long-Term Sustainability Plan. One key action from the Reef 2050 plan is the development of a state-wide maintenance dredging strategy. With the data that has been gathered through the maintenance dredging monitoring schedule to date, GPC is in a good position to contribute positively to this process.

Ongoing monitoring obligations

While the Western Basin dredging was completed in 2013, GPC has a number of on-going obligations associated with approvals for this work.

Biodiversity Offset Strategy

A Big 6 Education and Awareness Program to enhance people's understanding of the iconic marine animals and their habitats in Port Curtis and Port Alma commenced towards the end of the year. The Big 6 are fish (barramundi), crustaceans (crab and prawns), dolphins, dugongs, shorebirds and turtles. The program's target audience is children who (with parental permission) can sign up to one of the Big 6 tribes and initially receive a pack containing items such as a hat and stickers specific to their chosen tribe. They will then also receive notifications regarding any events for the Big 6 that they may wish to attend.

The first initiative in this program is a photographic competition which is being run in conjunction with the Gladstone Observer with prizes to be won and the winning photograph to be displayed on one of GPC's billboards. The key message for this program is to look after our marine animals and habitats by fishing sustainably, watching boating speed limits, disposing of rubbish appropriately, and reducing our footprint when out and about on our waters, beaches and tidal wetlands.

A Code of Best Netting Practice has been developed for the Gladstone region. The code's aim is to provide direction on how to limit interactions between net fisheries and species of conservation interest such as turtles, dugongs and inshore dolphins and in doing so improve the chances of survival where an unintended interaction occurs. The Code will be extended and promoted to fisherman at key moments, such as opening and closing of fishing seasons, and in the event of a severe weather event where animals may be more susceptible to capture in a net.

Satellite tagging of marine fauna increases our understanding of their habits

GPC's participation in the environmental programs is one aspect of our stewardship of the environment we work in

Seagrass

Annual monitoring of the health and resilience of seagrass meadows in Port Curtis has been undertaken since 2009. In November 2014, an increase in seagrass cover was observed, indicating that seagrass is recovering from the impact of higher than average rainfall in 2013. Seed banks for *Halophila ovalis* and *Zostera muelleri subsp. capricorni* were detected at some locations and from these seed banks further recovery could be initiated, when environmental conditions are favourable.

The first ever molecular study to establish and validate stress markers in an Australian seagrass species was conducted on intertidal seagrass species *Zostera muelleri subsp. Capricorni* with great success. The study also documented how these markers can be used as a rapid assessment tool to be applied in the active management of turbidity related light stress arising from dredging or other activities that impact on the amount of light available in coastal waters.

Groundwater Monitoring

Groundwater levels continued to stabilise at the Western Basin Reclamation Area. No fluctuations in the trends of water quality parameters have been observed during the last two years of monitoring.

Annual Compliance Reporting

Compliance reports, assessing compliance with conditions of the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act) approval for the WBDDP, were submitted to the Department of the Environment. Similar to the previous year's report, no compliance issues were identified in the 2014 report.

Ecosystem Research and Monitoring Program

During the year, two dugongs, 11 nesting flat back and 11 foraging green turtles were tagged using satellite tags. The information gained from tracking these animals helps us to gain a better understanding of their use of the waters of Port Curtis. This was the second year of tagging for the flat back turtles and the first year for the green turtles and dugongs.

The 11 nesting flat back turtles were tagged on South End Beach, Curtis Island and all remained in the area to lay at least one clutch of eggs. The animals used a broad geographic area within Port Curtis as well as along the eastern sides of Curtis and Facing Island. They all travelled north from Port Curtis, with some animals only going as far as Shoalwater Bay, and two animals making it just south of Cape Melville, a straight line distance of over a 1,000km.

The 11 green turtles were tagged within Port Curtis and results showed that they did not move far from the area where they were found. They used a variety of microhabitats and crossed deep-water areas between foraging areas and areas of high vessel traffic including dredge channels.

The two dugongs were found on the Pelican Banks in Port Curtis during a green turtle tagging field trip and fitted with GPS/satellite transmitters. Both dugongs remained in the Port Curtis region for the duration of tagging. An adult female tracked from October 2014 to January 2015 spent most of her time moving over the Pelican Banks region. An immature male tracked during October – November 2014 moved widely in Port Curtis including inshore port areas. This pilot study demonstrated the potential for obtaining useful information about dugong habitat use in the Port Curtis region using satellite tracking and will be the foundation for further research in 2015/16.

Predictive weather technology assists GPC with stormwater and dust management


GPC is trialling innovative environmental management solutions (above and at right)

Surveys of nesting flat back turtles were completed on Peak, Avoid and Curtis Islands. During the 2014/15 census on the three islands, 171, 68 and 40 flat back turtles, respectively, were recorded nesting over a two week period with no other species recorded.

Marine Fish Habitat Offset

The third contribution of $1M to the Department of Agriculture, Fisheries and Forestry to fund fish habitat initiatives was made during the year. This funding has contributed to investigations of new declared Fish Habitat Areas as well as projects aiming to classify the coastal habitats of the Queensland coast. Declared Fish Habitat Areas are a management approach which protects inshore and estuarine fish habitats in order to sustain local and regional fisheries.

The habitat classification project provides a better understanding of where important marine and estuarine habitats are and how they interrelate. It will support environmental offsetting of areas affected by approved development, and provide the ability to better target management efforts to enable sustainable development.

Improvement Initiatives

Predicted Weather:

To assist with proactive dust and stormwater management, GPC has implemented a weather forecasting system which provides advance warning of unfavourable weather conditions. The aim of this initiative is to increase the effectiveness of controls and reduce costs by only increasing controls based on tangible increased risks. The system also has the ability to provide other operational benefits such as forewarning pilots and launch crews of the weather conditions at our anchorages prior to them leaving the port.

Reed Beds

GPC is currently trialling a floating wetland in a stormwater pond at Barney Point. The aim of the trial is to assess the feasibility of using floating reed beds to further enhance the performance of stormwater infrastructure. The wetland, anchored to the bank with stainless steel, is made from expanded polypropylene mats, and covered with coconut matting with pockets suitable for tube stock plants to grow in. Tall Sedge (*Carex Appressa*) is the plant being trialled over the next 12 months. To gauge the effectiveness of the system we will be monitoring water quality, physically measuring plant growth, sampling the plant roots and regularly taking photographs.

Environmental Database Management System

GPC has been working to implement and trial a new Environmental Database Management System (EDMS) that records the range of environmental data which is collected through GPC's various monitoring and measurement activities.

The EDMS manages all environmental datasets, ranging from those collected by automatic loggers and from internal or external specialists, through to the analysis, mapping, reporting and exporting of data. The system has enhanced GPC's collation and reporting capabilities, whilst also ensuring quality, consistency of information and data integrity. It helps GPC ensure that all information requirements and compliance obligations set by federal and state regulators are met and effectively maintained.

GPC undertakes regular monitoring to ensure compliance with our regulatory obligations

Wharf Analysers

Upgrades have recently taken place at the Clinton Wharf at RGTCT to replace the wharf analyser with up to date robust and reliable equipment. This analyser is now providing real time water quality data to GPC's EDMS.

The data is fed back through the network in line with the existing ambient dust monitoring and provides water quality readings (i.e. pH and turbidity) at 1 metre below the surface every 15 minutes.

Wharf analysers at Fisherman's Landing (Western Basin) and Boyne (Mid Harbour) will also be commissioned in 2015/16 providing data across the length of the harbour which gives GPC a better understanding of our harbour's water quality. This data can be used for compliance and management of operations, including future dredging operations.

Sustainability

Over the past year we have progressed a number of sustainability initiatives:

Waste Management

A comprehensive audit of our waste streams was completed during the year. The key findings were:

- RGTCT produces 50% of GPC's total waste. This is primarily from non-recyclable and bulk waste streams (e.g. wood pallets, non-recyclable plastics, contaminated/regulated waste and co-mingled waste).
- Steel is the most significant waste category, representing 61.9% of the total weight of waste generated. Steel is recyclable so it presents a significant opportunity for GPC to reduce the amount of waste it disposes of. Wood waste (12.4%) was the second highest waste category.
- Recyclable cardboard (3.9%) and organic waste (2.4%) mostly from our marina, parks and gardens and crib rooms were the third and fourth highest waste categories followed by glass (1.8%), plastic (1.7%) and paper (1.4%).
- Bagged waste was significant (8.6%) and comprised a significant amount of recyclable and organic waste that could be separated to ensure that divertible waste such as plastics, glass aluminium and paper is recycled.

This information will be used to develop initiatives to reduce the quantity of waste needing to be disposed of and in turn reduce the cost of waste disposal.

A centralised waste management program will be rolled out in 2015/16 and is expected to improve the efficiency of GPC's waste management and present cost savings.

Energy Management

Since 2006 GPC has been monitoring and analysing its energy consumption. Mapping of trends in the total energy used versus the energy used per tonne of coal handled has shown a steady year on year decline in the amount of energy used to move a tonne of coal from trains and onto ships. A significant point of analysis is that in 2012/13 RGTCT reached an energy productivity milestone, when the upward trend in total energy used and the downward trend in energy used per tonne of coal converged. This confirms that GPC is being more energy efficient.


Trainees and apprentices make up over 7% of GPC's total workforce

Corporate Services

Safety Continues to Improve

Throughout 2014/15 we continued to show strong improvements in our safety performance, recording a 27% decrease in total injuries and a decrease in LTIs from 6 to 5.

Key safety initiatives implemented throughout 2014/15 included:

- a Zero Harm Interaction program
- a new chemical management system
- a revised pre-start risk assessment system
- safety campaigns focusing on hand safety, and sprain and strain injuries.

Improvements continued to be made on the way we manage contractors working on our sites and to the safety management system. These initiatives will continue to be a focus in 2015/16.

As the statistics detailed in Table 4 show, we have made considerable improvements over the course of our safety journey but we still have more to do. Strong safety leadership, embedded safety culture, improved management of critical risks, and learning from all significant incidents are of paramount importance to our ongoing focus.

People and Health and Wellbeing Supporting a Healthy Team

Our health and wellbeing program has two key objectives. Firstly, to support employees to undertake their roles in a safe and effective manner; and more broadly, to support employees in optimising their health outcomes by promoting general health and

Table 4: Injury statistics as at 30 June

Financial Year	2010/11	2011/12	2012/13	2013/14	2014/15
Number of LTIs	5	4	3	6*	5
Hours worked	1,433,461	1,464,599	1,484,854	1,423,507	1,303,340
Lost Days	46	98	79	197	230
LTIFR	3.49	2.73	2.02	3.51	3.84
Total Injuries	113	109	107	83	61
TIFR	78.83	74.42	72.06	58.31	46.80

**Number has increased by 1 from that reported in the 2013/14 Annual Report due to reclassification of an injury*

Pre-start risk assessments helps to keep our people safe (above and at right)

wellness programs. Our integrated "Work Healthy – Retire Well" health management program comprises three core initiatives:

- Injury / Illness Management – Our average number of work and non-work related restricted work cases reduced by 60% during 2014/15. The reduction in work related injuries was in line with a reduction in total injury numbers and subsequent WorkCover claims across GPC.
- Work Health Surveillance – We continued with employee health monitoring programs for at risk work groups, such as our routine audiometric screening, pre-employment and fitness for duty screening processes.
- Health Promotion and Support – This year we also continued to offer a range of Health Programs to assist employees reach their health and wellness goals, as well as reducing their risk of injury and illness in the workplace. These initiatives include our Early Intervention Awareness sessions, through a partnership with Queensland Health, raising awareness of Prostate, Bowel, Testicular and Breast Cancer, along with an understanding of what it means to be an Organ Donor.

GPC, with our employees, supported a number of health-related fundraising activities throughout the year. This year, at the suggestion of one employee, we used the purchase of a new D11 Caterpillar dozer to partner

Table 5: Safety program overview

Program	Description
Safe Spine	Proactive musculoskeletal program designed to reduce sprain/strain injury impacts.
Stop Sun Spots	Medical skin screening program designed to assist with the early detection of skin cancers.
Employee Health Check	Capped reimbursement of medical check-up with a General Practitioner of choice.
Fluvax Immunisation	Annual flu vaccinations designed to reduce the impact of flu related illnesses.
Employee Assistance Program	Employee counselling services designed to help manage psycho-social stressors.
Health and Wellbeing Reimbursement Scheme	Capped reimbursement of expenditure related to health and wellbeing activities (for example, gym membership).
Medical Reimbursement Scheme	Capped reimbursement of medical expenses covered by approved private health insurance providers.

A snapshot of the Health and Wellbeing Programs on offer at GPC during 2014/15

Personal Protection Equipment is mandatory at GPC's operational worksites

In 2014/15 employees completed 54,535 training hours

with our supplier Hasting Deering, to raise funds for breast cancer. Painting the dozer pink, the community was engaged to find a suitable name for the dozer and making donations in the process. Our new pink dozer, named Noela after the lady who inspired the initiative, is now in full operation at RGTCT and supported the raising of valuable funds for a great cause.

Managing Our People

Building a Capable Team

Maintaining a capable workforce, able to perform and adapt to the evolving needs of our business is essential to GPC's long-term success. Fundamental to this goal, are the employee focused systems and practices that enable this outcome to be achieved.

Building on the framework developed to guide the review and progression of our people practices, our focus this year has been to further embed our suite of performance management processes. This has also seen us continue to refine our recruitment processes, and extend the rollout of our learning and development program.

Our Performance Planning and Review process, which involves a combination of individual and team based performance plans, has now been through its second cycle and we continue to evolve its effectiveness. Work going forward will build on the employee development aspects of the process and drive further integration of targeted development with our learning and development processes.

During 2014/15 we continued to roll out a customised suite of mandatory corporate and job specific training packages. We have developed and implemented 14 of 16 modules and plan to release the remaining 2 modules during 2015/16.

In total, our targeted learning and development programs resulted in employees completing 54,345 hours of training, equivalent to 72 hours per employee. This is an increase of over 12 hours per employee from the previous year.

In alignment with efforts to improve our organisational processes, we continued a project that involves the review of roster patterns and payroll processes in order to achieve simplification and efficiency gains. This work continued throughout the year with a number of proposed changes explored that are now ready for final signoff and implementation. This will remain a focus throughout 2015/16.

Integrating New Business

To support the growth within the Port of Gladstone, our GPC team is also growing. Having welcomed the Marine Pilots and Transfer Crew in 2013/14, this year we welcomed the Gladstone WICET Operations (GWO) team. Both GWO and GMPS are subsidiary companies of GPC and have many unique systems and practices.

The establishment of GWO, in order to provide operational services to WICT, required the development of a people practices framework that aligned with the specific needs of the business. GPC's Employee Relations team worked actively to develop the required processes that enabled and facilitated the recruitment, selection and ongoing management of GWO personnel.

Having joined GPC from MSQ in 2013/14, the two enterprise agreements covering the Marine Pilots and Transfer Crew required renegotiation. New agreements were successfully negotiated and endorsed through Fair Work Australia (FWA) during the year.

GPC employs a diverse team

Safety will remain a key focus in 2015/16

Table 6: Equal Employment Opportunity target groups

EEO Target Groups (GPC, GMPS, GWO)	Employees no.	Employees %
Women	141	18.4
Indigenous and Australian South Sea Islander	21	2.7
People with Disability	45	5.9
Non-English Speaking Background	12	1.6

**includes GMPS.*

Recruiting a Diverse and Inclusive Team

GPC workforce, including its subsidiary companies GMPS and GWO, has remained relatively stable over the past 12 months. In accordance with our workforce plan the GPC team has reduced from 787 people (765.8 FTE) to 768 people (752.0 FTE). Employee turnover for 2014/15 was 13.54%, with voluntary turnover rate of 8.85%. We recruited 84 new employees this year in a diverse range of roles.

In alignment with our commitments to the local community our 2015 Apprentice and Trainee intake provided development opportunities to a wide cross-section of the community in various trades, administrative, engineering and operating roles. Our apprentices and trainees account for 7% of our workforce.

Our commitment to building a diverse and inclusive workforce continued this year with increasing focus on providing target group members the opportunity to pursue careers within GPC. Table 6 provides the representative figures for equal employment opportunity (EEO) target groups within GPC.

Looking Ahead

Work in 2015/16 will continue our focus on embedding our suite of employee focused systems and programs, with increased attention to further developing our employee learning and development processes. A large part of the year ahead will be occupied with preparation and early discussions associated with upcoming enterprise agreement negotiations. With our current agreement due to end in late 2016, preparation and consultation will be essential for a seamless transition to a new agreement.

The East Shores waterpark provides a safe water play area for children in our local communities

Community

Community Investment and Support

The focus on community involvement and genuine support continued in 2014/15 through many initiatives including the Community Investment Program (CIP), Botanic to Bridge, community parklands, and one-off projects such as the Centenary Beneficiary program.

In recognition of GPC's one hundred year milestone, $50,000 was donated to community organisations across GPC's operational areas of Bundaberg, Gladstone and Rockhampton. Five community service organisations benefited from $10,000 each to fund improvement and service enhancement projects.

Through the CIP, approximately $220,000 was invested in the areas of culture, social enhancement, education and environment. Forty-four initiatives that delivered mutual benefits to the community and GPC were supported during the financial year.

GPC's flagship event, Botanic to Bridge, continues to provide a vehicle for GPC and like-minded industries and companies to invest in the community and regional schools. Over the past five years, the Botanic to Bridge has invested $202,541 into schools and community projects. Community involvement was at a record high with 4,400 people participating in 2014/15.

Celebrating 100 years

GPC's centenary was recognised from March 2014 to March 2015, and to recognise this significant milestone several events and activities were planned.

In October 2014, the community celebrated GPC's involvement and presence in Gladstone with a free community event 'Centenary Sounds' at the Gladstone Marina.

A series of History Books capturing the events and milestones of the past 100 years has also been produced, with volume four distributed in January. The final instalment of this series is expected to be released in October 2015.

Award Winning Community Infrastructure and Facilities

The provision of high quality community infrastructure in the form of public parklands, continues to be an important part of operations for GPC. In addition to the popular Marina and Spinnaker Parklands, GPC and WICET invested $41 million into a world-class recreational precinct, East Shores.

GPC's East Shores, Gladstone Coal Exporters Maritime Precinct, was officially opened to the Gladstone community in November 2014. The precinct, featuring a balance of open parkland and recreational attractions, was designed to celebrate the unique character and iconic location at the maritime entry to the city.

East Shores

The Gladstone Coal Exporters Maritime Precinct was opened to the public in November 2014. The opening of this foreshore public parkland on the east shores of Auckland Inlet was made possible due the joint funding from Wiggins Island Coal Export Terminal and Gladstone Ports Corporation.

A primary feature of the parklands is the water play area which allows the public to interact with water while providing a safe environment due to no pooled water in the play area. The jets and spray systems are activated randomly to increase the experience for children.

Public artworks have been incorporated into the site with the Sentinel being a feature of the water play area and Aqua Linear being a primary focus at the entry to the parklands. Use is made of programmable lighting to enhance the experience in the evening.

The facility also provides the community with improved access along the foreshore boardwalk, together with barbecue and open play areas. The retired naval vessel, HMAS Gladstone, has also been provided a permanent home in the parklands and will be a focus for the Gladstone Maritime Museum. Maritime artefacts are interspersed throughout the parklands. The community has fully embraced the facility and is proving popular with young families and visitors to the region.

The East Shores precinct was awarded the Urban Design Award of Excellence Queensland 2015, at the Australian Institute of Landscape Architecture Awards.

GPC's marina facilities and operations were also recognised for outstanding quality and high level of customer service and committee, awarded with the prestigious title of Best Public Boat Harbour in Australia in the Marina Industries Association's (MIA) Club Marine Marina of the Year Awards.

In 2014, the marina received accreditation through MIA's International Clean Marina Program, which encourages environmental compliance and the use of best management practices for marinas.

PCCC and GPC Indigenous Land Use Agreement

In September 2014, GPC and the Port Curtis Coral Coast Native Title Claim Group, executed an Indigenous Land Use Agreement (ILUA) spanning from the northern end of Curtis Island to Bundaberg. The fund is resourced through an investment of 2 cents per tonne on most trade through Gladstone and Bundaberg ports.

This voluntary partnership has been established to ensure the responsible and respectful management of the land and sea on which we undertake our business and to deliver sustainable and mutual prosperity.

An ILUA Implementation Committee has been formed, consisting of one representative from each of the four Traditional Owner Groups that form the PCCC, and four representatives from GPC, including Chief Executive Officer Craig Doyle, as Chair of the Committee.

The ILUA supports projects and initiatives that develop, educate and enhance the community and our environment. As at 30 June, the ILUA Implementation Committee had assessed 14 applications and awarded almost $900,000 in funding.

The GPC and PCCC ILUA Implementation Committee are focused on providing opportunities for the community to prosper from initiatives that foster social, cultural, or economic benefit, such as education, training and capacity building, community welfare, cultural awareness, development and empowerment.

Governance

Our Board of Directors

1// Mark Brodie, Chairman

Mark is currently Chairman of the National Retail Association, Chairman of the City of Brisbane Investment Corporation, and Fellow and Graduate of the Australian Institute of Company Directors. Mark previously served as Chairman of the Lord Mayor's Business Round Table, Chairman of the Greater Brisbane Area Consultative Committee, Director on the Brisbane Marketing Board and the Southbank Corporation Board and both Chapter Chairman and Education Chairman of the Young Presidents' Organisation (QLD Chapter). Mark is the Managing Director of Brodie Group Pty Ltd. Mark is Chairman of the Human Resources Committee and is a member of the Audit and Compliance Committee. *Appointed as Chairman from 7 June 2012 until 30 September 2015.*

2// Chris Greig, Director

BE, MEng St, PhD

Chris is Professor of Energy Strategy and the Director of the University of Queensland's (UQ) Energy Initiative. He is also a current non-executive director of Seymour Whyte Ltd. Previously he served as CEO and Project Director for ZeroGen (leading edge power project), General Manager Projects and Project Director with Ensham Resources Pty Ltd, and the Managing Director and Chairman for a family owned group of companies with business in civil construction, agriculture and quarrying. He also has experience as a management consultant in the engineering and resources sectors and company director of both private and ASX listed companies. Chris is a Chemical Engineer with a Masters and PhD. He has received a number of awards, including the Fluor Chemeca Award for Excellence in Engineering Management. Chris is a member of the Human Resources Committee. *Appointed 16 August 2012 until 30 September 2015.*

3// Gail Davidson, Director

GAICD

Gail has held management roles in a number of areas for over 40 years and is currently Executive General Manager Disability and Community Services for Endeavour Foundation. Gail has been involved in the disability sector for over 25 years, having previously worked in the hospitality and health sectors. She is also a member of the Gladstone Foundation Board of Advice and has been a member of the Disability Council of Queensland, the Gambling Community Benefit Fund, under Treasury, the Complaints Management

Quality Committee advising the Minister and was the Inaugural Chair of the Regional Disability Council of Central Queensland. At present she is also a Queensland representative in Canberra on policy matters for the National Disability Service. She has qualifications in management, is a graduate of the Australian Institute of Company Directors and is continuing her studies. Gail is a member of the Human Resources Committee. *Appointed 1 October 2008 until 30 September 2011. Reappointed from 1 October 2011 until 30 September 2014. Reappointed from 2 October 2014 until 30 September 2017.*

4// Judy Reynolds, Director

BBus, CA, MAICD

Judy is a chartered accountant with over 25 years' experience in public accounting and is a director of Opening Gates. She has extensive experience and continues to advise in business development and strategic growth strategies working with small and medium entities (SMEs) over a wide range of sectors. Judy owned a chartered accounting and financial planning business for over 15 years, chaired the National Sothertons Board and acted as board member and advisor to many organisations including the Gladstone Economic and Industry Development Board, and the Gladstone Foundation. She is a member of the Institute of Chartered Accountants, has a Bachelor of Business and is a past Fellow of the Taxation Institute of Australia. Judy is currently Chair of the Audit and Compliance Committee. *Appointed 1 October 2008 until 30 September 2011. Reappointed from 1 October 2011 until 30 September 2014. Reappointed from 2 October 2014 until 30 September 2017.*

5// Helen Skippen, Director

BBus, MBA, GAICD

Helen is partner of strategic management consultancy Corporate Context, a graduate of the Australian Institute of Company Directors and holds Bachelors and Masters degrees in business. Helen has spent 30 years as a strategic management/marketing consultant and has a broad knowledge of market research methods, including stakeholder engagement; business and market strategies; organisation diagnostic frameworks and written communication methods for complex concepts. Her governance expertise comes from working with a broad range of public and private sector clients. Helen is a director and Chair of the Strategy Committee of Help Enterprises, a director of Foodbank Queensland, and from 2003 - 2012, she was a director of WorkCover Queensland and Chair of the Audit Committee for a term. She has also previously chaired the advisory boards of two medium sized professional services firms in the property sector. Helen is a member of the Audit and Compliance Committee. *Appointed 1 October 2010 until 30 September 2013. Reappointed from 12 December 2013 until 30 September 2016.*

6// William (Bill) Moorhead, Director

B.Surv (Hons)

Bill is the Managing Director of Multilow Pty Ltd, a privately owned property development company based in Bundaberg, Queensland. He holds an Honours Degree in Surveying from the University of Melbourne and is a foundation member of the Surveying and Spatial Sciences Institute (SSSI). He is a Fellow of the Urban Development Institute of Australia (UDIA) and the current President of the local UDIA branch. Bill has been a Licensed Real Estate Agent since 1992 and long serving member of the Real Estate Institute of Queensland (REIQ). He has served on various committees including the Regional Advisory Group (for the Sugar Industry), the Salvation Army Red Shield Appeal launch committee and committee member for the Wide Bay 2020 Plan. Bill is a member of the Human Resources Committee. *Appointed 16 August 2012 until 30 September 2015.*

7// Chris Ward, Director

Solicitor of the Supreme Court of Queensland

Chris is the managing partner of Cooper Grace Ward (CGW), Chairman of the CGW Board, one of the firm's founding partners (the firm was founded in 1980) and a Solicitor of the Supreme Court of Queensland. In his 38 years as a practising lawyer, Chris has had extensive and considerable experience across a wide range of complex legal and business issues in various industries. He specialised in insurance law, commercial litigation, family law and de facto law cases. Chris also has a keen interest in the practice management and people strategies. Among the many awards received by CGW under Chris' leadership, in 2013 the firm was one of 19 Australian and New Zealand organisations, and the only law firm, to be accredited as an Aon Hewitt Best Employer. CGW is a leading Queensland commercial law firm with 21 partners and more than 220 team members. *Appointed 17 July 2014 until 30 September 2016.*

Our Management Team

1// Craig Doyle

Chief Executive Officer

Craig was appointed CEO of GPC in September 2013, bringing over 30 years of extensive operational, project and senior management experience gained in recent times by heading Australia's largest sugar milling and generator of renewable energy from biomass company. Craig directs and controls GPC's business and operational activities, providing leadership by enhancing and developing plans and strategies to ensure short and long-term objectives and sustainable outcomes are achieved. A key focus right now for GPC is to facilitate a safe and effective startup of the remaining LNG plants in 2015/16 while looking to attract new trade opportunities and diversify the three Ports' activities.

2// Mike Galt

Commercial General Manager

Mike is principal financial adviser to the CEO and Board, and is responsible for managing commercial strategy, commercial agreements with customers, governance and corporate risk management functions. His department also manages the port property portfolio, information systems, procurement, marina, Port of Rockhampton, Port of Bundaberg and new business functions. Mike has over 30 years of experience in the commercial realm of heavy industry encompassing sugar, manufacturing, mining and ports. Key focus areas for 2015/16 are researching new trade opportunities for seaborne cargo to/from Central Queensland, continue to improve GPC's financial outcomes whilst maintaining competitive pricing regimes for shipping and improving the efficiency of GPC's commercial service functions.

3// Gary Carter
Port Planning Development General Manager

Gary was appointed to the role of General Manager for Port Planning and Development in December 2012. With an engineering background and more than 30 years at GPC, Gary has been involved with GPC's major growth during that period. Gary is responsible for the future planning of the port to ensure development can occur while the community and environment are taken into consideration. The efficient use of port infrastructure is a major focus, and the department plays a key role in the delivery and maintenance of port infrastructure to ensure the existing operations of the port can be sustained. A key focus in the forthcoming year is delivery of approvals for channel duplication ensuring its alignment to federal and state policy and acknowledging the sensitivity of development within the World Heritage Area.

4// Allan Brown
Cargo Handling Operations General Manager

Allan has been with GPC for over six years and was appointed as Cargo Handling Operations General Manager in February 2012. He has over 30 years' experience in management and technical roles within the mining, refining and materials processing industries. Allan is responsible for managing all cargo handling activities and associated infrastructure. In 2015/16, Allan's team will continue to drive improvements in safety and environmental performance. Further development of GPC's asset management and operational systems, in preparation for the ramp up of coal through RGTCT, will also be key focus areas , as will our continued efforts to strengthen customer and stakeholders relationships.

5// John Sherriff
Safety Environment and Risk General Manager

John has been with GPC for seven years and was appointed Safety, Environment and Risk General Manager in August 2012. He has over 30 years of management experience in regulatory and compliance fields. John is responsible for managing GPC's safety, environment, and security teams; and the operational risk management, sustainability and environmental offsets portfolios. John is also GPC's representative on the GHHP management committee. In 2015/16 John's team will seek further improvements to GPC's safety performance; continue to seek environmental performance that meets community and Government expectations, especially as they relate to the Port's operations in the GBRWHA; prepare the port's security plans for the growth in LNG trade and the arrival of the first cruise ships; and progress GPC's sustainability, risk management and business resilience efforts.

6// Bernie Halpin
WICET Operations General Manager

Bernie Halpin, WICET Operations General Manager Bernie was appointed as the WICET Operations General Manager in June 2014, bringing extensive engineering and managerial experience gained over the past 23 years in mining, ports and manufacturing. Bernie's primary responsibility is ensuring the efficient and effective delivery of contracted obligations for the WICET owners. In 2015/16 Bernie will focus on developing and implementing the operational and business frameworks required to successfully transition the new terminal from construction into a fully operational world class coal export facility for the WICET owners.

Bernie Halpin resigned from his position, effective 3 July 2015.

7// Captain Gary Wilson
Marine Operations General Manager

Gary was appointed as Marine Operations General Manager in February 2014 and brings over 24 years of experience at sea and a further 18 years as Harbour Master in major ports in the United Kingdom and Australia. Gary manages the marine operational side of the ports including our pilots, launch crew, and towage contracts. He works closely with MSQ on vessel scheduling and with MSQ and the Australian Maritime Safety Authority (AMSA) on marine and vessel safety, and assists in other areas such as port security. As the business moves towards 150Mt of trade in the next few years, Gary's focus in 2015/16 will be on managing the efficiency of water based port operations to ensure optimum use of resources and coordinating the important functions in this area.

Trina Schmidt
Corporate and Employee Relations
General Manager November 2011-January 2015

Trina was responsible for employee and community focused strategies and services. Her areas of accountability include employee relations, learning and development, health and wellbeing, equity and diversity, corporate communications and community relations, and parks and recreation facilities. The incoming General Manager will focus on ensuring our workforce capabilities and arrangements support sustainable growth and that our people and communities continue to be appropriate beneficiaries of that growth.

WICT will continue to ramp up activities in 2015/16

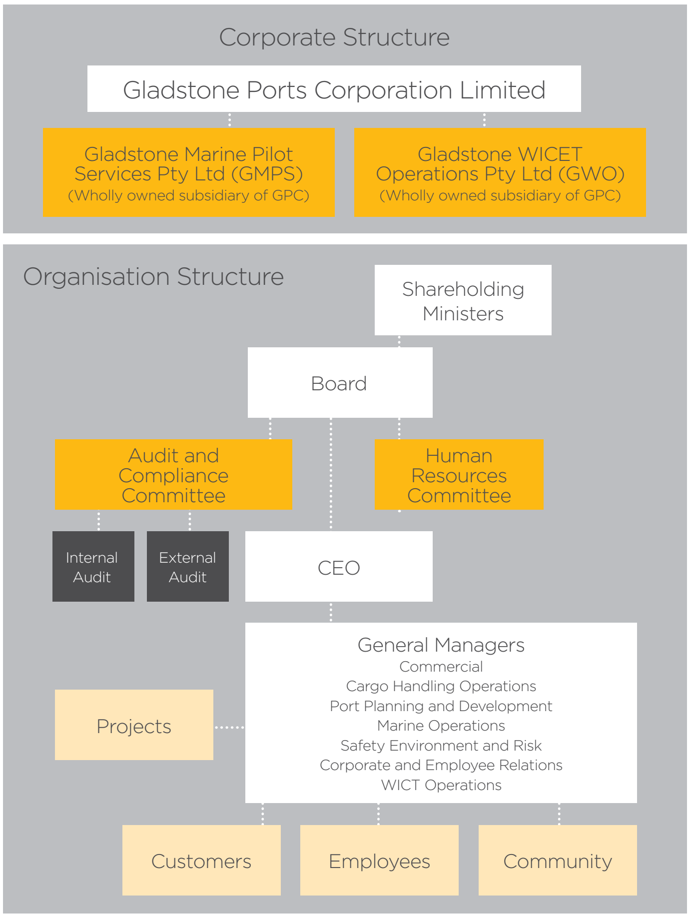


Figure 7: Organisation Chart

Corporate Structure

On 13 March 2008, Central Queensland Port Authority (CQPA) was renamed the Gladstone Ports Corporation. On 1 July 2007, GPC converted to a GOC, constituted under the provision of the *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* and subject to the requirements of the GOC Act. GMPS and GWO are companies incorporated under the Corporations Act 2001 and are also subject to the GOC Act as wholly owned subsidiaries of a GOC. The Queensland Government is the owner of all shares in GPC. These shares are held by two shareholding Ministers: the Treasurer, Minister for Employment and Industrial Relations, Minister for Aboriginal and Torres Strait Islander Partnerships and the Minister for Main Roads, Safety and Ports, Minister for Energy and Water Supply. GPC owns all of the shares in GMPS and GWO.

Driving Performance and Delivering Conformance

The three companies in the GPC Group (referred to in this section as GPC), being GPC, GMPS and GWO, have the same CEO and Board of Directors. The Board of Directors is responsible for the corporate governance of the corporation and is accountable to the shareholding Ministers for GPC's performance.

GPC's corporate governance structure underpins our performance and our conformance with policies and procedures. It sets the standards and provides the direction that our Board of Directors and employees use in their conduct of the corporation's affairs, and in their relationships with our shareholding Ministers and other stakeholders.

Our governance framework endorses good governance practices and sets the bar for a corporation-wide commitment to the high standards of legislative compliance and financial and ethical behaviour that GPC requires to sustainably, efficiently and effectively achieve our goals and objectives. As a GOC, GPC is required to comply with the Corporate Governance Guidelines for Government Owned Corporations. These guidelines are based upon the eight principles set out in the ASX Corporate Governance Principles

and Recommendations. The Board has adopted these governance principles. This section of our annual report lays out the eight principles and demonstrates our performance against them. Our Corporate Governance policies are available at: *www.gpcl.com.au/AboutGPC/CorporateGovernance.aspx.*

Principle 1: Lay Solid Foundations for Management and Oversight

Our Board

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.

A Structure that Adds Value

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.

GMPS and GWO have the same Directors as GPC. 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 appointed for a term of no more than five years, but may be reappointed after that time.

Role of the Board

Our 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, establish and implement our operational, financial and strategic direction as outlined in our one year (SCI 2014–2015), five year (Corporate Plan 2015–2020) 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.

Principle 2: Structure the Board to Add Value

Board Meetings

A total of nine Board meetings were held during the year. Details of each Director's attendance at those meetings are provided in Table 7.

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

- apologies, declarations and minutes of meetings
- declarations of interest or pecuniary interest
- Board action list and correspondence
- committee reports
- monthly reports on GPC's financial performance
- monthly reports on GPC's non-financial performance (through a CEO's report detailing the activities of each department)

Table 7: Director's attendance at Board and Committee meetings

	Board (eligible to attend/attended) (9 Held)	Audit and Compliance Committee (eligible to attend/attended) (5 Held)	Human Resource Committee (eligible to attend/attended (4 Held)
Mark Brodie	9/9	5/5	4/4
Judy Reynolds	9/9	5/5	
Gail Davidson	9/9		4/4
Helen Skippen	9/9	5/5	
Prof Chris Greig	9/9		4/4
Bill Moorhead	7/9		3/4
Chris Ward	9/9		

- commercial and governance decisions requiring resolution
- monthly reports on projects and new infrastructure.

Meetings may include presentations by GPC employees or invited guests. Board papers are circulated in paper 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 two committees, the Audit and Compliance Committee comprising three Directors and the Human Resources Committee comprising four Directors. One Director on each committee is appointed Committee Chairman by the Chairman of the Board. Management personnel attend these meetings as required. GPC's external and internal auditors attend the Audit and Compliance Committee meetings.

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 ordinary Board 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 ensure 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. 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 regular basis. The next review is scheduled for the 2016/17 financial year. A review was conducted during the 2014/15 financial year. The review involves individual sessions between the Chairman and each Director. In addition, from time to time, an external consultant may be engaged to assist with the evaluation and review of Board performance. Directors' attendance at 2014/15 Board meetings was in accordance with their individual terms of appointment to the Board.

Principle 3: Act 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 as well as at: *www.gpcl.com.au/AboutGPC/ReleaseofInformationPublicationScheme.aspx.*

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. Our code reflects the requirements of the *Public Sector Ethics Act 1994*.

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. Employees 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* (PID Act) came into effect. The *PID Act* creates an obligation on GPC to implement reasonable procedures to deal with Public Interest Disclosures (PIDs).

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 Public Interest Disclosure (PID). This procedure has been developed to encourage the reporting of PIDs, 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 PIDs and related activity are reported to the Audit and Compliance Committee by the PID Officer on a regular basis for consideration. Employees are also reminded of their obligations under this procedure at the annual business update sessions.

Whistleblowers Hotline

All suspected and actual misconduct and reprisal action must be reported in accordance with the PID procedure. Under our Code of Conduct, all GPC 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, through GPC's confidential reporting hotline (1800 063 408), or through the Crime and Corruption Commission at: *www.ccc.qld.gov.au or on 1800 061 611.*

While the GPC Hotline is intended primarily to be a service for employees, contractors and customers of GPC, the same reporting channel is available for 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 by our internal auditors. Nil misconduct matters were received on our Hotline during the year. Nil environmental reports were received during the year. Where calls were received about other matters, these were redirected to the relevant departments for action.

Principle 4: Safeguard Integrity in Corporate Reporting

Audit and Compliance Committee

The Audit and Compliance Committee comprises Judy Reynolds (Chair), Mark Brodie and Helen Skippen. The qualifications of the members have been included in Directors' biographies. The Committee is assisted by the CEO and the Commercial General Manager. 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 Audit and Compliance 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
- overseeing the ethical conduct and governance functions of GPC.

The Audit and Compliance Committee operates under a charter established by GPC's Board. During 2014/15, the Audit and Compliance Committee 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*, uses the Queensland Audit Office as its external auditor.

Internal Audit

Internal audit is an independent function that assists the Board and management in the effective discharge of their responsibilities. The Audit and Compliance Committee defines the internal auditors' scope of work through establishment of an annual internal audit plan. It also reviews the reports of the internal auditors, and assesses their quality of work. Deloitte Touche Tohmatsu was appointed GPC's internal auditors for a period of three years, ending 31 December 2011, with an option to extend for two further years. The Board approved the extension for a period ending 31 December 2013. The Board approved a subsequent extension for a period ending 31 December 2014. The Board approved a final extension for a period ending 31 December 2015.

The Audit and Compliance Committee has monitored management's performance and internal audit reports from Deloitte Touche Tohmatsu.

The following internal audit reports were submitted to the Audit and Compliance Committee for consideration and assessed for subsequent implementation of their recommendations:

a. ERP Project Implementation Assessment

b. Follow up of previous findings

c. Maritime Security Identification Card (MSIC) Revenue and Cash Collection

d. Records Management

e. Inventory and Stores Management

f. ERP Project Implementation Assessment

g. DWFCA Review Nine –Contract Closures, and Environmental Permits Transition

h. Accounts Payable and Delegations

i. Follow up of previous findings

j. Organisational Security

k. External Penetration testing

l. IT Strategy and Governance

m. General Ledger and Month-End Close Process

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 2014/15, the Board recommended to shareholders a dividend payment of 80% of after tax profit, 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* and is formulating strategies in line with ISO 40 Recordkeeping used under the *Financial Accountability Act 2009* 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 2014/15 financial year. There was one notification issued by shareholding Ministers under the *GOC Act* for the 2014/15 financial year. The Local Industry Policy was revoked in January 2015 following consultation.

Principle 5: Make Timely and Balanced Disclosure

Corporate Planning and Disclosure

GPC presents a 12-month 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 monthly. In addition, the CEO regularly advises shareholding Ministers' departments on developing projects and GPC's proposed actions. This is also done through written briefings as required. GPC complied fully with all SCI requirements during 2014/15.

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.

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. 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.

Supervisors are required to ensure that as new risks are identified, or current risks are removed or escalated, the Business Risk Database is updated and that risks are communicated to their respective business units. A formal review of each business unit's risks must also be conducted by supervisors at least once a year as part of the business planning and budgeting process. These reviews consider the completeness of the risks identified, the accuracy of assessments, and review the effectiveness and continued operation of identified controls and accountabilities.

The principles behind the Risk Management policy are based on AS/NZ 31000:2009 Risk Management – Principles and Guidelines, and Principle 7 of the Queensland Government's Corporate Governance Guidelines for Government Owned Corporations released February 2009.

Principle 8: Remunerate Fairly and Responsibly

Human Resources Committee

The Human Resources Committee comprises Mark Brodie (Chairman), Prof Chris Greig, Gail Davidson and Bill Moorhead. The Committee was restructured in September 2012, following an internal review. The Committee was assisted by the CEO, Commercial General Manager and the Corporate and Employee Relations General Manager.

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

- monitoring and implementing recommendations relating to salaries and EAs
- 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 Human Resources Committee continued to review and approve GPC's strategic plans for Health and Safety. During 2014/15 the Committee monitored the progress of working groups developed as part of the Certified Agreement negotiations, and the progress of training, development and productivity initiatives throughout GPC.

Remuneration for the Board

Directors' remuneration is determined by shareholding Ministers and the 2014/15 details of Directors' remuneration are disclosed in the Notes to the Accounts in accordance with GOC remuneration disclosure requirements (see Note 28).

Remuneration for Senior Management

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

Proposed remuneration is reviewed and approved by the Board and shareholding Ministers are notified. Remuneration packages are constructed to attract, retain and motivate high quality senior executives to ensure operational effectiveness and efficiency. Senior executive remuneration and associated responsibilities are benchmarked against the market by an independent Human Resources consulting firm approved by Queensland Government. Details of senior executives' remuneration are disclosed in the Notes to the Accounts in accordance with GOC remuneration disclosure requirements (see Note 28).

Performance Based Payments for Senior Management

Senior executives' remuneration was approved by the Board in accordance with the Government's guidelines.

Corporate Entertainment

GPC did not incur any expenses in excess of $5,000 for any event during 2014/15.


The heritage listed Kullaroo House is home to GPC's corporate offices

Financial Overview

Company Performance

In 2014/15 GPC delivered a NPAT of $72.0M, a 29% decrease from $101.3M in 2013/14. The profit and loss includes the effect of asset revaluations which contributed a net $2.2M (2013/14 $33.8M).

GPC continues to experience growth in shipments with a record tonnage throughput of 100.0Mt achieved across the three ports, this is a 2% increase from 2013/14. Import/export tonnes at the Port of Gladstone totalled 99.3Mt, Port of Rockhampton 0.2Mt, and Port of Bundaberg 0.5Mt.

Coal tonnages were 68.6Mt; a 1% decrease from 2013/14. The coal industry continues to face market challenges, however further growth for 2016 is predicted with capacity at the new Wiggins Island coal terminal coming on line.

During the 2014/15 financial year 1.61Mt of shipments of Liquified Natural Gas(LNG) commenced following the commissioning of train one at QGC's plant on Curtis Island. Other LNG proponents will commence their shipments during 2015/16. Other trades were stable at approximately 28.0Mt.

Import / export tonnes at the Port of Bundaberg totalled 0.5Mt, an increase of 0.2Mt over the previous year, in part a consequence of prior year shipping delays from flood impacts. Trade at the Port of Rockhampton totalled 0.2Mt, 17% less than 2013/14, due to a reduction in ammonium nitrate and explosive cargoes.

2015/16 is forecast to see further substantial growth in tonnage throughput through the Port of Gladstone, predominantly via three LNG export facilities on Curtis Island (two of which are expected to become operational during the year) and the export of coal through WICET.

Revenue

Total income of $452.7M, included a record sales revenue of $404.0M, up 1.5% from 2013/14, and other income of $42.7M. Other income has reduced from $246.5M (2013/14) reflecting the scaling down of major dredging and infrastructure works that GPC has conducted under contract for the LNG and Coal industries. The improvement in sales revenue was driven by the record tonnages and shipping activity at Gladstone.

Expenses

Operational expenses (before depreciation) decreased substantially this year by 63% or $202.8M to $118.8M, again, primarily due to the scaling down of major works referred to above. $217.8M of major works expenditure was incurred this year against a peak last year of $505.4M. Significant structural integrity works within a section of the coal conveyor and transfer system at RGTCT commenced during the 2013/14 period and these repairs carried over into 2014/15. Energy costs inclusive of diesel fuel and electricity showed decreases in price during 2014/15 but have started to increase at the latter end of the year. Total employee expenses increased by 14% to $128.9M. This was driven largely by the Port Pilotage function now being undertaken by GPC

Table 6: Local, regional and state procurement

	2010/11	2011/12	2012/13	2013/14	2014/15
Total procurement	139,800	112,300	275,262	237,093	269,934
Local, regional and State procurement	58,500	82,000	254,634	190,164	200,277
Local, regional and State procurement as a % of total spend	42%	73%	93%	80%	74%

(previously Maritime Safety Qld). This service has been on board for a full year in 2014/15 (8 months in 2013/14).

During the period an additional 12 people were employed to work on the Wiggins Island Coal Terminal commissioning. Overall, total FTE numbers reduced by 13 to 752 at the end of the year.

Support for Our Local Businesses

The application of our purchasing policies and practices ensures that GPC makes a broader economic contribution through the continued support of local, regional and state businesses. This year 74% of our operational spend was in Queensland. Of this 41% (or approximately $82.3M) was spent with local and regional suppliers on a diverse range of services and products (refer Table 6). This outlay was slightly down on the value of last year's local procurement due to expenditure on some key project materials that were not available locally.

Capital Expenditure

Our capital expenditure program is aligned with our growth strategy. This year it delivered further capability to support capacity requirements to ensure that we continue to meet customer demands. New capital works approved during the year totalled $44.7M (2013/14: $79.5M) with a total outlay for the year of $74.8M across all new and prior approved works (2013/14: $104.2M).

Operating Cash Flow

A net decrease in cash and cash equivalents of $7.1M occurred this year. Cash funds declined as advanced payment arrangements in place for major dredging and infrastructure projects were completed. Cash proceeds from the sale of assets was $2.9M. $74.8M was invested in new and replacement infrastructure assets. Dividend payments to shareholders totalled $58.6M

Statement of Financial Position

Our balance sheet remains in a strong position with net assets of $1,143.8M. Current assets decreased by 12% to $200.2M, with cash decreasing due to our capital investment program and the advanced payment arrangements in place for major projects being wound down. Trade and other payables (Note 10) reflects the movement in revenue received in advance.

Non-current assets increased by $68.0M. The largest contributor to this was revaluations, which after adjustment for fair market values, increased total asset values by $50.4M. Current liabilities decreased by 15% to $141.3M; Trade and other payables contributed significantly to this movement. This was largely due to a lower supplier spend attributable to the reduction in LNG recoverable works accruals and payables and completion of all derivative transactions before 30 June 2015. Non-current liabilities increased by $16.4M, with the deferred tax liability increasing as a result of the asset revaluation increases.

Debt Position

GPC at 30 June 2015, has loans with Queensland Treasury Corporation totalling $461.3M. No new borrowings were required during 2014/15. GPC's current Debt to Debt + Equity ratio is 30.18.

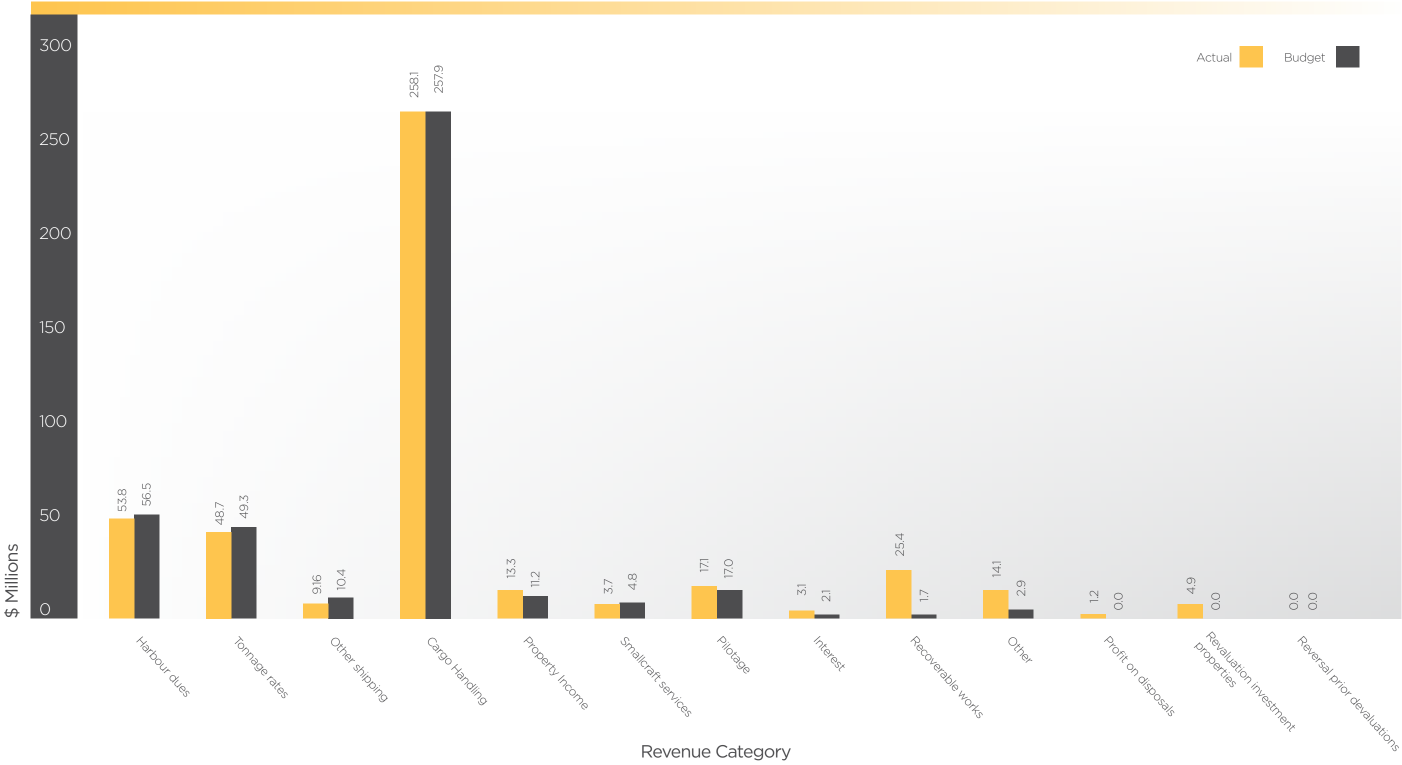
Long-term Agreements

GPC continues to work with its customers to promote long-term Port and Cargo Handling Agreements that secure capacity rights for major shippers. These agreements provide certainty for land side terminal handling capability and ensure channel capacity for shippers. During 2015 negotiations continued with major customers and government to finalise these agreements.

Improving Our Internal Performance

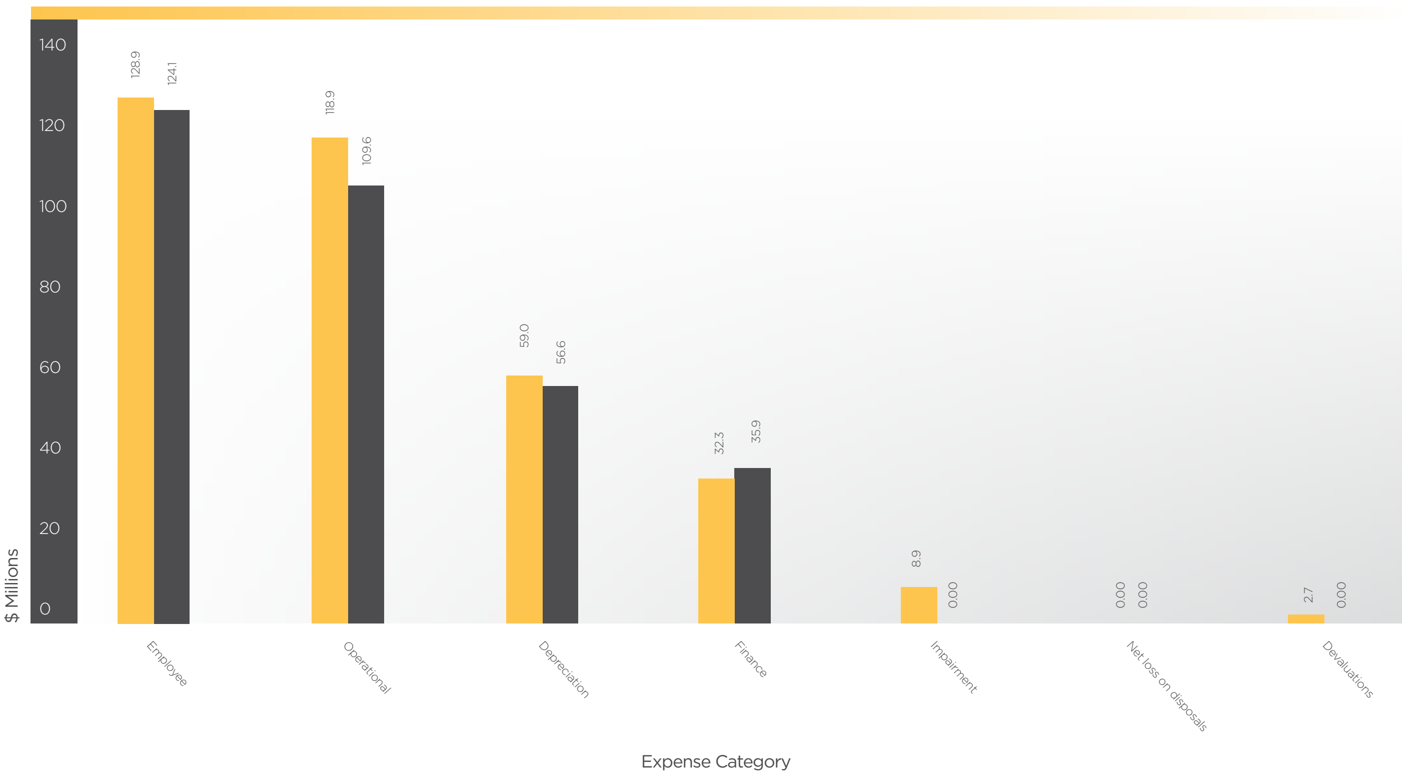
On 1 July 2014, we rolled out our new ERP system Following go live, 2014/15 saw an ongoing period of refinements and enhancements as GPC looks to maximise the benefits of the new software. This will continue in 2016.

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



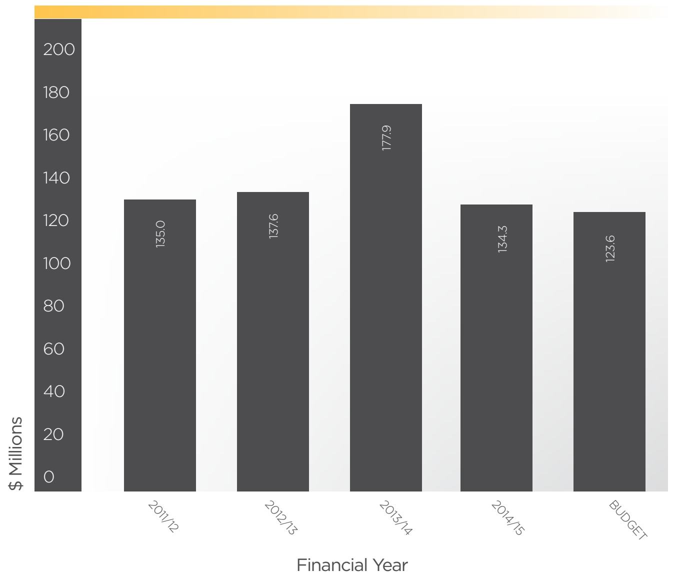
Revenue

Total revenue decreased in 2014/15 due to the reduction in LNG related recoverable works. Sales revenue was 1.5% higher than 2013/14 due to increased shipping volumes.



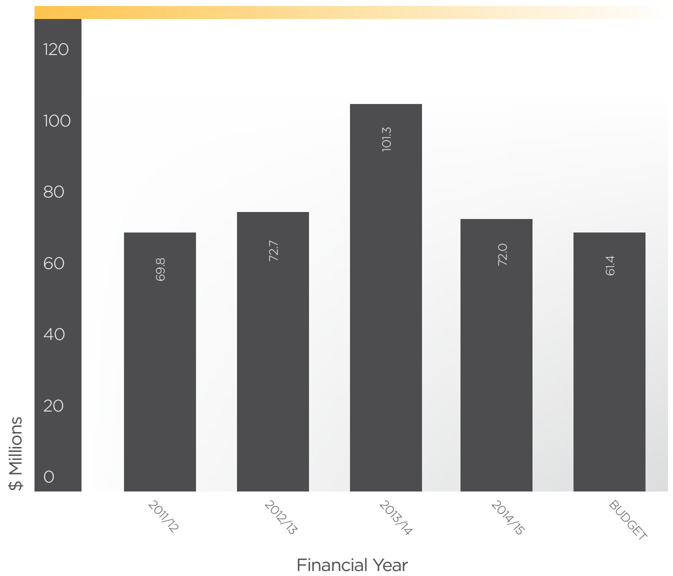
Expenses

Expenses decreased in 2014/15, primarily due to expenses associated with recoverable works. The reduction in recoverable works expenses was partially offset by an increase in employee expenses of 14%.



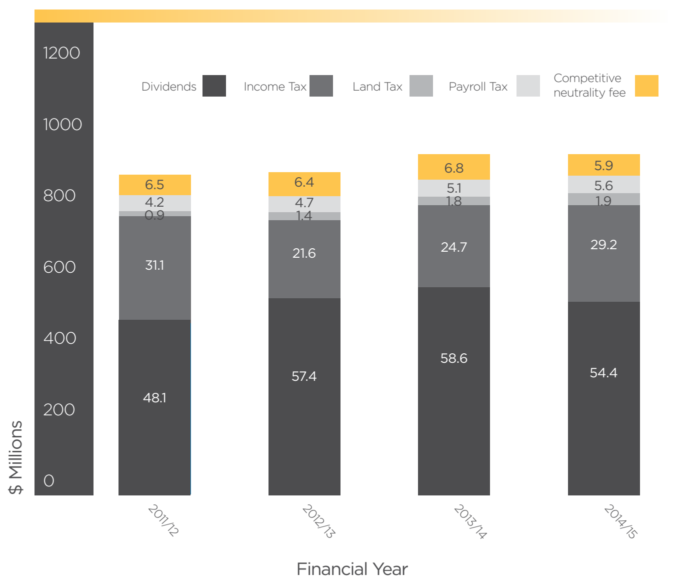
EBIT

EBIT decreased by 24% in 2014/15. This has mainly been a result of significantly reduced profits from asset revaluations.



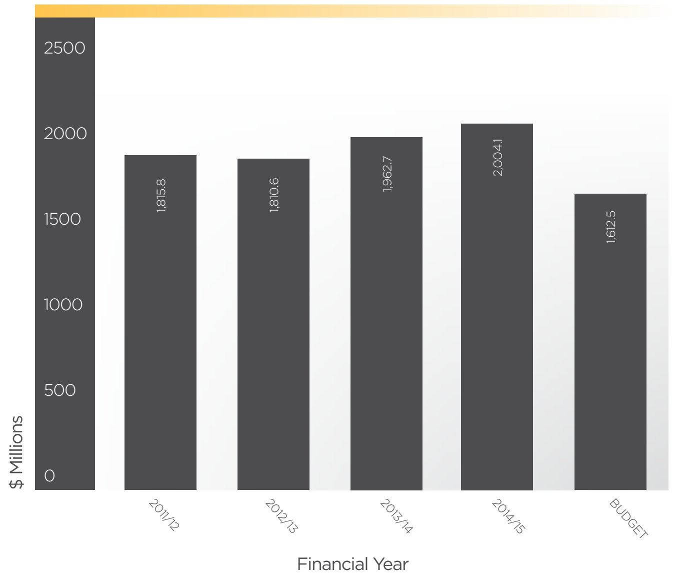
NPAT

NPAT decreased 29% in 2013/14, in line with EBIT decreases associated with lower asset revaluation increases compared to the prior year.



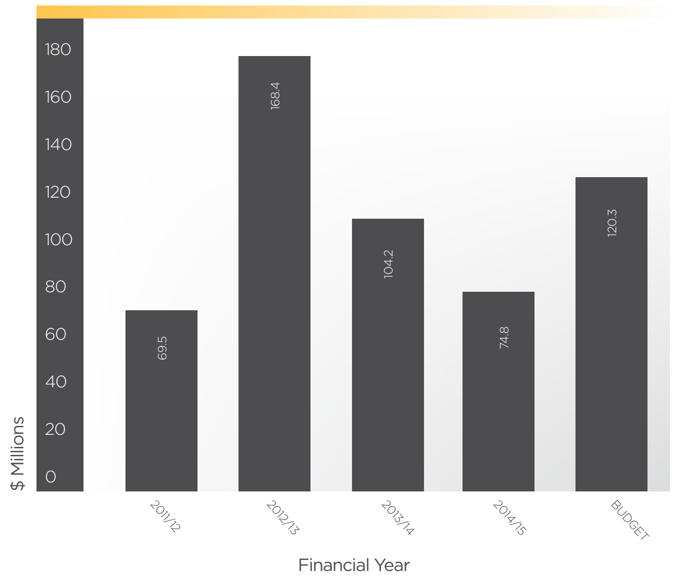
Dividends and Taxes

The 2014/15 dividend is a decrease of 7% on the prior year. Adjustments to dividend payout ratios are undertaken to remove revaluation profits. Our income tax payable continues to increase as taxable profits rise.



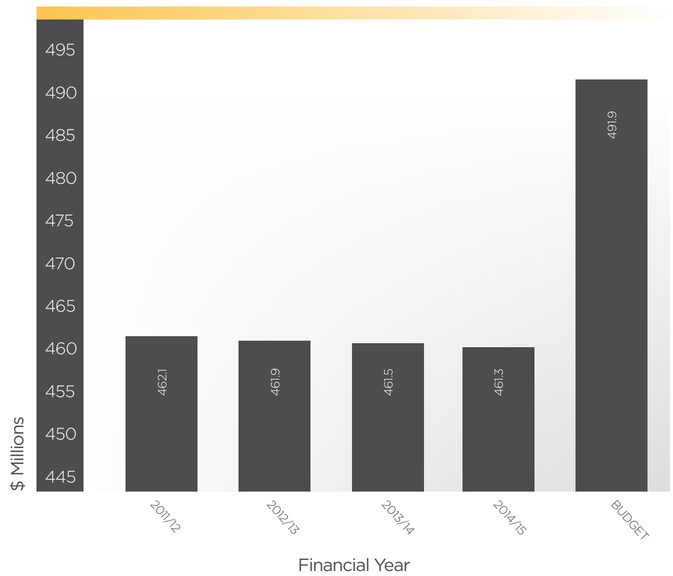
Total Assets

Total assets increased in 2014/15, predominantly as a result of asset revaluation outcomes, resulting in a significant uplift to asset values.



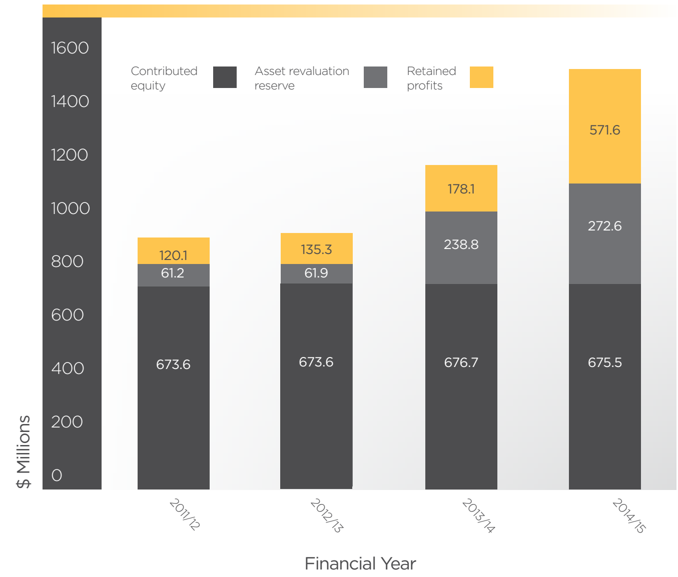
Capital Expenditure

Capital expenditure of $74.8M was incurred in 2014/15. The major projects included continuation of the EIS for the channel duplication project, continuation of the Control System upgrades, commencement of the wharf slurry project at RGTCT, and replacement of two D11T dozers at RGTCT. Capital expenditure is forecast to remain high during 2015/16 as existing projects continue and new projects such as dozer purchases are undertaken.



Interest Bearing Liability

Interest bearing liabilities remained static as GPC neither increased borrowings nor reduced debt levels during the year.

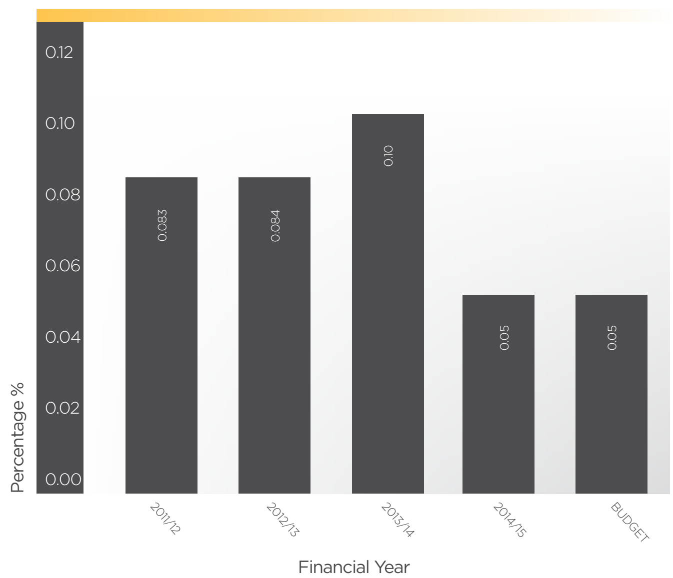


Shareholder Equity

Contributed equity remained static in 2014/15. A $1.2M return of capital was undertaken to repatriate profits after taxation and dividends on property sales back to shareholder's. The asset revaluation reserve increased significantly to incorporate outcomes from the asset revaluation during 2014/15. The predominant value of the revaluation was assigned to the channel assets, with investment land revaluations being reflected in the Consolidated Statement of Profit and Loss. Retained profits have also declined from 2013/14 as a result of revaluations in 2014/15 being significantly lower than in 2013/14.

Return on Assets

Return on assets decreased for 2014/15 to 6.9%, as a result of lower revaluation outcomes when compared to 2013/14.



Return on Equity

Return on equity decreased in 2014/15 to 10.3% as profits continued to improve. (3.4% of this is attributable to valuation adjustments.)

GLADSTONE PORTS CORPORATION LIMITED

ACN 131 965 896
ABN 96 263 788 242

Consolidated Annual Financial Statements For the year ended 30 June 2015

PURPOSE AND SCOPE

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

These statements have been prepared to:

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

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

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

The statements are general purpose in nature and provide a full presentation of all of the financial activities of GPC. The consolidated financial report of GPC for the year ended 30 June 2015 was authorised for issue to shareholding Ministers in accordance with a resolution of the Directors on 27 August 2015.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015

The Directors present their report together with the consolidated financial statements of Gladstone Ports Corporation Limited, being Gladstone Ports Corporation Limited (the parent) and its controlled entities (Gladstone Marine Pilot Services Pty Ltd and Gladstone WICET Operations Pty Limited) for the year ended 30 June 2015 and the auditor's report thereon.

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

In order to comply with the provisions of the *Corporations Act 2001* the Directors submit their report for the year ended 30 June 2015.

DIRECTORS

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

Chairman
Mark Brodie

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

Mark is currently Chairman of the National Retail Association, Chairman of the City of Brisbane Investment Corporation and Fellow and Graduate of the Australian Institute of Company Directors. Mark previously served as Chairman of the Lord Mayor's Business Round Table, Chairman of the Greater Brisbane Area Consultative Committee, Director on the Brisbane Marketing Board and the Southbank Corporation Board and both Chapter Chairman and Education Chairman of the Young Presidents' Organisation (QLD Chapter). Mark is the Managing Director of Brodie Group Pty Ltd.

Deputy Chairman
Professor Chris Greig, BE, ME St., PhD

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

Chris is Professor of Energy Strategy and the Director of the University of Queensland's (UQ) Energy Initiative. He is also a current non-executive director of Seymour Whyte Ltd. Previously he served as CEO and Project Director for ZeroGen (leading edge power project), General Manager Projects and Project Director with Ensham Resources Pty Ltd, and the Managing Director and Chairman for a family owned group of companies with business in civil construction, agriculture and quarrying. He also has experience as a management consultant in the engineering and resources sectors and company Director of both private and ASX listed companies. Chris is a Chemical Engineer with a Masters and PhD. He has received a number of awards, including the Fluor Chemeca Award for Excellence in Engineering Management.

Gail Davidson, GAICD

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

Gail has held management roles in a number of areas for over 40 years and is currently Executive General Manager Disability and Community Services for Endeavour Foundation. Gail has been involved in the disability sector for over 25 years, having previously worked in the hospitality and health sectors. She is also a member of the Gladstone Foundation Board of Advice and has been a member of the Disability Council of Queensland, the Gambling Community Benefit Fund, under Treasury, the Complaints Management Quality Committee advising the Minister and was the Inaugural Chair of the Regional Disability Council of Central Queensland. At present she is also a Queensland representative in Canberra on policy matters for the National Disability Service. She has qualifications in management, is a graduate of the Australian Institute of Company Directors and is continuing her studies.

Judy Reynolds, BBus, CA, MAICD Director

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

Judy is a chartered accountant with over 25 years' experience in public accounting and is a director of Opening Gates. She has extensive experience and continues to advise in business development and strategic growth strategies working with small and medium entities (SMEs) over a wide range of sectors. Judy owned a chartered accounting and financial planning business for over 15 years, chaired the national Sothertons Board and acted as board member and advisor to many organisations including the Gladstone Economic and Industry Development Board, and the Gladstone Foundation. She is a member of the Institute of Chartered Accountants, has a Bachelor of Business and is a past Fellow of the Taxation Institute of Australia.

Helen Skippen, B.Bus, MBA, GAICD

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

Helen is a Partner of strategic management consultancy firm Corporate Context, a graduate of the Australian Institute of Company Directors, and holds Bachelors and Masters degrees in business. Helen has 30 years' experience as a strategic management/marketing consultant and has a broad knowledge of market research methods, including stakeholder engagement; business and market strategies; organisation diagnostic frameworks and written communication methods for complex concepts. Her governance expertise comes from working with a broad range of public and private sector clients. Helen is a Director and Chair of the Strategy Committee of Help Enterprises, a Director of Foodbank Queensland, and from 2003 to 2012, she was a Director of WorkCover Queensland and Chair of the Audit Committee for a term. She has also chaired the advisory boards of two medium sized professional services firms in the property sector.

William (Bill) Moorhead, B.Surv (Hon)

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

Bill is the Managing Director of Multilow Pty Ltd, a privately owned property development company based in Bundaberg, Queensland. He holds an Honours Degree in Surveying from the University of Melbourne and is a foundation member of the Surveying and Spatial Sciences Institute (SSSI). He is a Fellow of the Urban Development Institute of Australia (UDIA) and the current President of the local UDIA branch. Bill has been a Licensed Real Estate Agent since 1992 and long serving member of the Real Estate Institute of Queensland (REIQ). He has served on various committees including the Regional Advisory Group (for the Sugar Industry), the Salvation Army Red Shield Appeal launch committee and committee member for the Wide Bay 2020 Plan.

Chris Ward, Solicitor of the Supreme Court of Queensland

Appointed 17 July 2014 until 30 September 2016.

Chris is the Managing Partner of Cooper Grace Ward (CGW), Chairman of the CGW Board, one of the firm's founding partners (the firm was founded in 1980) and a Solicitor of the Supreme Court of Queensland. In his 38 years as a practicing lawyer, Chris has had extensive and considerable experience across a wide range of complex legal and business issues in various industries. He specialises in insurance law, commercial litigation, family law and de facto law cases. Chris also has a keen interest in the practice management and people strategies. Among the many awards received by CGW under Chris' leadership, in 2013 the firm was one of 19 Australian and New Zealand organisations, and the only law firm, to be accredited as an Aon Hewitt Best Employer. CGW is a leading Queensland commercial law firm with 21 partners and more than 220 team members.

COMPANY SECRETARY

Mariette Lansdell, B.Comm (Hons), MBA, AGIA

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

PRINCIPAL ACTIVITIES

The consolidated entity's principal activities are to:

a) provide import and export shipping infrastructure to the Central Queensland region through the Port of Gladstone, Port Alma 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 Alma, RG Tanna Coal Terminal, Barney Point Coal 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 $71.960M (2014: $101.252M) representing a decrease of 29.9% from the previous year. All profits are from continuing operations. The 2015 results included net revaluations of $2.188M (2014: revaluations of $39.085M). These related to investment properties and the devaluation of Barney Point terminal and Port Alma. In addition net impairment losses of $8.885M were identified in 2015 compared to $25.516M in 2014. This was the result of assets being impaired at the East Shores Project.

AUDITOR INDEPENDENCE

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

DIVIDENDS

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

	2015 $'000	2014 $'000
Dividends paid from prior year profits	58,567	57,416
	Cents per share	**Cents per share**
Dividend per share	14.28	11.96

In addition to the above dividends, the Directors recommended the payment of a final dividend at 80% of profits, as adjusted for revaluations. The final dividend amounts to $54.400M (13.53 cents per share).

REVIEW OF FINANCIAL CONDITIONS AND LIKELY DEVELOPMENTS

2015 saw a decline in coal throughput compared to 2014. The 2014 coal throughput was a record for the Group, however, market conditions have continued to experience difficulties through 2015. A number of the Group's commercial contract arrangements assist in mitigating volume risk to varying levels. Maintaining prudent and efficient costs will be important for the Group in managing the impact of the ongoing market difficulties in 2016.

It is anticipated that subject to global conditions, coal, the Group's major cargo, will increase during 2016. This will be driven by coal from the Wiggins Island Coal Export Terminal (WICET), a terminal which will commence operations in the year ended 2016. It is anticipated that initial throughput will be below the terminals capacity. Commercial take or pay contracts for channel capacity will commence post 2016 as companies begin to export coal through the terminal. With revenue from LNG commenced in 2015 from one LNG plant on Curtis Island, 2016 will see two other plants commencing shipments. This will see a significant increase in both tonnage throughput and revenue growth for the Group. All three LNG plants have commercial contracts which assist in mitigating volume risk. Other port trade is expected to remain in line with that achieved in 2015. Significant recoverable works, which included the Western Basin Dredging Project (being invoiced at cost) were completed in 2015. Recoverable works is expected to return to pre port expansion levels in 2016.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

ENVIRONMENTAL REGULATION

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation. Refer to comments under the section 'Our Environment – Essential to and Sustainabileity Growth' of the 2015 Annual Report.

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year the Group indemnified all Directors and Executive Officers in respect of Directors and Officers liability and company reimbursement insurance. The premium paid amounted to $87,285.

Under the policy the insurer agrees to pay:

(a) all losses which each insured person becomes legally obligated to pay on account of any claims for wrongful acts

(b) all losses for which the company may grant indemnification to each insured person.

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

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

	Board (9 held)	**Audit and Compliance Committee (5 held)**	**Human Resources Committee (4 held)**
Mark Brodie	9	5	4
Gail Davidson	9	0 (out of 0)	4
Judy Reynolds	9	5	0 (out of 0)
Helen Skippen	9	5	0 (out of 0)
Professor Chris Greig	9	0 (out of 0)	4
Bill Moorhead	7 (out of 9)	0 (out of 0)	3 (out of 4)
Chris Ward	9	0 (out of 0)	0 (out of 0)

COMMITTEE MEMBERSHIP

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

Audit and Compliance Committee:
Judy Reynolds – Chair
Mark Brodie
Helen Skippen

Human Resources Committee:
Mark Brodie – Chair
Gail Davidson
Bill Moorhead
Professor Chris Greig

DIRECTORS' INTERESTS

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

RISK MANAGEMENT

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

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

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

ROUNDING OF AMOUNTS

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

PROCEEDINGS AGAINST THE COMPANY

There are no proceedings against the company.

SUBSEQUENT EVENTS

There has not been any matter of 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:

Mark Brodie
Chairman
Dated: 27 August 2015

AUDITORS INDEPENDENCE DECLARATION FOR THE YEAR ENDED 30 JUNE 2015

To the Directors of Gladstone Ports Corporation Limited

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

Independence Declaration

As lead auditor for the audit of Gladstone Ports Corporation Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been –

a) no contraventions of the auditor independence requirements of the *Corporation Act 2001* in relation to the audit: and

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

QUEENSLAND
2 5 AUG 2015
AUDIT OFFICE

D R Adams FCPA
Director
(*as Delegate of the Auditor-General of Queensland*)

Queensland Audit Office
Brisbane

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Continuing operations			
Revenue	7(a)	404,024	397,982
Other income	7(a)	42,652	246,458
Net profit on disposal of non-current assets		1,177	7,483
Fair value revaluation of investment properties	12(d), 13	4,879	14,486
Reversal of prior devaluations		-	24,599
Total income		**452,732**	**691,008**
Employee benefits expenses		(128,923)	(113,467)
Operational expenses	7(b)	(118,768)	(321,524)
Depreciation/amortisation expenses	7(b)	(59,022)	(51,640)
Finance costs	7(b)	(32,420)	(34,192)
Impairment (net of impairment reversals)	12(e)	(8,885)	(26,516)
Fair value devaluation of non-current assets	12(d)	(2,691)	-
Profit from continuing operations before income tax		**102,023**	**143,669**
Income tax expense	8(a)	(30,063)	(42,417)
Profit for the year		**71,960**	**101,252**
Other comprehensive income			
That will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment		48,868	256,632
Devaluation of property, plant and equipment and intangible assets		(639)	-
Impairment of property, plant and equipment		-	(3,723)
Income tax relating to components of other comprehensive income	8(e)	(14,469)	(75,873)
Other comprehensive income for the year, net of income tax		**33,760**	**177,036**
Total comprehensive income for the year		**105,720**	**278,288**
Profit attributable to:			
Owners of Gladstone Ports Corporation Limited		**71,960**	**101,252**
Total comprehensive income for the year is attributable to:			
Owners of Gladstone Ports Corporation Limited		**105,720**	**278,288**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents	9	111,596	118,744
Trade and other receivables	10	70,489	74,438
Inventories		12,372	11,193
Prepayments		694	1,251
Assets classified as held for resale	11	5,061	16,858
Derivative financial instruments	21	-	4,331
Total current assets		**200,212**	**226,815**
Non-current assets			
Property, plant and equipment	12	1,661,991	1,609,966
Deferred tax assets	8(d)	12,991	12,373
Intangible assets		18,332	15,294
Investment properties	13(a)	110,559	98,275
Total non-current assets		**1,803,873**	**1,735,908**
Total assets		**2,004,085**	**1,962,723**
Liabilities			
Current liabilities			
Trade and other payables	14	42,998	59,366
Short-term provisions	16	86,867	89,931
Income tax payable	8(c)	11,469	12,485
Derivative financial instruments	21	-	4,677
Total current liabilities		**141,334**	**166,459**
Non-current liabilities			
Trade and other payables	14	24,094	26,059
Long-term borrowings	15	461,344	461,520
Long-term provisions	16	11,476	9,929
Deferred tax liabilities	8(e)	222,049	205,067
Total non-current liabilities		**718,963**	**702,575**
Total liabilities		**860,297**	**869,034**
Net assets		**1,143,788**	**1,093,689**
Equity			
Issued capital	19	675,496	676,717
Asset revaluation reserve		272,550	238,818
Retained earnings		195,742	178,154
Total equity		**1,143,788**	**1,093,689**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Note	Issued capital $'000	Asset revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance 1 July 2013		**673,558**	**61,903**	**135,348**	**870,809**
Total comprehensive income attributable to owners of the equity					
Profit or loss		-	-	101,252	101,252
Other comprehensive income		-	177,036	-	177,036
Transfers within equity					
Transfer of assets from Government		3,159	-	-	3,159
Disposal of revalued assets		-	(121)	121	-
Transactions with owners in their capacity as owners					
Dividends proposed	18	-	-	(58,567)	(58,567)
Balance 30 June 2014		**676,717**	**238,818**	**178,154**	**1,093,689**
Total comprehensive income attributable to owners of the equity					
Profit or loss		-	-	71,960	71,960
Other comprehensive income		-	33,760	-	33,760
Transfers within equity					
Return of equity		(1,221)	-	-	(1,221)
Disposal of revalued assets		-	(28)	28	-
Transactions with owners in their capacity as owners					
Dividends provided for or paid	18	-	-	(54,400)	(54,400)
Balance 30 June 2015		**675,496**	**272,550**	**195,742**	**1,143,788**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers		476,989	626,270
Tax equivalents paid to Queensland Treasury		(29,184)	(24,706)
Net FBT, Fuel Tax Credit and GST paid to ATO		(17,236)	(9,566)
Payments to suppliers and employees		(276,658)	(527,961)
Interest received		3,188	2,608
Interest paid/competitive neutrality fee		(32,420)	(34,192)
Net cash flows from operating activities	9(a)	**124,679**	**32,453**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,921	8,430
Purchase of property, plant and equipment		(69,531)	(91,527)
Purchase of intangibles		(5,253)	(10,851)
Net cash flows used in investing activities		**(71,863)**	**(93,948)**
Cash flows from financing activities			
Return of equity		(1,221)	-
Repayment of borrowings		(176)	(405)
Dividends paid		(58,567)	(57,416)
Net cash flows from financing activities		**(59,964)**	**(57,821)**
Net increase/(decrease) in cash and cash equivalents		**(7,148)**	**(119,316)**
Cash and cash equivalents at beginning of the financial year		**118,744**	**238,060**
Cash and cash equivalents at the end of the financial year	9	**111,596**	**118,744**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. General Information

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

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

Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure is provided in Note 4 and information on other related party relationships is provided in Note 25.

2. Summary of significant accounting policies

(1) Basis of preparation

This consolidated financial report has been prepared under the historical cost convention, except for some classes of property, plant and equipment, investment properties and derivative financial instruments, which have been measured at fair value. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. The consolidated financial statements are presented in Australian Dollars which is the entity's functional currency.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

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

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

Rounding of amounts

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

(2) Statement of Compliance

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

2. Summary of significant accounting policies (cont'd)

The consolidated financial statements of Gladstone Ports Corporation Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 27 August 2015.

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

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

Accounting policies

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

Accounting Standards and Interpretation issued but not yet effective

The Group has not adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2015. These are outlined in the table below:

Title	Operative for reporting periods beginning on/after
AASB 9: Financial Instruments	1 January 2018
AASB 2014-4: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
AASB 15: Revenue from Contracts With Customers	1 January 2017

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

(4) Significant Accounting Policies

a. Basis of consolidation

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

b. Classification between current and non-current

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

2. Summary of significant accounting policies (cont'd)

c. Foreign currency transactions and balances

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

d. Revenue recognition

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

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

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

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

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

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

e. Taxation

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

Current income tax

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

Deferred Tax

The deferred tax assets or deferred tax liabilities represent the net cumulative effect of items of income and expense, which have been brought to account for tax and accounting purposes in different periods. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be used. The carrying amount of deferred income tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. Summary of significant accounting policies (cont'd)

e. Taxation (cont'd)

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

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

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

Tax consolidation

GPC and its wholly owned entities have formed a tax consolidated group for income tax purposes. The consolidated group applied from 15 October 2013 when Gladstone Marine Pilot Services Pty Ltd was established. Gladstone WICET Operations Pty Ltd joined the Group on 5 May 2014 when it was established. The Group is taxed as a single entity from these dates. The head entity in this Group is Gladstone Ports Corporation Limited. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company.

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

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

f. Goods and services tax (GST)

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the Consolidated Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

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

g. Dividends

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

h. Property, plant and equipment

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

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

2. Summary of significant accounting policies (cont'd)

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.

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

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

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

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

Revaluations

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

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

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

Non-current physical assets measured using fair value are subject to a specific appraisal at least once every five years. Interim valuations are performed where the change would be material to that class of assets. In 2014 and 2015 the Group revalued these assets on an income based approach. Land and buildings have previously been valued on a market based approach, whilst all other assets have been valued using the cost based approach.

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

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

Impairment

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

2. **Summary of significant accounting policies (cont'd)**

h. Property, plant and equipment (cont'd)

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

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

Disposal

An item of property, plant and equipment is de-recognised upon disposal or when no further economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset is included in the Consolidated Statement of Profit and Loss and Other Comprehensive Income in the year the asset is de-recognised.

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

i. Leases

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

Group as a lessor

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

j. Borrowing Costs

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

k. Intangible assets

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

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

l. Investment properties

Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income in the year they arise.

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

2. Summary of significant accounting policies (cont'd)

l. Investment properties (cont'd)

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

m. Financial instruments

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

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial asset as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Effective Interest Rate Method

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

Held-to-maturity investments

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

2. Summary of significant accounting policies (cont'd)

m. Financial instruments (cont'd)

Derecognition

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

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

Impairment of financial assets

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

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

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

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to the fair value of the financial liability as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Payables

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

Loans and borrowings

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

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

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

2. Summary of significant accounting policies (cont'd)

m. Financial instruments (cont'd)

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

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

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 15.

Derecognition

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

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

n. Derivative financial instruments

Where the Group is exposed to the risk of fluctuations in foreign currency exchange rates, the Group enters into derivative financial instrument arrangements to reduce this exposure. Financial derivatives may be held to cover a known exposure but only to the extent of the exposure and not for speculative purposes. Unrealised exchange gains or losses resulting from these transactions are recognised at 30 June each year. The balance of the gain or loss on the transaction is recognised on settlement of the transaction. There were no derivative financial instruments held by the group at 30 June 2015.

o. Cash and short term deposits

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

p. Provisions

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

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

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

(ii) Long service leave and vested personal leave

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

2. Summary of significant accounting policies (cont'd)

p. Provisions (cont.)

(iii) Performance payments

Performance payments for the Group's executive officers are based on a percentage of the annual salary package provided under their contract(s) of employment. A liability is recognised and is determined as an estimate of the amount due for the period to date.

(iv) Superannuation

All GPC and GMPS employees are members of QSuper. GWO employees have a choice of superannuation fund and these are all defined contribution funds. QSuper operates both a defined benefit and defined contribution fund. Employees at 30 June 2015 may be a member of the defined benefit fund, defined contribution fund or both. They may remain in either fund. These employees can transfer from the defined benefit fund to the contribution fund but cannot transfer from the defined contribution fund to the defined benefit fund. New employees must join the defined contribution fund. Existing members can transfer from the defined benefit fund to the defined contribution fund.

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

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

No liability is recognised for accruing superannuation benefits as this liability is held on a whole of Government basis and reported in the whole of Government financial statements prepared in terms of AAS31 Financial Reporting by Governments.

q. Fair Value Measurement

The following asset classes are measured at fair value at reporting date:

> Property, plant and equipment except for work in progress

> Investment properties

> Financial instruments (including those carried at amortised cost)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

> In the principal market for the asset or liability

Or

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. Summary of significant accounting policies (cont'd)

q. Fair Value Measurement (cont'd)

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described in Note 2 (1), based on the lowest level input that is significant to the fair value measurement as a whole.

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

External valuers are involved for valuation of significant assets, such as properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

r. Security deposits

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

3. Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

(1) Fair value

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

(2) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGU's are disclosed and further explained in Note 12(e).

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

(3) Personal leave and long service leave provision

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

(4) Recovery of deferred tax assets

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

(5) Estimation of useful lives

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

The useful lives of channels, berth pockets and swing basins was revised during the year to 100 years. This is due to:

a. GPC expects to obtain economic benefit from these assets for at least 100 years from 2015. This is in line with the proposed lease of GPC assets to a 3rd party in 2015.

b. The assets are constantly maintained in an as new state in order to ensure full usage of this asset for revenue generation is continued. Whilst some annual deterioration of the assets does occur this is constantly reversed by the annual maintenance dredging program's undertaken. Therefore the capacity of the assets to generate revenue does not diminish with time.

c. There is no legal or technical restraint in GPC continuing to use the channel for a minimum of 100 years based upon the existing annual maintenance program.

d. GPC considers that it will have the funds to continue to undertake the annual dredging program for at least the next 100 years.

(6) Provision for impaired debts

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

(7) Financial assets

The Directors have reviewed the Group's held to maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. Details of those assets are set out in Note 20.

4. Subsidiaries

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

Details of the Group's subsidiaries as at 30 June 2015 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 2015	30 June 2014
Gladstone Marine Pilot Services Pty Ltd	Pilotage services	Australia	100%	100%
Gladstone WICET Operations Pty Ltd	Dormant	Australia	100%	100%

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

Subsidiary	Total assets $'000	Total liabilities $'000	Total revenue $'000	Profit/(loss) before tax $'000
Gladstone Marine Pilot Services Pty Ltd	4,422	4,422	18,306	-
Gladstone WICET Operations Pty Ltd	244	244	71	-

5. Parent Entity Information

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

	2015 $'000	2014 $'000
Financial position		
Assets		
Current assets	200,211	226,816
Non-current assets	1,802,759	1,734,937
Total assets	**2,002,970**	**1,961,753**
Liabilities		
Current liabilities	141,136	166,277
Non-current liabilities	718,046	701,786
Total liabilities	**859,182**	**868,063**
Net assets	**1,143,788**	**1,093,690**
Equity		
Issued capital	675,496	676,717
Reserves	272,550	238,818
Retained profits	195,742	178,155
Total equity	**1,143,788**	**1,093,690**
Financial performance		
Profit for the year	71,960	101,252
Other comprehensive income	33,760	177,036
Total comprehensive income	**105,720**	**278,288**
Commitments for the acquisition of property, plant and equipment by the parent entity		
Due not later than 1 year	10,773	28,154

6. Segment information

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

7. Profit from operating activities

(a) Revenue

Revenue from continuing operations:

	2015 $'000	2014 $'000
Revenue		
Cargo handling charges	258,141	259,724
Harbour dues	53,834	53,147
Tonnage rates	48,734	46,224
Other shipping charges	9,160	9,873
Pilotage	17,131	12,024
Property revenue	13,326	12,691
Smallcraft services	3,698	4,299
Total	**404,024**	**397,982**
Other income		
Interest received	3,141	2,654
Recoverable works	25,412	219,470
Other	14,099	24,334
Total	**42,652**	**246,458**

7. Profit from operating activities (cont'd)

(b) Expenses

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

	Note	2015 $'000	2014 $'000
Depreciation/amortisation expense			
Property, plant and equipment	12(b)	56,812	51,217
Intangibles		2,210	851
Reallocated to capital expenses		-	(428)
Total		**59,022**	**51,640**
Operational expenses			
Contractors		45,952	245,402
Services and consultants		11,299	10,704
Indirect taxes and government charges		7,427	9,893
Materials and supplies		21,948	17,237
Energy		20,445	24,002
Insurance		3,407	3,431
Lease payments		3,699	3,053
Other		4,591	7,802
Total		**118,768**	**321,524**
Finance costs			
Interest		26,364	27,080
Competitive neutrality fee		5,939	6,766
Financial instrument (profit)/loss		(346)	346
(Gains)/losses on exchange		463	-
Total		**32,420**	**34,192**

8. Income tax equivalent

(a) Income tax equivalent expense

	2015 $'000	2014 $'000
Profit before income tax equivalents	102,023	143,669
Prima facie tax at 30%	30,607	43,101
Non-deductible expenses	-	2
Overprovision in prior year	**-**	**(1,231)**
Permanent difference on sale of capital assets	(544)	545
Income tax expense	**30,063**	**42,417**
Comprises		
Deferred tax asset	(618)	(1,571)
Deferred tax liability	2,513	14,745
Income tax payable	28,168	29,243
	30,063	**42,417**

(a) Income tax equivalent expense

	2015 $'000	2014 $'000
Deferred income tax related to items charged or credited directly to equity		
Net gain on revaluation of property plant and equipment	116,884	102,415
Deferred income tax reported in equity	**116,884**	**102,415**

(c) Income tax payable

	2015 $'000	2014 $'000
Opening balance	12,485	7,948
Charged to income	28,168	29,243
Payments	(29,184)	(24,706)
Closing balance	**11,469**	**12,485**

8. Income tax equivalent (cont'd)

(d) Deferred tax asset

	2015 $'000	2014 $'000
Long service leave	5,621	5,244
Sick leave	2,672	2,496
Annual leave	4,403	4,044
Accumulated time off	180	243
Public holidays	95	43
Provision for doubtful debts	-	4
Provision for deferred maintenance	-	161
Provision for obsolete stock	2	-
Accrued expenses	18	34
Unrealised loss on financial instruments	-	104
Closing balance	**12,991**	**12,373**

	2015 $'000	2014 $'000
Opening balance	12,373	10,802
Amount (debited)/credited to Statement of Profit and Loss and Other Comprehensive Income	618	1,571
Closing balance	**12,991**	**12,373**

(e) Deferred tax liability

	2015 $'000	2014 $'000
Opening balance	205,067	114,449
Amount charged to Statement of Profit and Loss and Other Comprehensive Income	2,513	14,745
Amount (charged)/credited direct to equity	14,469	75,873
Closing balance	**222,049**	**205,067**

9. Cash and short term deposits

	Note	2015 $'000	2014 $'000
Cash on hand		4	5
Cash at bank		24,027	56,398
Queensland Treasury Corporation - cash on call		87,565	62,341
Total	20(c) 20(d)	**111,596**	**118,744**

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 $11,940,487 (2014:$18,252,889) relates to LNG projects and may only be used to fund those projects.

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

	2015 $'000	2014 $'000
Profit for the year after income tax	71,960	101,252
Depreciation	59,022	52,068
Revaluation of non-current assets	(2,188)	(39,085)
Impairment of non-current assets	8,885	26,516
Net profit or loss on sale of property, plant and equipment	(1,177)	(7,483)
Change in assets and liabilities		
Decrease in receivables	4,816	52,717
Decrease/(Increase) in other assets	4,889	(4,065)
(Increase) in inventories	(1,179)	(494)
(Increase) in deferred tax asset	(618)	(1,571)
(Decrease) in trade and other payables	(19,201)	(177,425)
(Decrease)/Increase in other liabilities	(4,677)	4,677
Increase in provisions	2,650	6,064
(Decrease)/Increase in income tax creditor	(1,016)	4,537
Increase in provision for deferred tax liability relating to profit and loss (Refer Note 8e)	2,513	14,745
Net cash provided by operating activities	**124,679**	**32,453**

(a) Working capital facility

The Group has access to a $30,000,000 (2014: $30,000,000) working capital facility provided through Queensland Treasury Corporation. This facility was not drawn upon during the financial year.

10. Trade and other receivables

	Note	2015 $'000	2014 $'000
Trade debtors		70,386	74,081
Less: provision for impaired trade debtors		-	(14)
		70,386	**74,067**
Accrued interest		-	46
Term debtors		-	283
Other debtors		103	42
Total	20(c)	**70,489**	**74,438**

Reconciliation of impaired debts:

	2015 $'000	2014 $'000
Opening balance	14	496
Impaired debts written off	(88)	(483)
Impaired debts recovered	-	-
Movement in provision	74	1
Closing balance	**-**	**14**

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

2015	Not due $'000	Overdue < 1 year $'000	Overdue 1-5 years $'000	Overdue 1-5 years $'000
Debtor balance	71,735	(1,252)	6	-
Impaired debt provision	-	-	-	-
	71,735	**(1,252)**	**6**	**-**

2014	Not due $'000	Overdue < 1 year $'000	Overdue 1-5 years $'000	Overdue 1-5 years $'000
Debtor balance	71,966	2,466	20	-
Impaired debt provision	-	-	(14)	-
	71,966	**2,466**	**6**	**-**

10. Trade and other receivables (cont'd)

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 80% (2014: 72%) of trade debtors at balance date. Credit is only available to established customers on 30 day terms except in the case of coal exporters who may be required to make payment within 14 days of receipt of monthly statements.

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

11. Assets classified as held for sale

The Group intends to dispose of parcels of land not considered to be strategic port land in the next 12 months. No impairment loss was recognised on reclassification of the land as held for sale at 30 June 2015 as the Directors of the Group expect that the fair value (estimated based on the recent market prices of similar locations) less costs to sell is higher than the carrying amount.

12. Property, plant and equipment

(a) Schedule of values

	Valuation $'000	2015 Accumulated depreciation $'000	Net book value $'000
Land	95,270	-	95,270
Buildings	60,851	10,490	50,361
Channels, swing basins and berth pockets	510,978	4,996	505,982
Commercial wharves	250,150	40,602	209,548
Recreational and fishing wharves	353	52	301
Roads and services (structural improvements)	136,310	18,719	117,591
Plant	824,116	215,709	608,407
Furniture and fittings	836	350	486
Capital works in progress - cost	74,045	-	74,045
Total	**1,952,909**	**290,918**	**1,661,991**

12. Property, plant and equipment (cont'd)

(a) Schedule of values (cont'd)

	Valuation $'000	2014 Accumulated depreciation $'000	Net book value $'000
Land	92,395	-	92,395
Buildings	57,216	8,458	48,758
Channels, swing basins and berth pockets	463,621	10,248	453,373
Commercial wharves	231,763	33,931	197,832
Recreational and fishing wharves	353	43	310
Roads and services (structural improvements)	137,765	22,633	115,132
Plant	782,692	169,260	613,432
Furniture and fittings	829	283	546
Capital works in progress - cost	88,185	-	88,188
Total	**1,854,822**	**244,856**	**1,609,966**

12. Property, plant and equipment (cont'd)

(b) Reconciliations

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

	Carrying amount at 1 July 2014 $'000	WIP additions $'000	Transfers to/from WIP $'000	Disposals $'000	Transfers to land held for resale $'000	Depreciation $'000	Revaluations $'000	Impairment $'000	Carrying amount at 30 June 2015 $'000
Land	92,395	-	-	(18)	2,893	-	-	-	**95,270**
Buildings	48,758	-	4,339	-	-	(1,955)	(781)	-	**50,361**
Channels, swing basins and berth pockets	453,373	-	8,224	-	-	(4,659)	49,045	-	**505,982**
Commercial wharves	197,832	-	18,419	-	-	(6,671)	(31)	-	**209,548**
Recreational and fishing wharves	310	-	-	-	-	(9)	-	-	**301**
Roads and services (structural improvements)	115,132	-	8,206	-	-	(3,991)	(1,757)	-	**117,591**
Plant	613,429	-	35,593	(226)	-	(39,461)	(928)	-	**608,407**
Furniture and fittings	549	-	4	-	-	(66)	(1)	-	**486**
Capital works in progress	88,188	69,527	(74,785)	-		-	-	(8,885)	**74,045**
Total	**1,609,961**	**69,527**	**-**	**(244)**	**2,893**	**(56,812)**	**45,548**	**(8,885)**	**1,661,991**

12. Property, plant and equipment (cont'd)

(b) Reconciliations

Reconciliations of the carrying amount for each class of property, plant and equipment at 30 June 2014 are set out below:

	Carrying amount at 1 July 2013 $'000	WIP additions $'000	Transfers to/from WIP $'000	Disposals $'000	Transfers to land held for resale $'000	Depreciation $'000	Revaluations $'000	Impairment $'000	Carrying amount at 30 June 2014 $'000
Land	100,248		3,075	(1,065)	(3,743)	-	-	-	**92,395**
Buildings	32,611		17,972	-	-	(1,656)	-	(169)	**48,758**
Channels, swing basins and berth pockets	120,471	-	55,730	-	-	(4,059)	281,231	-	**453,373**
Commercial wharves	207,437	-	561	-	-	(6,509)	-	(3,657)	**197,832**
Recreational and fishing wharves	319	-	-	-	-	(9)	-	-	**310**
Roads and services (structural improvements)	89,677	-	29,360	-	-	(3,445)	-	(460)	**115,132**
Plant	579,016	-	74,959	(329)	-	(35,477)	-	(4,740)	**613,429**
Furniture and fittings	476	-	135	-	-	(62)	-	-	**549**
Capital works in progress	195,322	95,871	(181,792)	-	-	-	-	(21,213)	**88,188**
Total	**1,325,577**	**95,871**	**-**	**(1,394)**	**(3,743)**	**(51,217)**	**281,231**	**(30,239)**	**1,609,961**

12. Property, plant and equipment (cont'd)

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

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

	2015 Net book value $'000	2014 Net book value $'000
Land	73,368	71,292
Buildings	50,463	48,385
Channels, swing basins and berth pockets	147,472	146,916
Commercial wharves	187,164	175,710
Recreational and fishing wharves	431	458
Roads and services (structural improvements)	128,990	125,105
Plant	581,595	591,577
Furniture and fittings	482	540
Total	**1,169,965**	**1,159,983**

(d) Valuations

A full revaluation of the Group's assets was undertaken as at 30 June 2015 using an income based approach. The fair value of assets was obtained based upon projected revenue streams for the next 10. This allows the tonnage growth that is contracted for the Port of Gladstone to be realised in the income valuation. The valuation uses CPI of 2.5%, a growth factor of 3.0% when calculating terminal values and a weighted average cost of capital (WACC) rate of 7.95% (post tax) when discounting. The revenue forecast is based upon contractual arrangements where they exist or historic tonnage throughput. Management judgement has been used to forecast future tonnages where no historical data exists. The costs that have been included in the model are based upon the Group's five year forecasts and are deemed to be prudent and efficient operating costs. Future capital expenditure costs for stay in business capital and channel expansion costs have been included in the model. The channel expansion costs are based upon current dredging costs and estimated volumes.

The reason for the valuation increase was additional future revenue from and the inclusion of take or pay revenue in relation to Wiggins Island Coal Export Terminal which were recognised in valuation calculations for the first time as they are now calculable with reasonable certainty, along with the impact of a reduced WACC rate down to 7.95% from the 8.04% used in 2014. The increase in values has been attributed to the Group's channel assets due to the increased revenue generated by these assets.

12. Property, plant and equipment (cont'd)

(d) Valuations (cont'd)

The valuation identified that assets at the Barney Point and Port Alma facilities should be devalued as there are insufficient revenue streams available to support the carrying values. The Barney Point facility is devalued as a result of coal throughput ceasing in the medium term and no replacement product has yet been contracted to replace it. The Port Alma facility is devalued as a result of decreasing tonnages due to decline in ammonium nitrate and explosive throughput.

Categorisation of fair values recognised as at 30 June 2015:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value as at 30 June $'000
Land	-	-	95,270	95,270
Buildings	-	-	50,361	50,361
Channel, swing basins and berth pockets	-	-	505,982	505,982
Commercial wharves	-	-	209,548	209,548
Recreational and fishing wharves	-	-	301	301
Roads and services	-	-	117,591	117,591
Plant	-	-	608,407	608,407
Furniture and fittings	-	-	486	486
Capital works in progress	-	-	74,045	74,045
			1,661,991	1,661,991

There were no transfers between the Levels during the year.

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

Level 3 input	-0.5%	Rate used by the Group	+0.5%
WACC rate (used 7.95%)	$2.021B	$1.796B	$1.613B
Growth Rate (used 3.0%)	$1.695B	$1.796B	$1.920B
CPI (used 2.5%)	$1.767B	$1.796B	$1.826B

12. Property, plant and equipment (cont'd)

(d) Valuations (cont'd)

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

Previous valuations have been calculated using a different methodology. Where possible fair value was calculated using active market valuations. Where no active market existed, fair value was calculated using depreciated replacement costs and evaluated against net realisable value based upon future cash flows of respective business units.

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

	Note	2015 $'000	2014 $'000
Property, plant and equipment revaluations	12(b)	45,548	281,231
Intangible asset devaluations		(10)	-
Investment property revaluations	13(a)	4,879	14,486
		50,417	**295,717**
Revaluation of non-current assets – Statement of Profit and Loss		4,879	14,486
Reversal of prior devaluations of non-current assets – Statement of Profit and Loss		-	24,599
Devaluation of non-current assets – Statement of Profit and Loss		(2,691)	-
Revaluation of non-current assets – asset revaluation reserve		48,868	256,632
Devaluation of non-current assets – asset revaluation reserve		(639)	-
		50,417	**295,717**

(e) Impairment

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

	Note	2015 $'000	2014 $'000
Impairment charged to Statement of Profit and Loss and Other Comprehensive Income	12(b)	8,885	26,516
Impairment charged to asset Revaluation reserve		-	3,723
Total	12(b)	**8,885**	**30,239**

13. Investment properties

	Note	2015 $'000	2014 $'000
Opening balance		98,275	91,963
Additions		-	328
Transfers from (to) land	12(b)	-	6,120
Transfers to Assets held for resale		**7,804**	**(13,115)**
Revaluations	12(d)	4,879	14,486
Disposals		(399)	(1,507)
Closing balance		**110,559**	**98,275**

Investment properties are carried at fair value, which has been determined based on independent valuations by Mr Geoff Pyman, of AON Valuation Services as at 30 April 2015, in accordance with AASB 140 – Investment Properties, which requires an annual review of fair value. Investment properties may only be disposed of after obtaining approval from the Portfolio Minister for Transport and Main Roads. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

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

14. Trade and other payables

Current	2015 $'000	2014 $'000
Trade creditors	31,332	38,304
Revenue received in advance	6,355	18,972
GST payable	3,322	(633)
Other	1,989	2,723
	42,998	**59,366**
Non-current		
Revenue received in advance	**24,094**	**26,059**

The revenue received in advance relates to operating lease revenue on investment properties and payments received in advance on recoverable works contracts. Due to the short term nature of these payables, their carrying value is assumed to approximate to their fair value. Trade creditors are usually paid 30 days from the last day of the month in which an invoice is received. GST is payable on the 21st day following the period to which it relates. For more information on the Group's credit risk management process, refer to Note 20(a).

15. Loans and borrowings – Non-current

	Note	2015 $'000	2014 $'000
Non-current			
Queensland Treasury Corporation loans	20(c), 20(d)	461,344	461,520

The Queensland Treasury Corporation loans comprise advances made under one client specific pool arrangement (CSP). The CSP will comprise a combination of bonds and Floating Rate Debt so that the weighted average term of the underlying cash flows of these instruments matches the weighted average term of the underlying cash flows of the Group's loans. The CSP with a book value of $461,343,641 is used for the Group's normal operations. This is unsecured.

Fair values

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

	2015		2014	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Queensland Treasury Corporation loans	461,344	508,777	461,520	507,053

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

16. Provisions

	Note	2015 $'000	2014 $'000
Current			
Employee benefits		31,763	30,842
Dividends	18	54,400	58,567
Other		704	522
Total		**86,867**	**89,931**
Non-current			
Employee benefits		11,476	9,393
Contribution for maintenance received in advance		-	536
Total		**11,476**	**9,929**

17. Employee benefits

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

	2015 $'000	2014 $'000
Balance of provision at 1 July	40,235	34,724
Payment of provisions	(18,180)	(11,814)
Movement in provision calculation	21,184	17,325
Balance of provision at 30 June	**43,239**	**40,235**

18. Dividends

Dividends provided calculations are based on 80% of net profit after an adjustment for upwards revaluations. The effective comparable percentages are 2015 at 80% and 2014 at 80%. All dividends are unfranked. Dividends are declared after reporting date but before the financial statements are authorised for issue.

Dividends provided or paid

	Note	2015 $'000	2014 $'000
Balance of provision at 1 July		58,567	57,416
Dividends paid		(58,567)	(57,416)
Dividends provided for		54,400	58,567
Balance of provision at 30 June	16	**54,400**	**58,567**

19. Issued capital

	2015 No.	2014 No.
Issued capital		
Authorised – ordinary shares	1,000,000,000	1,000,000,000
Issued –ordinary shares fully paid	402,066,818	402,066,818

The shares have no par value.

20. Financial risk management objectives and policies

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

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

20. Financial risk management objectives and policies (cont'd)

The Group occasionally enters into derivative transactions, principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations. These derivatives provide economic hedges, but do not qualify for hedge accounting and are based upon limits set by the Board.

In 2015 the Group did not enter into any derivative transactions.

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

(a) Credit risk exposure

Credit risk arises from the financial assets of the group, which comprise cash and cash equivalents and trade and other receivables. The Group is exposed to credit risk from the possibility of counter parties failing to perform their obligations. Credit risk exposure on financial assets other than cash at bank and at call has been recognised in the Statement of Financial Position, with the carrying amount stated net of any provision for impaired debts.

The Group does not hold any credit derivatives to offset its credit exposure. The level of exposure is disclosed in Note 10.

(b) Foreign currency risk

The Group has transactional currency exposures in relation to capital purchases in currencies other than Australian dollars. The Group requires management to examine eliminating 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 and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximise hedge effectiveness. As at 30 June 2015 the Group did not have any exposure to foreign currency. In 2014, the Group received revenue from LNG proponents in Euros to offset the requirement to pay a contractor in Euros. The Group only received those amounts required to meet its contractor obligations and only pays this credit after the Euro have been received from the LNG proponents. Therefore the Group does not believe that any exchange rate risk exposure occurred in relation to these contracts. These contracts were complete as at 30 June 2014.

(c) Liquidity risk

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

All financial assets held at 30 June 2014 and 2015 were classified as due to reach maturity in <1 year. The table below reflects the maturity analysis of all contractually fixed and un-fixed pay-offs for settlement, and repayments and interest resulting from recognised financial liabilities, including derivative financial instruments as at 30 June 2015. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based upon the conditions existing at 30 June 2015.

20. Financial risk management objectives and policies (cont'd)

Maturity analysis of financial liabilities based upon management's expectations

Year ended 30 June 2015	Note	< 1 year $'000	1 - 5 Years $'000	> 5 years $'000	Total $'000
Financial liabilities					
Trade and other payables	14	42,998	7,860	16,234	**67,092**
Interest bearing loans and borrowings	15	-	-	4,879	**14,486**
		42,998	**7,860**	**477,578**	**528,436**

Year ended 30 June 2014	Note	< 1 year $'000	1 - 5 Years $'000	> 5 years $'000	Total $'000
Financial liabilities					
Trade and other payables	14	42,998	7,860	16,234	**67,092**
Interest bearing loans and borrowings	15	-	-	4,879	**14,486**
Derivatives		4,677	**-**	**-**	**4,677**
		64,043	**7,860**	**479,719**	**551,622**

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

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

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

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

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

(d) Interest rate risk exposure

The Group's exposure to interest rate risk relates primarily to the Group's long-term debt obligations. The level of debt is disclosed in Note 16.

At 30 June 2015 the Group's financial assets and liabilities exposed to variable interest rate risk consisted of cash and cash equivalents and interest bearing loans and liabilities only.

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

20. Financial risk management objectives and policies (cont'd)

(d) Interest rate risk exposure

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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
+1% (100 basis points)	(451)	(445)	(451)	(445)
-1% (100 basis points)	453	449	453	449

(e) Net fair value

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

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

Borrowings outstanding at 30 June 2015 have been valued at book using long-term interest rates negotiated with Queensland Treasury Corporation.

21. Derivative financial instruments

During 2013 and 2014 the Group entered into agreements to purchase mobile plant and dredging contracts with the purchase price denominated in a foreign currency. In order to protect against exchange rate movements, the Group entered into forward exchange contracts to purchase United States Dollars and Euro.

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

	Sell Australian Dollars		Average exchange rate	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Maturity:				
0 – 6 months	-	2,366	-	0.8627
6 – 12 months	-	2,385	-	0.8557

These contracts are fair valued by comparing the contracted rate to market rates for contracts with the same length of maturity. All movements in fair value are recorded in the Statement of Profit and Loss and Other Comprehensive Income in the period they occur. The net fair value losses on foreign currency derivatives during the year were $345,964 (2014: gain of $345,964). The Group did not reclassify any derivative financial instruments during the year.

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

22. Commitments and contingencies

Operating lease commitments – Group as lessor

Operating lease revenue	2015 $'000	2014 $'000
Due not later than one year	11,899	10,618
Due later than one year and not later than five years	27,987	26,459
Due later than five years	74,322	56,591
Total	**114,208**	**93,668**

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

Operating lease commitments - Group as lessee

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

Operating lease revenue	2015 $'000	2014 $'000
Due not later than one year	2,218	1,553
Due later than one year and not later than five years	1,996	719
	4,214	**2,272**

Capital expenditure commitments contracted but not provided for:

	2015 $'000	2014 $'000
Due not later than one year	10,773	28,154

Contingent assets and liabilities

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

23. 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:

	2015 $	2014 $
Remuneration	147,754	112,993

The estimated fee for 2015 is $137,300.

24. Key management personnel disclosures

Directors

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

Specified executives

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

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

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

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

From 2014 all new senior executive appointments are on tenure. Senior executives employed prior to this date are employed on fixed three year terms, otherwise their terms and conditions of employment are the same. Where existing executive contracts are renewed the Board reviews whether to move the executive to tenure from fixed term contracts. All senior executives' remuneration levels increase in line with the market assessments up to a maximum of 10% per annum where remuneration remains below the market median. Where remuneration is above market median annual increases are restricted to CPI increases. There are no at risk benefits to senior executives. Separation benefits, in the event of termination by the Group, other than for misconduct, are allowed for in the agreements. The Chief Executive Officer is entitled to three months' notice, or payment in lieu of notice as well as a separation payment of the lesser of 12 months' pay and the amount which would otherwise be paid between the determination date and the end of the contract term. Senior executives are entitled to four weeks' notice or payment in lieu. In the event of a position being made redundant the executive is entitled to eight weeks pay plus three weeks' pay for each year of service, up to a maximum of 52 weeks. In accordance with Ministerial guidelines details of Directors and the senior executives of the entity with the greatest authority in office at 30 June 2015 are as follows:

Directors	Short Term Benefits $'000 Directors' Fees	Post-Employment Benefits $'000 Superannuation	Post-Employment Benefits $'000 Retirement Benefits Superannuation	Other Benefits $'000	Total $'000
Brodie, M (Chairman)					
2015	78	7	-	-	85
2014	55	5	-	1	61
Skippen, H[1]					
2015	47	5	-	-	52
2014	21	2	-	-	23
Davidson, G[2]					
2015	47	5	-	-	52
2014	9	18	-	-	27
Reynolds, J[2]					
2015	49	5	-	-	54
2014	28	3	-	-	31
Moorhead, B[3]					
2015	47	5	-	-	52
2014	26	2	-	-	28
Greig, C[3]					
2015	47	5	-	-	52
2014	24	2	-	-	26
Ward, C[5]					
2015	39	4	-	-	43
2014	-	-	-	-	-
Ware, C[4]					
2015	-	-	-	-	-
2014	9	1	-	-	10
Total remuneration: Directors					
2015	354	36	-	-	390
2014	172	33	-	1	206

1 Re-appointed 1 October 2013. 2 Re-appointed 2 October 2014. 3 Appointed 16 August 2012.
4 Ceased 30 September 2013. 5 Appointed 17 July 2014. Transactions of a similar nature are disclosed in aggregate except when separate disclosure is necessary and material.

24. Key management personnel disclosures (cont'd)

Specified Executives	Contract Expiry Date	Short Term Benefits $'000 Salary	Short Term Benefits $'000 Separation Payments	Post-Employment Benefits $'000 Super-annuation	Other Benefits $'000 Motor Vehicle	Other Benefits $'000 Other	Total $'000
Doyle, C CEO[1]	15-Sep-16						
2015		467	-	60	17	36	580
2014		332		50	6	22	410
Galt, M Commercial GM	17-Sep-16						
2015		321	-	60	24	-	405
2014		299	-	56	24	9	388
Brown A Cargo Handling Operations GM	Tenure						
2015		288	-	54	24	3	369
2014		268	-	50	24	1	343
Carter, G Port Planning and Development GM[2]	Tenure						
2015		245	-	49	20	1	315
2014		242	-	32	17	1	292
Schmidt, T Corporate and Employee Relations GM[6]	27-Nov-14						
2015		122	214	37	18	-	391
2014		202	-	38	17	-	257
Sherriff, J Safety, Environment and Risk GM	Tenure						
2015		200	-	38	15	3	256
2014		188	-	36	15	8	247
Wilson, G[4] Marine Operations GM	Tenure						
2015		256	-	24	11	11	302
2014		98	-	9	-	-	107
Halpin, B[5] WICET Operations GM	Tenure						
2015		286	-	27	-	-	313
2014		5	-	-	-	-	5
Zussino, L CEO[3]	31-Aug-13						
2015		-	-	-	-	-	-
2014		96	503	38	12	5	654
Total remuneration: specified executives							
2015		-	-	-	-	-	-
2014		96	503	38	12	5	654

1 Appointed CEO from 16 September 2013. 2 Appointed Acting GM from 1 March 2011, appointed GM from 1 December 2012. 3 Contract expired 31 August 2013. 4 Appointed 3 February 2014. 5 Appointed 16 June 2014. 6 Resigned 16 January 2015.

25. Related party disclosure

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

Gladstone Ports Corporation Limited

Agency	Nature	2015 $'000	2014 $'000
Revenue			
Maritime Safety Queensland	Rent, berthage, pilotage transfers, oil spill response	17,170	8,895
Other	Various	709	785
Expenses			
Department of Agriculture	Environmental works	1,000	1,100
Gladstone Area Water Board	Water and capital contributions	853	1,005
Office of State Revenue	Land tax and payroll tax	6,848	9,155
QLeave	Portable long service leave	247	2,403
QSuper			
Superannuation contributions		15,675	14,331
Queensland Department of Transport and Main Roads	Including survey work, dredging and registrations	1,479	3,886
Queensland Treasury	Dividend, NTER tax, competitive neutrality and rates	95,640	90,411
Queensland Treasury Corporation	Loan interest	26,547	27,484
WorkCover Queensland	Workers' compensation insurance	2,052	2,257
Other	Various	2,309	1,884

Gladstone Marine Pilot Services Pty Ltd

Agency	Nature	2015 $'000	2014 $'000
Expenses			
QSuper	Various	709	785
Superannuation contributions		1,364	775
Other	Vessel registration, payroll tax, vessel simulations	1,205	665

25. Related party disclosure (cont'd)

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

Gladstone Ports Corporation Limited

Agency	2015 $'000	2014 $'000
Debtor		
Maritime Safety Queensland	1,457	3,001
Other	(24)	16
Creditor		
Queensland Treasury Corporation	461,344	461,520
Other	12	-

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

26. Number of employees

	2015 No.	2014 No.
Number of employees at year end (Full Time Equivalent)	752	765

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

	2015 $'000	2014 $'000
Total salaries and wages paid or payable to all employees	105,612	95,417
Superannuation paid or payable for all employees		
Defined benefit schemes	3,328	3,324
Accumulation schemes	8,310	6,991
	11,638	**10,315**

27. Events after the reporting period

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

GLADSTONE PORTS CORPORATION LIMITED

DIRECTORS' DECLARATION

The Directors declare that:

i. in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

ii. in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001,* including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

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

On behalf of the Directors

original signed

M Brodie Dated: 27 August 2015

Chairman

original signed

J Reynolds Dated: 27 August 2015

Director

Gladstone

INDEPENDENT AUDITOR'S REPORT

To the Members of Gladstone Ports Corporation Limited

Report on the Financial Report

I have audited the accompanying financial report of Gladstone Ports Corporation Limited which comprises the Consolidated Statement of Financial Position as at 30 June 2015, and the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

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

Auditor's responsibility

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

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

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

Independence

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

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

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

Opinion

In my opinion:

(a) The financial report of Gladstone Ports Corporation Limited is in accordance with the *Corporations Act 2001,* including:

 (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date;

 (ii) Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Other Matters - Electronic Presentation of the Audited Financial Report

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

QUEENSLAND
31 AUG 2015
AUDIT OFFICE

D R Adams, FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

Glossary of Terms

APLNG	Australia Pacific LNG Pty Limited
B	Billion
BPT	Barney Point Terminal
CEO	Chief Executive Officer
CIP	Community Investment Program
CIS	Capital Investment System
CQPA	Central Queensland Port Authority
EA	Enterprise Agreement
EBIT	Earnings Before Interest and Tax
EDMS	Environmental Database Management System
EIS	Environmental Impact Statement
EMS	Environmental Management System
ERP	Enterprise Resource Planning
EPBC Act	Environmental Protection and Biodiversity Conversation Act 1999
FHA	Fish Habitat Area
FTE	Full Time Equivalent
GBRWHA	Great Barrier Reef World Heritage Area
GBRMP	Great Barrier Reef Marine Park
GHHP	Gladstone Healthy Harbour Partnership
GLNG	Gladstone LNG Operation Pty Ltd
GMPS	Gladstone Marine Pilot Services Pty Ltd
GOC	Government Owned Corporation
GOC Act	Government Owned Corporations Act 1993 (Qld)
GPC	Gladstone Ports Corporation Limited
GWO	Gladstone WICET Operations Pty Ltd
ha	Hectares
HR	Human Resources
ILUA	Indigenous Land Use Agreement
LNG	Liquefied Natural Gas
LTI	Lost Time Injuries
LTIFR	Lost Time Injury Frequency Rate
LTIDR	Lost Time Injury Duration Rate
M	Million
MSQ	Maritime Safety Queensland
MSIC	Maritime Security Identification Card
Mt	Million tonnes
Port Alma	Port Alma and Port of Rockhampton refer to the one port precinct. The terms are interchangeable
PID	Public Interest Disclosure
PMIS	Port Management Information System
Port of Rockhampton	Port of Rockhampton and Port Alma refer to the one port precinct. The terms are interchangeable
PM	Preventative Management
QAL	Queensland Alumina Limited
QCLNG	Queensland Curtis LNG Pty Ltd
QPS	Queensland Ports Strategy
RAP	Reconciliation Action Plan
RCM	Reliability Centred Maintenance
RGTCT	RG Tanna Coal Terminal
RTAY	Rio Tinto Alcan Yarwun
SCI	Statement of Corporate Intent
SPL	Strategic Port Land
t	Tonnes
TEP	Transitional Environmental Program
TIFR	Total Injury Frequency Rate
WBDDP	Western Basin Dredging and Disposal Project
WHA	World Heritage Area
WICET	Wiggins Island Coal Export Terminal Pty Limited
WICT	Wiggins Island Coal Terminal
WRZ	Waterside Restriction Zone

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Back cover (showing RGTCT):

1. *Coal is trained to the port*
2. *Dozers push the coal onto underground conveyors*
3. *The coal is transported by conveyor to RGTCT*
4. *At RGTCT the coal is loaded onto ships bound for ports around the world*

Gladstone Ports Corporation

Growth, Prosperity, Community.

Gladstone Ports Corporation Limited

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