



**ANNUAL  
REPORT**  
**2016/17**  
CHARTING OUR FUTURE



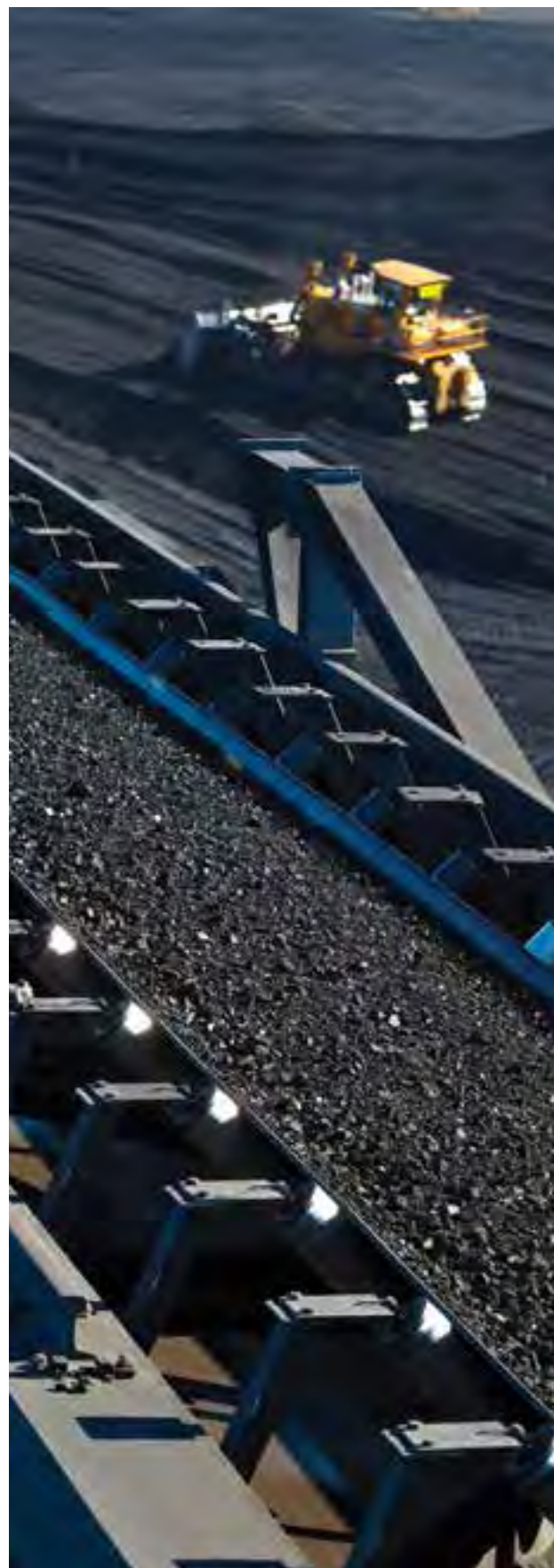
**Gladstone Ports Corporation**

*Growth, Prosperity, Community.*

# CONTENTS

---

About this report	1
Highlights and challenges	2
Port profile	4
Statement of Corporate Intent	6
Chairman's review	10
Chief Executive Officer's review	12
Our operations and development	14
Our environment and sustainability	24
Our people	31
Our health and safety culture	35
Our community	39
Our awards and recognition	41
Our Board	44
Our Management Team	47
Corporate governance	50
Financial overview	57
Financial statements	63
Glossary of terms	108



Cover: Gladstone Ports Corporation (GPC) owns and operates three Port precincts, Port of Bundaberg, Port of Rockhampton, and Queensland's largest port by trade volume, the Port of Gladstone (pictured)

RG Tanna Coal Terminal (RGCT) exported 59.7Mt of coal in 2016/17

# 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 summarises the operations, activities and performance of our three ports – Port of Gladstone, Port of Rockhampton and Port of Bundaberg over the past year (2016/17) and our financial position as at 30 June 2017.

The Annual Report provides qualitative and quantitative information that enables us to compare our performance in 2016/17 against the performance benchmarks we set for ourselves and against the performance levels achieved by 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 Annual Report exceeds the legislative requirements of the GOC Act and the *Financial Accountability Act 2009* (Qld).

Please see the back cover for contact details.



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



# HIGHLIGHTS AND CHALLENGES

## Highlights



**Port of Gladstone** handled 120.4Mt, making it **Queensland's largest port by trade**, and with Port of Bundaberg's 567.7Kt and Port Alma's 233.3Kt, contributed to **a record throughput of 121.2Mt for GPC** (see page 14)

GPC welcomed a new blue dozer to the fleet as part of Movember initiatives in **support of men's physical and mental health** (see page 34)



GPC **welcomed six trainees to its newly developed Cross Industry Operations Traineeship** - GPC has been recognised as an industry leader in Gladstone as a result of this program (see page 33)

**GPC invested nearly \$3 million in the Gladstone, Rockhampton and Bundaberg regions** funding community projects, and providing and maintaining our community parklands (see page 39)



## Challenges



**Cyclone Debbie's heavy rainfall and winds of up to 80kph**, closed the Port of Gladstone on 30 March, and its aftermath saw Port Alma closed from 3 to 23 April (see page 21)



**Downturn in the resources industry** (see page 14)



Ensuring the knowledge learnt from 'Switch On' is **embedded and sustained across all GPC activities** (see page 35)

## Future focus



GPC will continue to assess opportunities to diversify and grow trade across our three ports (see page 17)

GPC's Future Directions Community Liaison Group will lead design and development of an Indigenous Community Facility in Gladstone in 2017/18 (see page 40)



GPC will finalise planning of the East Shores Stage 1B expansion, with site works planned to commence in 2017/18 (see page 43)

# Future focus



Having already implemented initiatives that resulted from this year's employee engagement survey, **GPC will continue to work to improve employee culture** with another survey planned for 2017/18 (see page 31)



# Our performance

Table 1: Five-year performance

Indicators	2012/13	2013/14	2014/15	2015/16	2016/17	% Change 2015/16 to 2016/17	Target	% Variance actual to target
Tonnage throughput (Mt)	85.8	98.3	100.0	116.7	121.2	3.8	120.3	0.8
Lost Time Injury Frequency Rate (LTIFR)	2.0	4.2	4.6	7.8	0.8	(89.8)	0	N/A
Total number of injuries	107	84	61	86	47	(45.3)	0	N/A
Environmental exceedances	43	26	8	5	7	20	0	N/A
Total revenue (\$M)	889.2	691.2	453.0	478.9	470.9	(1.7)	416.6	13.0
Earnings Before Interest and Tax (EBIT) (\$M)	137.7	177.9	134.7	150.0	134.8	(10.1)	118.6	13.7
Total assets (\$M)	1,810.6	1,962.7	2,276.6	2,276.2	2,391.2	5.1	1,994.6	19.9
Return on assets (%)	7.6	9.4	6.4	6.6	5.8	(12.3)	5.9	(2.0)
Capital investment (\$M)	151.9	102.4	74.8	67.9	58.5	(13.8)	114.0	(48.7)
Dividends (\$M)	57.4	58.6	54.4	405.8	61.0	(85.0)	50.0	22.0
Taxes paid to all	54.9	43.8	42.7	47.9	39.2	(18.1)	44.3	(11.3)

Table 1 presents key financial and non-financial performance indicators for the past five years. Targets are set annually in our Statement of Corporate Intent (SCI) (page 6). Commentary on our performance is provided in the Financial Overview (page 57) and further information is available in the Financial Statements (page 63).



# PORT PROFILE

*The Port of Gladstone is Queensland's largest port by trade volume*



## Our Vision

To be the most respected Ports Corporation in the Nation.



## 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.



## 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.

The Port of Gladstone commenced operation in 1914 with a modest throughput of 7,000 tonnes (t).

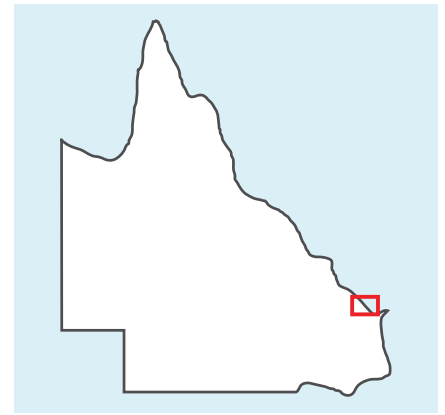
In 2016/17 it is one of three ports under the control of GPC. This year we achieved another record throughput, 121.2Mt:

- » Port of Gladstone (120.4Mt)
- » Port of Rockhampton (233.3Kt)
- » Port of Bundaberg (567.7Kt).

Across these ports we handle 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 have a workforce of 742 who fulfil the management, trade, technical and administrative roles that support our operations.

We are unique among Australian port corporations as we are not only a landlord port corporation, but also own and operate cargo handling facilities within the Port of Gladstone. This year our record throughput made us Queensland's largest port by volume.

In addition to our cargo handling operations, GPC's core business functions include providing and maintaining vital shipping channels and providing 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.



## Port of Gladstone

Located 525km north of Brisbane, the Port of Gladstone covers 4,448 hectares (ha) of land, including more than 700ha of reclaimed land. There are eight main wharf centres, comprising 20 wharves:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li><b>1</b> <b>RG Tanna Coal Terminal</b> – four wharves GPC owned and operated</li> <li><b>2</b> <b>Barney Point Terminal</b> – one wharf GPC owned and operated</li> <li><b>3</b> <b>Auckland Point Terminal</b> – four wharves GPC owned and operated by others</li> <li><b>4</b> <b>Fisherman’s Landing</b> – four wharves operated by multiple companies</li> <li><b>5</b> <b>South Trees</b> – two wharves operated by Queensland Alumina Limited (QAL)</li> <li><b>6</b> <b>Boyne Wharf</b> – one wharf operated by Boyne Smelters</li> </ul> | <p><b>Curtis Island LNG Precinct</b> – three wharves, separately owned and operated by three LNG companies:</p> <ul style="list-style-type: none"> <li><b>7</b> Australia Pacific LNG (APLNG)</li> <li><b>8</b> Queensland Curtis LNG (QCLNG)</li> <li><b>9</b> Gladstone LNG (GLNG)</li> </ul> <p><b>10</b> <b>Wiggins Island Coal Terminal</b> – one wharf operated by Wiggins Island Coal Export Terminal (WICET)</p> |
|--|--|



## Port of Rockhampton

Located 62km south-east of Rockhampton, and within the Fitzroy River delta, the Port of Rockhampton covers 5,812ha of land.

Three wharf facilities:

- Berths 1 and 2 – suitable for general cargo operations.
- Berth 3 – dedicated to tallow, fuel and other cargoes



## Port of Bundaberg

Located 184km south of Gladstone, the Port of Bundaberg covers 507ha of land.

Two main wharves:

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

# SUMMARY OF STATEMENT OF CORPORATE INTENT

*RGTCT's capacity maximisation program will increase the efficiency of coal handling operations*

## Summary of Statement of Corporate Intent

The 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 5-year and 50-year strategic plans that provide further strategic direction for achieving our Corporate Vision.

The full SCI and strategic plans are available at:







 [www.gpcl.com.au/development/strategy-and-planning](http://www.gpcl.com.au/development/strategy-and-planning).

This section outlines our performance against the targets set in 2015/16 for 2016/17, and the targets set this year for 2017/18.

The status of our progress toward achieving these targets is reflected by the symbols shown below.



*Strategies were implemented in 2016/17 to improve container and break bulk trade through the ports*

-  Completed
-  On target
-  Commenced
-  Delayed
-  Ongoing
-  Not Achieved



2016/17 MAJOR INITIATIVES

**BUSINESS**

Facilitate new port industry and infrastructure strategies and plans including market research and analysis to grow import/export business through the Port of Gladstone, Port of Rockhampton and Port of Bundaberg



In conjunction with the Marine Operations section and Maritime Safety Queensland, develop and implement a port vessel management and scheduling system



Complete Clinton Vessel Interaction Project solution selection and commence project



Investigate strategies to improve container/break bulk trade through all ports



On the basis that the State Development Area around the Port of Bundaberg is declared, engage with the state government during development of the associated Planning Scheme



2017/18 MAJOR INITIATIVES

**BUSINESS**

Complete plans to ensure RGTCT's capacity meets contract requirements

Improve efficiencies across the coal transport chain through the Capricornia Coal Chain Steering Committee (CCCSC)

Finalise Environment Impact Statement (EIS) process for the development of outer channels

Continue assessment of Port of Gladstone's shipping capacity and focus on effective and efficient use of key areas of tugs, pilots, tidal flexibility etc.

Finalise strategic planning, marketing and business development initiatives for the Port of Bundaberg

Undertake Master Plan of remaining stages of Auckland Point and East Shores

Finalise the Port Services Agreements, which further defines port charging regimes

2016/17 MAJOR INITIATIVES

**ENVIRONMENT**

Maintain ISO 14001-2004 Environmental Standard accreditation



Deliver the offset commitments required by approvals for the Western Basin Dredging and Disposal Program (WBDDP)



2017/18 MAJOR INITIATIVES

**ENVIRONMENT**

Maintain ISO 14001-2004 Environmental Standard accreditation

Deliver the offset commitments required by approvals for the WBDDP

Commence approved projects in SCI18 and develop new projects



As part of GPC's environmental commitments under the WBDDP approvals, a full nesting census of Flatback turtles was undertaken between November 2016 and March 2017 on Curtis and Avoid Islands



A collaborative port vessel management and scheduling approach is progressing under the Port Efficiency Project

2016/17 MAJOR INITIATIVES

INFRASTRUCTURE

Continue the strategic planning and business development process for the Port of Gladstone over the next 12 months, including the finalisation of a Master Plan



Strategic reviews for the ports of Rockhampton and Bundaberg to allow the maximisation of potential of existing port areas, including preparation of a concept development plan for an outer Harbour at Bundaberg



Conversion of Barney Point Terminal from coal operations to a multi-cargo bulk handling terminal



Continue EIS process for the development of Gladstone's outer channels



Work with Queensland Government agencies and stakeholders to identify and progress appropriate solutions to facilitate the duplication of the Port of Gladstone shipping channels



Commence development of a 'whole of life' approach for port based assets through the expansion of the Asset Database



2017/18 MAJOR INITIATIVES

INFRASTRUCTURE

Finalise the implementation of the RGTCT capacity maximisation program, at a slower rate due to down turn in coal market with a focus now on efficiency

Promote Port of Gladstone as a world class commercial harbour and a sustainable fishing and crabbing harbour

Complete Strategic Plan for Port Alma

Commence Auckland East Shores Stage 1B and Auckland Point cruise ship interface design and construction

Finalise the concept plans for the Port Central, Fisherman's Landing and Barney Point areas and analyse opportunities with relevant wharves

Work with Queensland Government agencies to commence detailed planning for Port Access Road Stage 2

Undertake Clinton Vessel interaction Project (CVIP) dredging works

Work closely with Queensland Government agencies to facilitate a workable outcome for the continued capital dredging of the Port of Gladstone

2016/17 MAJOR INITIATIVES

PEOPLE

Target zero lost time injuries



Maintain an AS 4801 accredited Safety Management System



Continue the implementation of behavioural-based safety programs and introduce additional lead safety indicators



Complete the 2016 Enterprise Bargaining Agreement



2017/18 MAJOR INITIATIVES

PEOPLE

Target zero lost time injuries

Maintain an AS 4801 accredited safety management system and continued roll out of safety improvement programs

Complete full workforce training on Switch On program

Complete Organisation Restructure

#### 2016/17 MAJOR INITIATIVES

### COMMUNITY

Commence design, finalise funding options and construct the Auckland East Shores Stage 1B



Continue implementation of sustainable processes for the ILUA and RAP



#### 2017/18 MAJOR INITIATIVES

### COMMUNITY

Undertake Master Plan of remaining stages of Auckland Point and East Shores

Continue to execute the ILUA and RAP to ensure sustainable contributions to the local indigenous community

#### 2016/17 MAJOR INITIATIVES

### FINANCE

Achieve after tax profit of \$50.0M



Provide a dividend of \$50.0M



Achieve 5.9% EBIT return on assets.  
5.8% EBIT return on assets achieved.



#### 2017/18 MAJOR INITIATIVES

### FINANCE

Maintain a minimum investment grade credit rating

Implement capital management strategies across GPC

Achieve after tax profit of \$52.7M

Provide a dividend of \$52.7M

Achieve 5.2% EBIT return on assets

#### 2016/17 MAJOR INITIATIVES

### CORPORATE GOVERNANCE

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



#### 2017/18 MAJOR INITIATIVES

### CORPORATE GOVERNANCE

Compile the Financial Management Practice Manual

Finalise and implement a 'whole of life' asset management policy

Undertake a major review of GPC's Corporate Risk and its Risk Management Systems and implement approved changes



The master planning of the remaining stages of Auckland Point and East Shores is a priority for 2017/18

# CHAIRMAN'S REVIEW

---

In the 2016/17 financial year, the Port of Gladstone became Queensland's largest trading Port with a record throughput of 120.4Mt; an increase of 4.5Mt over the 2015/16 figure.

This record was achieved as a result of the ramp up of production and exports from the three new Curtis Island LNG plants and from the growth in coal exports through the new Wiggins Island Coal Exporting Terminal.

Combined with the Ports of Rockhampton and Bundaberg 2016/17 throughput, GPC handled 121.2Mt of cargo, generated a revenue of \$470.9M and achieved an earnings before interest and tax of \$134.8M.

This strong performance was achieved in spite of the challenging conditions facing the coal industry during the first half of 2016/17 which saw the closure of two mines that export through the Port of Gladstone. GPC acted to assist its coal exporters by reducing RG Tanna Coal Terminal handling charges and by actioning a 6.75% reduction in towage fees.

The Board also initiated a strong focus on the efficient utilisation of the Port of Gladstone's main shipping channel to ensure the continued growth of trade and the effective management of ship movements.

The Port Efficiency Project delivered an integrated planning approach to vessel scheduling, reduction in ship transit times, extended arrival and departure windows, increased towage availability and the commencement of a dynamic under keel clearance study.

During 2016/17, the Board maintained its strategic focus on expanding shipping capacity in the Port of Gladstone seeking State and Federal Government approval for the Clinton Vessel Interaction Project; progressing investigations into developing of the Targinnie Channel and preparing an Environmental Impact Statement for the staged duplication of the main shipping channel.

With few prospects for substantial resource sector growth in the short term, the Board has focused its attention on trade diversity across its three ports.



Business attraction initiatives are being actively pursued to increase container trade, attract motor vehicle imports and to participate in the growing agricultural exports to Asia.

The Board revived GPC's international marketing efforts after an interval of six years, visiting existing and potential port customers in Japan, Korea, Vietnam and India.

The Board also joined forces with the Gladstone Regional Council to re-establish the Gladstone Development Board which will actively pursue major industrial, tourism and agricultural projects for the Gladstone region and advise the Queensland Government on strategic economic infrastructure requirements for the Region.

It is pleasing to report on the significant safety improvements within GPC operations during 2016/17 following a strong Board focus. A range of value based safety initiatives saw lost time injuries reduce from 10 in 2015/16 to 1 in 2016/17 and workplace injuries halved.

Another pleasing result was recorded in the 2016 independent Gladstone Healthy Harbour Partnership Report Card with all commercial operating areas of Gladstone harbour achieving a 'good or excellent' environmental health rating. The continued environmental health of the Gladstone harbour environs was confirmed by a total 2016/17 commercial catch of mud crabs, prawns and barramundi of over 185 tonnes.

The GPC Board's commitment to maintaining and enhancing its social sustainability was demonstrated by the East Shores Stage 1A precinct being awarded the 2016 State and National Parks and Leisure Australia Excellence Award in the Parks and Open Space - Development Category.

The Board was also pleased to receive the support and endorsement of the Queensland Government in early 2017 for the \$29.5M development of East Shores Stage 1B. The extended precinct which will include an interpretive centre, waterfront café, cruise terminal interface and an enhanced Patsy Lee Place fishing platform was announced by Premier Hon. Annastacia Palaszczuk MP on 2 February 2017.

The Indigenous Land Use Agreement (ILUA) between the Port Curtis Coral Coast (PCCC) community and GPC which was ratified in late 2013, has to date injected almost \$2.5m into programs enhancing our traditional owners culture, employment opportunities, capacity building and management of land and sea country. The ILUA has set a high standard against which to evaluate corporate acknowledgment of traditional ownership.

In September 2016, Helen Skippen completed her six year term as a Director of the GPC Board. On behalf of the GPC Board I wish to acknowledge Helen's contributions during a period of significant development and growth.

The Board is pleased to welcome new Director Marita Corbett who was appointed in December 2016. Marita brings over two and a half decades of experience in governance, risk management and finance.

In order to effectively identify and manage risks to GPC's business, the GPC Board has approved the formation of a Risk Committee. The Risk Committee will assist the Board in managing its responsibilities in relation to the effective identification, management and mitigation of risks across the organisation. New GPC Board Director, Marita Corbett will Chair the Risk Committee, bringing a wealth of knowledge and experience to this position.

On behalf of the GPC Board, I thank GPC senior management and staff for their continued loyalty and dedication to developing and operating our ports to ensure the continued growth and prosperity of our region, our State and our Nation.



*The Port Efficiency Project incorporates initiatives that have led to many positive results, including an increase in towage availability*

Finally, on behalf of the GPC Board and management I thank our shareholding ministers, the Treasurer and Minister for Trade and Investment, Hon. Curtis Pitt MP, and the Minister for Main Roads, Road Safety and Ports, Hon. Mark Bailey MP for their ongoing support of Gladstone Ports Corporation during the financial year.



Leo Zussino  
CHAIRMAN

# CEO'S REVIEW

---

2016/17 has been another extremely positive year for GPC.

The improvement in safety performance across the organisation is to be commended. The number of Lost Time Injuries fell from 10 in the previous year to one this financial year and the number of injuries incurred across the workforce halved.

While this improvement is commendable, our goal remains zero injuries in our workplaces and being totally committed to the notion that all incidents are avoidable.

I believe that the 'Switch On' program that we have run over the last year has contributed to this outcome. This program will continue next year to ensure the entire workforce has completed the training.

More than just a program, we want to make the 'Switch On' philosophy a way of thinking that keeps our people safe not only at work, but at home as well. Our goal is to ensure we are all 'Safe to Start' every task and recognise that our minds can easily wander if we do not 'Switch On'.

Throughput this year was another record for GPC with over 121.2Mt of product handled across our three port centres.

This reflects steady growth from last year's base. We believe this trend should continue in the coming years, albeit with a focus on increasing smaller volume products, such as containers through Gladstone Port and small bulk products at Bundaberg.

While still dominating GPC's throughput, it was another challenging year for coal. In 2016/17, 68.94Mt was loaded against a forecast of 74.5Mt.

At RGTCT we handled 59.7Mt of coal for the year, compared to 62.5Mt in 2015/16, and well down on the potential capacity of the terminal, which is 75Mt. This downward trend has been experienced across all Queensland coal terminals.

Increased coal prices are needed to support the sustainable expansion of existing mines, reopening of previously closed mines and future growth in coal exports. It may be some years before coal volumes grow significantly.

This year, workforce planning was undertaken to ensure that the lower volumes of coal and the move to operate



Barney Point as a small bulk product terminal were catered for.

The LNG sites continued their ramp up toward full capacity, with 19.4Mt of gas exported in 2016/17.

The cement and aluminium/alumina industries continued to perform steadily with 1.7Mt of cement products and 27.9Mt of aluminium industry product handled across the Gladstone wharves.

Opportunities to boost our container trade continue to be pursued. Some 6,289 containers were handled this year and it is hoped that this trade can grow if more regular shipping opportunities are forthcoming.

The Port of Bundaberg continues to grow with over 568,000t of product handled last year. July 2017 will see the first imports of gypsum to the Knauf Plasterboard factory which will further increase trade through the Port.

The Port of Rockhampton remains a key port for the import of explosives for the defence industry as well as ammonium nitrate for mining. While there were increased tonnages in petroleum products and ammonium nitrate, these were offset by the loss of construction traffic and decreased tonnages for salt and other products. This resulted in trade remaining relatively static overall - up by 2.6% to 233.3Kt.

The overall increase in throughput has resulted in an increased number of pilot movements undertaken by GPC's Pilots. To assist with this task, 2016/17 saw our new pilot vessel, 'Takoko' delivered. This is the first new build vessel that GPC has ever purchased.

Takoko will improve the safety and efficiency of our pilot transfers.

The Gladstone master planning process continued this year with the draft plan now out for public consultation. Our Master Plan is a requirement under the *Sustainable Ports Development Act 2015* due to our status as a priority port.

The long-term future development of Port of Gladstone will require the duplication of the outer channels. However, the introduction of the *Sustainable Ports Development Act 2015* has seen us suspend actions to progress this project.

With the introduction of the Act came new requirements for capital dredging such as that required by the duplication project. GPC has therefore delayed the EIS process while we consider the implications, options and opportunities provided by the new Act. We anticipate that the EIS process will be completed in the coming 12 months.

The Clinton Vessel Interaction Project (CVIP) initial option study was finalised during the year. The option to widen the existing Clinton Channel was chosen as it resulted in a dredging volume that was a third of that required by other options.

This is a positive outcome for the project which has now moved to its next phase, submission of approvals for the project.

It is anticipated that the CVIP approvals process will take several months, with works forecast to commence in the first half of 2018/19.

Our environmental performance continues to be very strong with a reduction in the number of incidents over the last 12 months from 16 to 11.

The annual Healthy Harbour report was released, and particularly pleasing was that water quality at all sites across the harbour was at an A or B level.

Since 2011, GPC has invested approximately \$12.7M into environmental programs and studies in the harbour and surrounds relating to the Western Basin Dredging offsets.

The 2016 Enterprise Bargaining Agreement (EBA) negotiations have taken some time to complete but have resulted in a proposed four-year agreement. Voting for the new EBA and the ratification process will commence in early 2017/18.

Our focus on the community and public facilities including parks amounted to \$2.87M across our three local communities.



*The 'Switch On' program has contributed to a significant improvement in safety. The 'Switch On' philosophy is a way of thinking that keeps people safe not only at work, but at home as well. It fosters the thought process of being safe for the things that are valued, rather than as a work requirement*

The key investment moving forward will be on the East Shores Stage 1B precinct with construction expected to start in the coming year. This will provide increased facilities for both the local community and cruise ship visitors to our city.

Commercially, GPC has continued to perform well. The 100% dividend to be provided to the state government is \$61M.

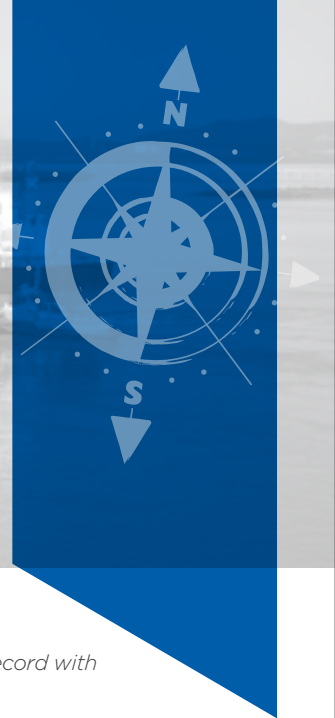
GPC's continuing focus will be on ensuring value for our shareholding Ministers, while at the same time, increasing efficiencies and reducing costs to support our coal and other customers.

As my first 12 months as CEO draws near, I say thank you to each member of our workforce. I thank you not only for your continued efforts to make GPC a great port but also your contribution to making us a vital part of our local community.

The Board and I look forward to a positive and productive 2017/18.



Peter O'Sullivan  
CHIEF EXECUTIVE OFFICER



# OUR OPERATIONS AND DEVELOPMENT

*GPC achieved a new record with throughput of 121.2Mt*

## Record throughput achieved

In 2016/17 GPC achieved a new record with throughput of 121.2Mt. Each of our ports contributed, with the Port of Gladstone handling 120.4Mt, Port of Bundaberg 567.7Kt and Port of Rockhampton 233.3Kt. This figure is 4.5Mt above last year's record throughput of 116.7Mt.

The Port of Gladstone's result saw it surpass Hay Point's tonnages, and gain recognition as Queensland's largest port by volume. GPC is expecting steady tonnage growth over the next five years, targeting 130.0Mt by 2020.

Major contributors to this record throughput were:

- Coal, still dominated port throughput with 68.9Mt loaded across the RGTCT and Wiggins Island terminals. Although this was down against the forecast of 74.5Mt coal still accounted for 57% of total throughput
- The alumina/aluminium industry, with 27.9Mt of product being imported and exported
- LNG, which also ramped up export tonnages as all the plants came into full production, resulting in 19.4Mt of gas exported, which was well above the budget estimate of 15.8Mt.

We have, and will, maintain our focus on continuous improvement opportunities in our dealings with customers as a means of guaranteeing the integrity and sustainability of our existing and future relationships. Throughout the year we worked with industry representatives and local, state and federal governments to facilitate new opportunities to increase and diversify trade through our three ports. This will continue into 2017/18 and beyond, and underpin the achievement of future records.

## Our ports and products

Across our three ports, Gladstone, Bundaberg, and Rockhampton, there are 25 operating berths. GPC owns and/or operates 16 berths. Over 35 products pass through GPC's three ports, and are exported to ~48 countries.

The total number of cargo vessels visiting the region was 1,908 compared to 1,856 the previous year, an increase of 2.8%.

The Port of Gladstone has eight main wharf centres, comprising 20 wharves. Queensland's largest port by volume, the Port of Gladstone predominantly exports coal, alumina and LNG, with other products including cement, petroleum, grain, and containers.

In addition to the export of various products, the Port of Gladstone is also home to a growing cruise ship industry.

Port of Rockhampton has three wharf facilities. Berth 1 and 2 are suitable for general cargo operations whilst berth 3 is dedicated to tallow/fuel cargoes.

Throughput at Port of Rockhampton totalled 233.3Kt, a slight increase compared to the previous year's total of 227.3Kt. The increase in petroleum products and ammonium nitrate throughput offset the decrease in other products such as salt and tallow.

The Port of Bundaberg has two main wharves primarily servicing sugar, molasses, wood pellets and silica sand. The combined tonnages from both wharves produced a total throughput of 567.7Kt for the financial year 2016/17, an increase of 10% on the previous year. Port of Bundaberg saw a slight increase in tonnes mainly due to an increase in throughput of wood pellets and silica sand.

Our achievements this year were significant as they were accomplished in an operating environment where our major customers, particularly coal customers, were experiencing challenging economic conditions.



Table 2: Trade breakdown

Wharf Centre	Major products	2015/16	2016/17	Difference (%)		Vessel numbers
<b>Tonnage throughput – Port of Gladstone</b>						
<b>RG Tanna Coal Terminal</b>	Coal	62,553,327	59,754,026	(4.5%)	▼	610
<b>Barney Point Terminal</b>	Coal	1,629,024	-	-		-
	Nickel Ore	-	-	-		-
<b>Auckland Point 1</b>	Calcite, Wood Chip, General Cargo	531,745	374,929	(29.5%)	▼	15
<b>Auckland Point 2</b>	Grain	89,159	272,008	205.1%	▲	13
<b>Auckland Point 3</b>	Petroleum, LP Gas, General Cargo	895,250	845,298	(5.6%)	▼	82
<b>Auckland Point 4</b>	Breakbulk, Containers, General Cargo	485,571	597,319	23.0%	▲	50
<b>Boyne Smelter</b>	Alumina	416,547	360,151	(13.5%)	▼	22
	Petroleum Coke	196,308	44,497	(77.3%)	▼	10
	Liquid Pitch	53,906	221,533	311.0%	▲	15
<b>South Trees East</b>	Alumina	2,703,064	2,681,378	(0.8%)	▼	73
	Caustic Soda	1,135,946	980,318	(13.7%)	▼	27
	Petroleum Products	155,116	150,039	(3.3%)	▼	6
<b>South Trees West</b>	Bauxite	10,210,204	10,368,052	1.5%	▲	144
<b>Fisherman's Landing 1 and 2</b>	Bauxite	8,581,831	8,845,012	3.1%	▲	119
	Alumina	2,841,504	3,063,092	7.8%	▲	83
	Caustic Soda	909,375	943,927	3.8%	▲	26
	Alumina Hydrate	334,000	269,000	(19.5%)	▼	11
<b>Fisherman's Landing 4</b>	Cement Products	1,769,070	1,748,186	(1.2%)	▼	89
<b>Fisherman's Landing 5</b>	Liquid Ammonia	170,235	170,369	0.1%	▲	23
	Caustic Soda	147,448	120,355	(18.4%)	▼	3
	Sulphuric Acid	35,044	14,003	(60.0%)	▼	3
<b>QLNG</b>	LNG	7,973,760	7,332,532	(8.0%)	▼	110
<b>APLNG</b>	LNG	1,768,959	7,002,027	295.8%	▲	105
<b>GLNG</b>	LNG	2,409,818	5,057,890	109.9%	▲	83
<b>Curtis Island</b>	Construction Material	-	-	-		-
<b>WICT</b>	Coal	7,986,490	9,191,882	15.1%	▲	83
<b>Wiggins Island</b>	Construction Material	-	-	-		-
<b>Total Port of Gladstone</b>		<b>115,982,701</b>	<b>120,407,823</b>	<b>3.8%</b>	<b>▲</b>	<b>1,805</b>
<b>Tonnage throughput – Port of Rockhampton</b>						
<b>Berths 1 and 2</b>	Ammonium Nitrate	77,769	96,908	24.6%	▲	59
	Explosives	11,371	7,945	(30.1%)	▼	
	Containers	2,407	2,626	9.1%	▲	
	General Cargo	3,194	70	(97.8%)	▼	
	Tallow	3,092	3,054	(1.2%)	▼	
	Salt	52,190	17,881	(65.7%)	▼	
<b>Berth 3</b>	Tallow	22,756	19,812	(12.9%)	▼	18
	Petroleum Products	554,589	84,989	(56.0%)	▼	
<b>Total Port of Rockhampton</b>		<b>227,268</b>	<b>233,285</b>	<b>2.6%</b>	<b>▲</b>	<b>77</b>
<b>Tonnage throughput – Port of Bundaberg</b>						
<b>John T Fisher Wharf</b>	Bulk Liquids – Molasses	24,915	-	-		0
<b>Sir Thomas Hiley Wharf</b>	Sugar	446,471	443,765	(0.6%)	▼	18
	Wood Pellets	24,138	37,113	53.8%	▲	2
	Silica Sand	20,556	86,793	322.2%	▲	6
<b>Total Port of Bundaberg</b>		<b>516,080</b>	<b>567,671</b>	<b>10.0%</b>	<b>▲</b>	<b>26</b>
<b>OVERALL TOTAL TONNAGE</b>		<b>116,726,049</b>	<b>121,208,779</b>	<b>3.8%</b>	<b>▲</b>	<b>1,908</b>

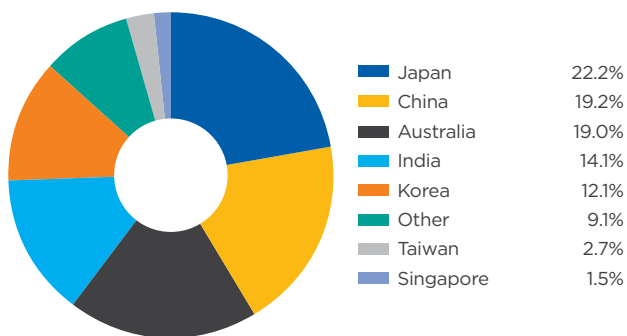


Figure 1: Product by export destination

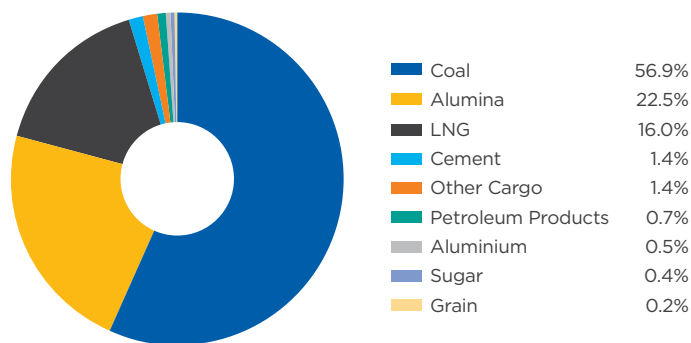


Figure 2: Product by industry

## Coal

In 2016/17 the coal industry accounted for 56.9% of the port's total throughput, with total exports of 68.9Mt, compared to 72.2Mt exported in 2015/16.

This year our coal customers continued to be met with difficult market conditions due to global influences. Some improvement in shipping was noted at the end of the financial year. Whilst there has been pressure on the coal market, GPC remains positive that thermal and metallurgical coal will remain stable into the future.

The coal tonnage throughput for the port in 2017/18 is anticipated to be approximately 71.9Mt.

## LNG exports

LNG exports totalled 19.4Mt in 2016/17, compared to 12.2Mt in 2015/16.

The LNG plants at Curtis Island continued to ramp up their production during the year. GPC anticipates shipping for 2017/18 will be 21.5Mt.



LNG throughput continues to increase with 19.4Mt exported in 2016/17

## Bulk liquids (other than LNG)

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

Petroleum trade imports decreased from the previous year by 6.6% to 794.9Kt in 2016/17. We saw a decrease in: caustic soda imports by 7.2%, sulphuric acid by 62% and tallow by 11.5%. Liquid ammonia remained unchanged with imports of 170.4Kt.

We anticipate wet bulk commodities throughput will remain static for the period 2017/18.

## Dry bulk (other than coal)

Products handled include: alumina, bauxite, calcite, cement, grain, sugar, petroleum coke, salt, fly ash, gypsum, magnesia, limestone, silica sand, wood pallets and woodchip.

In 2016/17 total imports/exports for the alumina industry increased by 1.6% to 27.9Mt, maintaining its position as the second largest export trade (22.5%). Bauxite achieved a record tonnage import of 19.2Mt through the QAL and Rio Tinto Alcan Yarwun facilities, an increase of 2.2% compared to 18.8Mt in 2015/16.

Grain exports significantly increased over the 2016/17 year, with total exports of 271.9Kt an increase of 205% compared to 89.1Kt in 2015/16. Some additional trade from central west Queensland is now being shipped through the Port of Gladstone and other Queensland ports.



*Following additional exports in 2016/17, the Port of Bundaberg is forecast to handle 575Kt in 2017/18*

Cement products at Fisherman's Landing decreased by 1.2% to 1.7Mt. Throughput for woodchip decreased by 59.0%, magnesia by 52.0% and calcite by 3.3%.

The Port of Rockhampton saw salt decrease to 17.0Kt. These decreases are reflective of the current market challenges industries are facing.

Trade through the Port of Bundaberg stayed relevantly unchanged for sugar exports. New products such as wood pellet exports, increased to 37.1Kt, and silica sand, to 86.7Kt. Export tonnages for both new products are expected to increase next financial year.

## General cargo

Products handled include: explosives, scrap metal, heavy equipment, machinery, forestry products, and breakbulk (bagged products).

In 2016/17 general cargo throughput was 626.1Kt, compared to the 509.8Kt in 2015/16. This 23% increase was due to an increased demand for log exports.

Scrap metal exports totalled 55.5Kt. Ammonium nitrate exports totalled 96.9Kt.

We anticipate that general cargo trade will increase over the coming financial year with the development of potential new trade links.

## Container trade

Container throughput for the Port of Gladstone and Port of Rockhampton in 2016/17 was 6,289 containers, a 33.0% decrease from 9,343 in 2015/16.

In 2017/18 GPC will continue to work with both shipping lines and customers to secure a regular weekly/fortnightly liner service to Gladstone.

## Port trade growth

GPC will continue to focus on diversifying trade across the three Ports by working closely with representatives from new and potential industries.

We will maintain our focus on continuous improvement opportunities in our dealings with customers as a means of guaranteeing the integrity and sustainability of our existing and future relationships.

We have been progressing a number of initiatives to provide export/import opportunities through the region. These initiatives could well see an increase in bulk liquids, containers and general cargo.

The Port of Gladstone is forecast to handle in excess of 126Mt of cargo in 2017/18.

In 2017/18 the Port of Bundaberg will receive its first import shipment of Gypsum for the new Knauf Plasterboard Plant. This will be a milestone event for the project following a construction period of two years. The Port of Bundaberg is forecast to handle 575Kt in 2017/18.

The Port of Rockhampton's trade is to remain stable and is forecast to achieve 207Kt in 2017/18. GPC will continue to investigate opportunities for minerals expansion, bulk liquid and increased ammonium nitrate shipments.

Figure 3: Trading with the world



EXPORT PRODUCTS (TONNES)			
* Alumina	5,744,470	● Calcite	166,013
✕ Alumina Hydrate	269,000	☾ Caustic Soda	41,985
◆ Aluminium	360,151	▲ Cement	739,840
⊙ Break Bulk - Ammonium Nitrate*	2,518	▲ Cement Clinker	735,875
● Bulk Sugar***	443,765	◆ Coal	68,945,908
● Calcined Magnesia	10,614	■ Containers**	55,120
		★ Fly Ash	229,815
		✕ General Cargo	560,822
		* Grain - Chick Peas	140,914
		* Grain - Sorghum	12,500
		* Grain - Wheat	118,594
		* Limestone	42,656
		● LNG	19,392,449
		● Petroleum Coke	36,087
		✂ Scrap Metal	55,544
		● Silica Sand***	86,793
		● Tallow*	22,866
		✂ Wood Pellets***	37,113
		✂ Woodchip	45,968
EXPORTS BY COUNTRY OF DESTINATION 2016/17			
01 Australia ✕ ● ▲ ◆ ☆ ★			
02 Bahrain ✕	13 Egypt ✕	24 Myanmar ■	38 Slovenia ◆
03 Bangladesh ◆	14 Germany ✕	25 Netherlands ◆	40 Sri Lanka ■
04 Belgium ◆	15 Hong Kong ◆	26 New Zealand ✕ ●	42 Taiwan ◆ ◆ ◆ ◆ ◆
05 Brazil ◆	16 India ✕ ◆ ◆ ✕ ✕ ✕	27 Oman ✕	43 Thailand ◆ ✕ ✕
06 Cambodia ■	17 Indonesia ✕ ● ◆ ◆ ✕ ✕ ✕	28 Pakistan ■	45 United Arab Emirates ✕ ◆ ◆ ◆
07 Canada ✕	18 Italy ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	30 Papua New Guinea ◆ ✕	46 United Kingdom ■
08 Chile ◆	19 Japan ✕ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	31 Philippines ◆ ✕	47 United States ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆
09 China ✕ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	20 Korea ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	32 Qatar ✕	48 Vietnam ● ◆ ◆ ◆ ◆
10 Colombia ✕	21 Kuwait ✕	33 Romania ◆	
11 Croatia ◆	22 Malaysia ✕ ✕ ◆ ◆ ◆ ◆ ◆ ◆	34 Russian Federation ✕	
12 Denmark ✕	23 Mexico ◆	37 Singapore ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	
IMPORT PRODUCTS (TONNES)			
⊙ Bauxite	19,213,064	✕ General Cargo**	65,242
⊙ Break Bulk - Ammonium Nitrate*	83,499	▲ Gypsum	28,898
☾ Caustic Soda	2,002,615	✕ LP Gas	7,787
■ Containers**	10,386	● Liquid Ammonia	170,369
		● Liquid Pitch	44,497
		▼ Magnetite	42,417
		■ Petroleum - Bio Fuels Products*	84,989
		● Petroleum Coke	185,446
		▲ Petroleum Products	937,206
		✕ Salt*	17,881
		▼ Sulphuric Acid	17,103
IMPORTS BY COUNTRY OF ORIGIN 2016/17			
01 Australia ⊙ ✕ ◆ ▲ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆			
05 Brazil ●	19 Japan ✕ ✕ ✕ ✕ ✕ ✕ ✕ ✕	31 Philippines ■	41 Sweden ●
07 Canada ■	20 Korea ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	32 Qatar ●	42 Taiwan ✕ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆
08 Chile ■	22 Malaysia ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	35 Samoa ✕	44 Ukraine ●
09 China ⊙ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	26 New Zealand ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	36 Saudi Arabia ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	47 United States ✕ ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆
16 India ■	29 Panama ●	37 Singapore ◆ ◆ ◆ ◆ ◆ ◆ ◆ ◆	
17 Indonesia ◆	30 Papua New Guinea ◆	39 Spain ◆	

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.

## New lease of life for Coal Conveyor 1A (CC1A)

CC1A is one of RGTCT's nine conveyor routes that distribute the coal unloaded from trains to the terminal's 22 stockpiles. Now nearly 40 years old, the CC1A infrastructure formed part of the original train unloading route built in 1978.

In 2014, the need for major works to extend the service life of CC1A was identified. These works have been progressively undertaken since then, with milestone works in the multi-year program planned for 2016/17. In March, during a 14-day shutdown, the old tripper was removed and a new one installed and control and electrical system upgrades were completed. CC1A and the new CC1A Tripper were wet commissioned successfully.

It truly was a 'wet' commissioning with over 400mm of rain falling in the period, threatening substantial program delays. However, through the concentrated efforts of small groups working together to ensure the success of the installation it was delivered just one day later than the original plan. In total, over 70 GPC personnel and contractors were involved in the shutdown, including a multi-discipline team from GPC's Cargo Handling Operations department.

The new tripper features upgraded braking systems, long travel drives and improved chute design, and provides safer machine access and egress methods. The remaining, primarily structural life extension work, will be completed by December 2017 and provide a further 25 years of safe operation of the CC1A Train Unloading route.



Unloading conveyor routes include a tripper, which travels along the conveyor and distributes the coal to the appropriate stockpile

## Enhancing dumpstation operations

Nearly 40 years old in 2016/17, Dumpstation 1 (DS1), Conveyor CDS1, and Conveyor CC1 required major life extension works. Several projects were developed to improve safety, standards compliance, asset reliability, and the efficiency of the Stream 1 unloading system.

The works saw dumpstation operations relocated to a new, purpose-built control room which, by the end of the 2017/18, will operate all three dumpstations. The ergonomically designed control room features new consoles, SCADA displays, Coal to Coast monitors, cameras and other instrumentation, plus noise reduction provisions. Electrical hardware has also been improved, including installation of a new switchroom.

The DS1, CDS1, and CC1 life extension works will deliver many benefits for GPC, including:

- improved operator safety through the removal of trackside operation of DS1
- improved instrumentation and technology such as level detection, improved vision systems, and potential for belt profiling/volumetric control
- the new CC1 VSD has many safety features including the ability to perform HV motor isolations without the need for the Isolation Officer to stand in front of the VVVF Drive Switchgear to operate the 3.3kV isolator
- CDS1 and CC1 mechanical and structural refurbishment resolved high priority structural issues to help ensure the future integrity of these assets.



Since its commissioning in November 2016, there has been excellent operator acceptance of the new control system and control room

## Coal to Coast an innovation success



*C2C allows customers to link their trains to their stockpiles - more applications are planned to further connect our customers and employees to the Coal Export Chain*

In August 2013, GPC presented its Coal to Coast (C2C) concept to Gladstone Coal Exporters Executive. The concept presented a new world for our customers, that would:

- eliminate paper work and faxes and see transactions of coal worth over \$1,000,000 processed in a matter of seconds
- see weekly orders, previously issued via email and spreadsheet, processed automatically and sorted to allow customers to view their weekly trains
- provide customers with the ability to monitor and update trains at any time
- make stockpile levels and transactions visible in real time.

In 2016/17, the C2C application has delivered on its 2013 vision, using cloud based technology to provide flexibility, reduce cost and increase collaboration with our customers. C2C has replaced manual processes and multiple consignment information sources (paper, email, phone) previously used by coal owners/agents to deliver information to GPC.

C2C visually represents the information/instruction entered by coal owners/agents, including the train configuration commonly referred to as the train consist. C2C can be accessed through the web-based user interface or Business to Business (B2B). Throughout 2017, GPC has worked with coal owners/agents to accommodate their preferred access approach (User Interface/B2B). Importantly user interfaces have been totally redefined and rebuilt to be easy to understand and provide more information.

GPC's Process Coordinators can now monitor and validate our customers' consist information. C2C provides pre-arrival validation of consist information against customer information, and gives our Coordinators the ability to address errors, gaps or inconsistencies information. This ensures transactions are based on correct information and eliminates the errors inherent in the previous, manual system.

Many of our customers have been on a similar journey to improve their own supply chain management systems. For example, both Wesfarmers and BMA have developed internal systems. Testing of the BMA system was completed during the year and this B2B system is now live and in use.

## 'Takoko' takes to the water

In May 2017, GPC took delivery of its fifth pilot vessel, the 'Takoko'. This state of the art, Pantocarene designed, self-righting pilot vessel takes its name from the traditional language of the Gooreng Gooreng peoples, and means Sea Hawk.

Pilot vessels are used to transport Marine Pilots to ships that arrive off the Ports prior to port entry and berthing.

Takoko will deliver a higher level of safety and ease of operation whilst reducing operating costs. It joins the existing fleet of four pilot vessels in servicing the Port of Gladstone, Port of Bundaberg and Port of Rockhampton.

In keeping with shipping tradition, the Takoko was blessed before its maiden voyage, to ensure the safety and prosperity of the vessel and its crew.



*Pilot vessel 'Takoko' will deliver a higher level of safety and ease of operation whilst reducing operating costs*

## CYCLONE DEBBIE

On 30 March 2017, the Regional Harbour Master suspended shipping within the Port of Gladstone. Heavy rain and 80kph winds led GPC to temporarily cease shiploading at both its RGTCT and Port Central operations. Access to RGTCT's stockpiles was also closed to ensure the safety of the workforce and operations overall. Regular updates were provided to GPC's coal customers, and other stakeholders, throughout the day.

By the afternoon weather conditions eased and RGTCT recommenced ship loading, and later that evening Maritime Safety Queensland (MSQ) allowed coal vessels to depart. Good planning and a well-coordinated response from the Cargo Handling Operations team minimised the impact on RGTCT and operations, but full recovery and clean up took weeks.

The coal chain rail network also suffered for weeks due to significant damage from Cyclone Debbie. GPC worked closely with its coal customers and rail providers to expedite contingency and recovery plans, recovering the rail system ahead of initial forecast.

A few days later the Port of Rockhampton was also affected by flooding and debris in the Fitzroy River system. MSQ closed the terminal to trade shipping on

3 April so seabeds and terminal infrastructure could be surveyed for damage; declaring it safe to reopen on 23 April.

Spinnaker Park was closed for the day, and like Gladstone Marina and the East Shores Precinct, parklands required significant clean-up in the cyclone's aftermath. Feast on East markets were planned for the next day to coincide with the 10th P&O Cruise Ship to dock in Gladstone Harbour. With only hours available to them, the Parks and Recreation team restored the parklands in preparation for the cruise ship passengers.



*The East Shores precinct suffered significant damage at the hands of Cyclone Debbie, just hours prior to a major cruise ship market. Parks and Recreation teams worked around the clock to reopen the popular facility*

Table 3: Security events and incidents

Report type	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Security events</b> These capture all non-compliance issues, other than incidents. At GPC, these 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.	17	6	9	7	3
<b>Security incidents</b> 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. A threat such as a terrorist attack would fall into the category.	0	0	0	0	0

## Keeping GPC secure

GPC is required to monitor security regulated zones within its port precincts, respond when security requirements are breached, and report breaches to the Office of Transport Security (OTS).

To safeguard our ports from terrorism and acts of unlawful interference, during the year we liaised closely with the OTS, Australian Border Force (ABF) and emergency services. A changing risk environment triggered a revision of the Gladstone Maritime Security Plan.

During 2016/17, the more effective monitoring of maritime security zones was achieved through security exercises and drills, development of maritime security training and increased security awareness throughout the port. Expansion of CCTV infrastructure, added camera monitoring and gated access controls have also provided increased layers of security.

At Port of Gladstone, removal of the Waterside Restricted Zone at the Curtis Island LNG facilities meant that waterside security services were no longer required. An increased number of passenger ships in Gladstone's Port Central throughout the year required a collaborative and coordinated approach from all stakeholders. The success of the operation was achieved by working closely with Passenger Line Operator, Tenants at Port Central and the Gladstone Community.

At the Port of Rockhampton, operational changes prompted revision of the Rockhampton Maritime Security Plan. Under the revised Plan, GPC can act as the Port Facility Operator for several operations. Security measures were also enhanced during the year with the construction of a perimeter fence on the western side of the terminal.

At the Port of Bundaberg, growth within the port and the need for efficient operating practices will require a full revision of the Port of Bundaberg Maritime Security Plan in the coming year.

## Making room for Capesize vessels

Wiggins Island Coal Terminal, upstream of RGTCT, uses Capesize vessels to transport its coal. When fully loaded, Capesize vessels are limited to berthing and departing on the flood tide as their draft exceeds the depth available in the existing Clinton Channel. However, the use of this navigation route requires the vessel to pass within 80m of vessels moored at the RGTCT wharf. The water displaced creates forces that may be sufficient to break mooring lines and create the risk of collision.

To address these risks in the short-term, the Regional Harbour Master instigated an administrative control system. GPC also implemented a series of temporary risk-mitigation activities while a long-term sustainable option was investigated.





*The widening of the Clinton Channel will provide a long-term solution and provide a safer passage for increasing Capesize vessel traffic*

The Clinton Vessel Interaction Project (CVIP) as it is known, investigated options including:

1. widening of the Clinton Channel by 100m – dredging of ~800,000 cubic metres material
2. deepening the Clinton Bypass Channel – dredging of ~2.3 million cubic metres of material
3. installation of a new mooring system to improve the control of the vessels secured at the berth – the system is required to be installed in conjunction with some dredging and was not considered economically viable.

The options assessment determined that the widening of the Clinton Channel by 100m would provide sufficient separation of the vessels to allow the passing vessels to transit at six knots. The option was also preferred as it was determined to be the most economic and environmentally acceptable solution.

GPC has undertaken various environmental and geotechnical studies in support of CVIP. As CVIP requires Capital Dredging we have also ensured that it will comply with the provisions of the *Sustainable Ports Development Act 2015* for the material to be sustainably reused or placed to land. GPC will use the Western Basin reclamation area to comply with this provision.

This work has underpinned the development of the Business Case for the project and the applications which address the environmental impacts associated with the development. These have been lodged with both the State and Federal Governments for approval.

CVIP will not proceed until the Master Plan for the Priority Port of Gladstone is adopted and the necessary project approvals are received. This is anticipated to occur post-first quarter of 2018 (see Developing for the future).

In conjunction with the dredging, it will be necessary to upgrade the Aids to Navigation to allow the pilots to transit on the new path.

## Developing for the future

The *Sustainable Ports Development Act 2015* plays a significant role in the development of the Port of Gladstone.

To ensure that the values of the Great Barrier Reef are maintained with minimal impact from port development, the Act prescribes that there are four Priority Ports within the World Heritage Area with the Port of Gladstone being one.

In conjunction with the Department of State Development, a Master Plan for the Priority Port of Gladstone has been progressed to ensure that development is sustainable. The Master Plan has been released for public consultation, with final adoption planned for early 2018.

The Act has removed GPC's capacity to dispose of capital dredged material into offshore sites. This has made it necessary for us to review how future dredging might be undertaken in compliance with the Act.

The Environmental Impact Assessment for the proposed channel duplication has been deferred so that options for dredging can be considered. The downturn in growth of trade through the Port of Gladstone has afforded time for a thorough review to be undertaken to ensure the best environmental and economic outcomes are achieved.

Work on these approvals will recommence in the forthcoming year.



# OUR ENVIRONMENT AND SUSTAINABILITY

*A Code of Best Netting Practice was completed as part of GPC's Biodiversity Offset Strategy*

## Sustainability Report

### Renewable energy

Solar and tidal energy were identified as the main renewable energy opportunities for GPC to investigate. This aligns with:

- GPC's Statement of Corporate Intent requirement to identify and implement energy efficient and long-term sustainability projects
- Queensland Government's vision of 50% renewable energy by 2030
- Federal Government's 2017 Climate Change Policy review to meet Paris Agreement commitments
- Offsetting increasing GPC electricity costs while reducing Scope 2 greenhouse gas emissions.

Capital funding has been approved for an initial 20kW rooftop solar demonstration trial on one of the administration buildings in the Port of Gladstone. Tidal energy will continue to be investigated as an alternative renewable energy opportunity.



*Solar energy was identified as one renewable energy opportunity for GPC to investigate*

### Waste management

Centralised waste management was introduced to the Port of Gladstone during 2016/17 through a single waste contract designed to:

- move us from a 'bin provider' to a 'total waste management service'
- create a standardised approach to waste management
- drive waste management improvements
- reduce and simplify the invoicing and reporting processes
- monitor the cost and volume of waste streams
- increase resource recovery and recycling, while assisting in the reduction of waste generation
- meet legislative requirements and assist GPC to achieve best practice in waste management.

As part of the centralised waste contract, GPC worked with the contractor to produce a new standardised waste colour coding system for bins managed at the Port of Gladstone. The customised bin labels, designed to align with AS 4123.7-2006 and GPC waste management requirements, clearly identify the types of waste bins and assist with waste segregation.



*New bins at the Gladstone Marina assist with waste segregation*

## Environmental monitoring and offset strategies

### *Code of Best Netting Practice published*

GPC completed the development of a Code of Best Netting Practice for the Gladstone region to meet compliance requirements under the Biodiversity Offset Strategy (BOS). The Code identifies practices that commercial Net Fishers can follow to minimise the risk of interactions with species such as dugongs and turtles. The Code is being promoted through copies distributed at relevant retail outlets and signage at key boat ramps.

### *Shorebird impact study completed*

This year, a study assessing the potential impact of port development on migratory shorebirds was completed. It showed that the large tidal flats around Gladstone were ecologically healthy for migratory shorebirds and supported an impressive ~20,000 of them, but this 'carrying capacity' is close to being the maximum. The birds moved between various sites in the Gladstone region to forage and roost, but also journeyed to locations such as New Zealand, Micronesia, China and Japan, and as far north as Kamchatka near the Arctic Circle.

### *Growing the Big6 tribe*

We continued to recruit Big6 tribe members, signing up 491 children to the Big6 Education and Awareness Program this year. Most new tribe members are aged between four and 11 years, and it was most popular with nine-year-olds. School talks were also undertaken throughout the region.

### *Marine turtle rehabilitation continues*

Offset Funding contributed to two marine rehabilitation centres; the Gladstone Area Water Board and the Quoin Island Turtle Rehabilitation Centre (QITRC). Combined, the two facilities released 13 turtles in 2016/17, and QITRC celebrated the rehabilitation and release of their 100th turtle since opening in 2012.

### *Turtle tracking ongoing*

In 2016/17, eight foraging green turtles were fitted with satellite tags to track their movements with the aim of improving our understanding of how these animals use the waters of Port Curtis. Three adult females and three adult males were tagged in October 2016 and a sub adult male and a sub adult female were tagged in May 2017. The adult turtles used Pelican Banks and the areas outside of Port Curtis either around southeast of Curtis Island or northeast of Facing Island while the sub adults predominantly occupied waters outside of Port Curtis.

## MAKING A TANGIBLE DIFFERENCE

National Clean Up Australia Day is an annual event where businesses are invited to do their part in promoting a clean, healthy and sustainable environment. Clean ups were held at various GPC sites, including Facing Island, the East Shores Precinct, Spinnaker Park and RGTCT.

We were pleased with the response from employees across the business who participated – between them collecting close to 300kg of rubbish; 232kg of that being marine debris collected from Facing Island beaches. Some of the marine debris was donated to the Boyne Tannum Hook Up for a marine debris sculpture, with the remaining waste disposed of appropriately.



*A team of GPC employees filled four utes with marine debris on Facing Island*



*The rehabilitation, research and tracking of many different species of turtle has been undertaken as part of our environmental monitoring and offset strategies*

### *Turtle nesting census completed*

Surveys of nesting flatback turtles were completed on Peak, Avoid and Curtis Islands during 2016/17. A full nesting census, with teams recording nesting turtles, nesting success, and hatching success, was undertaken from November 2016 to March 2017 at Curtis and Avoid Islands. This was the first time that such a comprehensive census was undertaken on these islands. During the 2016/17 census period, Peak Island recorded 214 flatback turtles, Avoid Island recorded 92 flatback turtles, three green and one loggerhead and on Curtis Island 49 flatback turtles were recorded.

### *Turtle health studies commence*

2016/17 was the first year of a four-year integrated research and monitoring study of foraging green turtles in Port Curtis. Over 300 turtles were captured and subsequently weighed, measured, assessed for health, gender and breeding status and tagged prior to release. Additional samples were taken for studies being carried out by researchers and students from various universities. This first year revealed shifts in forage in response to seasonal availability of vegetation and large differences in diet from site to site. The Port Curtis area is not a significant courtship area for the green turtle and the foraging population is dominated by immature turtles. Observations of these green turtles showed they are exposed to a range of impacts including vessel strike, entanglement and ingestion of fishing line, and green turtle fibropapilloma disease.

### *Monitoring our dolphin population*

In a project aimed at increasing our understanding of the status of the Australian humpback and snubfin dolphins, boat-based surveys of the dolphin population in Port Curtis and Port of Rockhampton were undertaken



*Monitoring continued on the harbour's dolphin population with 96 Australian humpback dolphins, and 38 snubfin dolphins recorded. The home range for the snubfin dolphin is north of Balaclava Island and west to the Fitzroy River*

during the year. In this monitoring season, 96 Australian humpback dolphins and 38 snubfin dolphins were recorded. A total of 72 biopsy samples were collected and will be analysed for stable isotopes, heavy metals, organochlorines and genetics.

### *Dugong feeding trails assessed*

In 2016/17, a two-year dugong feeding trail assessment was completed. The results highlighted the importance of intertidal seagrass meadows to the dugong population of Port Curtis and Rodds Bay. All meadows sampled showed dugong feeding activity throughout the two-year period and sites closer to the port (Wiggins Island, South Trees and Pelican Banks) had higher levels of feeding than the two reference meadows in Rodds Bay, to the south of Port Curtis.

### *Seagrass seedbank studies continue*

Seagrass seedbank density and viability work continued throughout the year at Pelican Banks, Wiggins Island and Rodds Bay. Results showed that seeds were present with total seed density relatively high compared with other locations in Queensland where seed banks have been assessed. There is evidence that a viable sediment seed bank is present in this region.

### *Final Marine Fish Habitat Offset contribution made*

The fifth and final \$1M contribution to the Queensland Department of Agriculture and Fisheries was made during the year. This funding has contributed to a range of projects aimed at enhancing fisheries resources. In 2016/17, two new declared Fish Habitat Areas in the Calliope River (Dē-rāl-lī) and Leekes Creek (Balban Dara Guya), as well as the expanded Fitzroy River Fish Habitat Area were announced. The remainder of the projects under this offset continue until June 2018.



*Seagrass seedbank studies have continued, showing that total seed density at Wiggins Island, Pelican Banks and Rodds Bay is higher than at other monitored areas in other locations in Queensland*

## Health of our waterways

### Seagrass monitoring program continues

A long-term seagrass monitoring program is being undertaken by James Cook University and funded by GPC. The 2016/17 report showed that the overall condition of seagrass in Port Curtis/Rodd's Bay was poor. While there was a significant decline in biomass in what has been known as the largest and most stable seagrass meadow in the Port Curtis region, Pelican Banks, many meadows in the Western Basin, Narrows and South Trees areas were in better condition than the previous year. The reasons for the decline at Pelican Banks are unclear. Monitoring of light and climate conditions showed a generally favourable environment for seagrass growth in 2016/17. There are a range of potential contributors to explain the decline of this meadow, these include high levels of herbivory from dugong and turtle, potential changes to sediment structure, and the cumulative impacts of multiple stressors over multiple years.

### Mon Repos turtle nesting work funded

GPC continues to fund turtle nesting work undertaken by the Queensland Department of Environment and Heritage Protection (EHP) along the Woongarra Coast. During the 2016/17 season, the nesting turtles recorded included two green turtles, 10 flatback turtles and 460 loggerhead turtles. At Mon Repos, the extreme heat conditions escalated the surface sand temperatures up to 77°C and those within the nest to 34°C; fatal for eggs and hatchlings. This resulted in hundreds of dead hatchlings being observed along the beach and the exact mortality rate unknown. Human intervention helped the fate of the baby turtles by aiding their release and relocating nests to shaded areas where temperatures were substantially cooler.

### Region's first stormwater pollutant trap installed

During the year, GPC partnered with Gladstone Regional Council to install the region's first gross pollutant trap or 'baffle box' at a known rubbish hotspot in Gladstone. The baffle box is designed to reduce the amount of rubbish entering the harbour, thereby improving the quality of the local waterways and protecting local marine animals from entanglement and ingestion of rubbish.

## Compliance

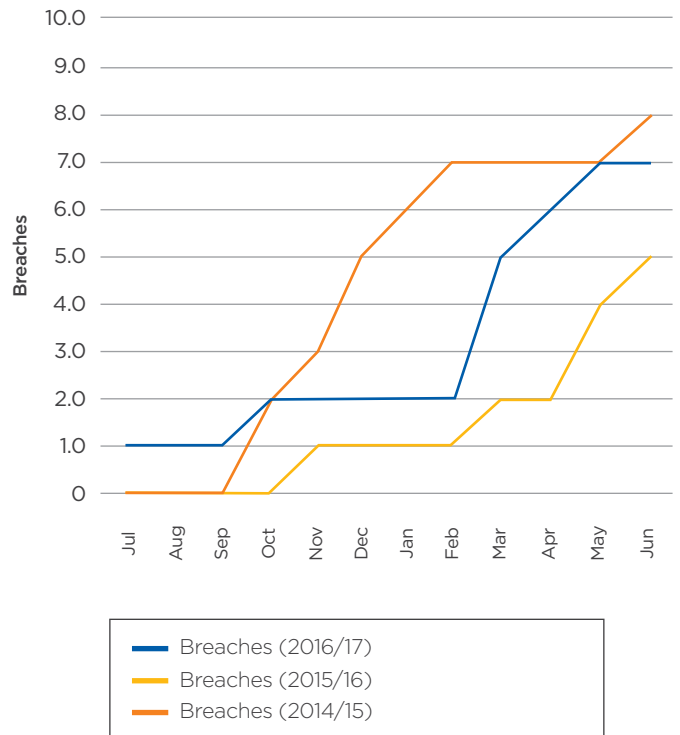
### Stormwater system compliance on target

In December 2014, GPC completed an environmental evaluation at RGTCT. Following this, GPC progressed into a Transitional Environmental Program (TEP) to undertake infrastructure upgrades designed to bring GPC back into compliance with the site's Environment Authority (EA). This involves upgrading the five existing on-site stormwater catchments, with the aim to reduce sediment loads. Review and development of supporting management procedures and maintenance regimens is being undertaken concurrently. On completion of the TEP in November 2017, the performance of RGTCT's stormwater system will be compliant with the EA and built to a design that ensures any releases do not cause environmental harm.

Improvements have also been made at BPT to reduce risk to stormwater quality post-coal while the site is in care and maintenance. Stormwater catchment drainage and treatment capacity will form part of the site's development and planning for future products.

Like last year, stormwater monitoring results at all GPC facilities has continued to trend well.

Figure 4: Validated approval breaches



## Measuring dust control effectiveness

GPC continues to monitor dust levels for compliance with GPC approval conditions and to ensure we minimise dust levels in the community. Tapered Element Oscillating Microbalances (TEOM) are used at three locations and we also contribute to eight locations managed by EHP in the Gladstone area. E-samplers allow us to accurately measure potential dust sources onsite so that control measures can be implemented prior to dust leaving the site. These are complemented by our Depositional Dust Gauges (DDGs) in and around our operations and in the community, which provide a good indication of the effectiveness of our coal dust emission management measures.

Dust results continue to demonstrate that the control measures used on site remain effective. This is reinforced through the low number of dust complaints received in 2016/17.

## Eradicating fire ants

The National Red Imported Fire Ant Eradication Program completed the last round of surveillance in and around Yarwun in June 2016 and no fire ants were found. Based on this result and all the preceding work the Notice of Infestation on GPC land was formally revoked.

The result is a testament to all the good work undertaken by GPC staff, local industry and the community in this eradication program. Leading GPC's involvement in the program was Port Central and Fisherman's Landing Logistics Coordinator, Mike Dixon, who was recognised for his instrumental role at the 2017 Australian Biosecurity Awards. Activities at Fisherman's Landing and nearby Ticor quarry had the most impact for GPC, however, the changes in business practices over the last two years ensured operations could continue. Changes made by the whole community of Gladstone ensured the prevention of any further spread of infestation and allowed the Government to successfully eradicate the fire ants.

## Maintaining our berths and channels

Maintenance dredging removes the sediments that are naturally deposited in channels and berths by air and water movements. A mandated obligation, critical to the ongoing operation of our ports and the facilitation of Australia's export and import trades, dredging maintains the declared depth of our ports and provides safe and efficient passage for ships.

Maintenance dredging usually occurs annually at the Port of Gladstone and Port of Bundaberg and infrequently at the Port of Rockhampton. Of these three Ports, the Port of Gladstone and the Port of Rockhampton are situated within the Great Barrier Reef World Heritage Area



*Dust monitoring continues to demonstrate that control measures used at GPC are effective*

(GBRWHA). GPC's maintenance dredging is conducted by the Trailing Suction Hopper Dredge (TSHD) Brisbane which is used by all Queensland ports and operated by the Port of Brisbane Pty Ltd.

Port of Gladstone has approximately 40km of shipping channels; only the areas where accumulation has occurred are dredged, not the full channel extent. This is estimated to be less than 1km<sup>2</sup> annually. Approximately 207,000m<sup>3</sup> of sediment was dredged from the channels, swing basins and berth pockets within the Port of Gladstone, and placed at the East Banks Sea Disposal Site (see Figures 5 and 6). GPC has placed its dredged sediments here since the site was established in 1980.

No maintenance dredging occurred at the Port of Rockhampton in 2016/17.

Maintenance dredging occurred at the Port of Bundaberg and approximately 75,264m<sup>3</sup> of material was removed and placed at the offshore disposal ground.

GPC's maintenance dredging monitoring program incorporates both long-term ambient environmental monitoring and real-time water quality monitoring conducted during dredging campaigns. The monitoring program looks at the potential impacts of both the dredging and the disposal activities and facilitates the implementation of adaptive management to ensure that any hypothesised impacts to sensitive receptors are not realised during the maintenance dredging.

Real-time water quality monitoring sites are selected based on the outputs of validated hydrodynamic modelling, which is used to predict the plumes generated by dredging and their potential to impact or influence sensitive receptors (seagrasses).

Two real-time compliance locations were used in this year's dredging:

- P2B/WB50 - modelling identified this site, located close to the dredging effort and to Wiggins Island Seagrass bed (a major sensitive receptor) as being within the zone of influence. Turbidity trigger limits established through previous campaigns were applied as the benchmark against which to monitor and manage this campaign's outcomes.
- WB25 - located near the Passage Island seagrass beds which have been identified as the only significant receptor within the potential zone of impact during maintenance dredging campaigns with a volume of 320,000m<sup>3</sup> or larger. This potential impact was determined by modelling plume influence on seagrass light requirements. Light trigger limits, specifically Benthic Photosynthetic Active Radiation (BRAR), established through previous campaigns were applied as the benchmark against which to monitor and manage this campaign's outcomes.

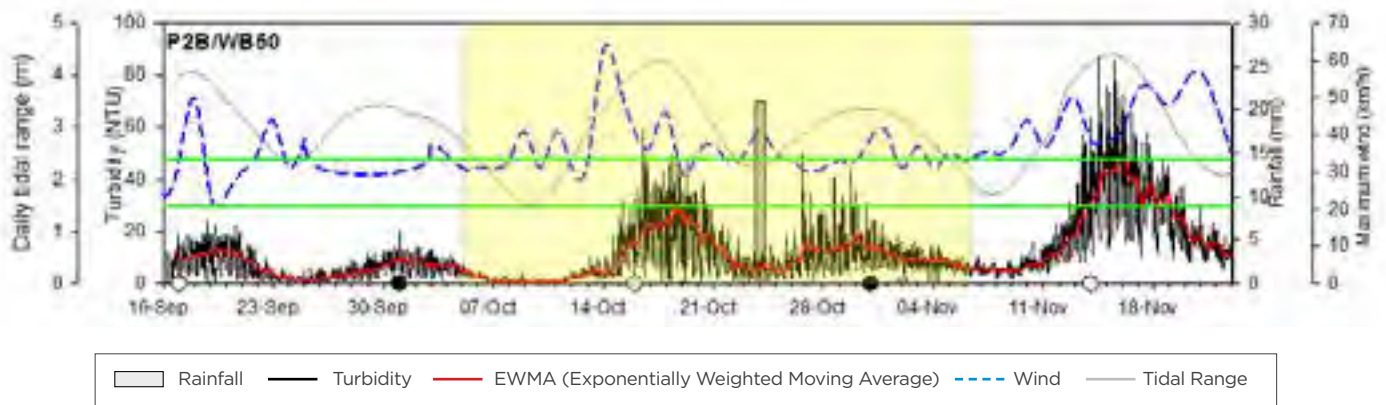
These locations were supported by additional real-time monitoring sites and in-situ water quality measurements.

Trigger limits were not exceeded during the dredging, although approximately one week later large spring tides produced elevated turbidity readings.

One incident occurred during the dredging campaign, when on 18 October 2016, approximately five litres of hydraulic oil was released from the TSHD Brisbane to the marine waters. The event was reported to Maritime Safety Queensland and the Department of Environment and Heritage Protection and no environmental harm was suspected.

Maintenance dredging operations did not have a discernible effect on water quality (physiochemical or metals) with greater influence being due to natural drivers such as tidal phases, wind speeds and overall light availability. Figure 5 shows the data collected before, during and after the dredging highlighting the strong link between turbidity and tidal range in the Port of Gladstone. To date, during maintenance dredging campaigns, GPC has not needed to employ mitigation measures due to dredge related water quality impacts.

Figure 5: Turbidity monitoring undertaken before, during and after dredging at location P2B/ WB50



## Dredging Strategy released

In November 2016, Transport and Main Roads released its *Maintenance Dredging Strategy for Great Barrier Reef World Heritage Area Ports: Technical Supporting Document, September 2016* followed by *Maintenance Dredging Strategy for Great Barrier Reef World Heritage Area Ports* (the Strategy)  ([www.tmr.qld.gov.au/business-industry/Transport-sectors/Ports/Maintenance-dredging-strategy](http://www.tmr.qld.gov.au/business-industry/Transport-sectors/Ports/Maintenance-dredging-strategy)). These two documents were the result of its review of maintenance dredging activities at GBRWHA ports.

The Strategy provides a framework for the sustainable, leading practice management of maintenance dredging at ports in the GBRWHA. This framework builds on the current strong regulatory requirements to ensure the ongoing protection of the Reef's values and the continued operating efficiency of ports within the GBRWHA. GPC and the Queensland Ports Association are actively involved in the implementation of the Strategy.

GPC has engaged CQ University in collaboration with other technical specialists, to investigate sediment dynamics within the Port of Gladstone. This fulfils commitments made to the Department of Environment and Energy (DOEE) in a Deed of Agreement under the

*Environment Protection (Sea Dumping) Act 1981* (Cth) and is in accordance with key principles of the Strategy. This Study will provide GPC with a solid foundation to evaluate sediment management options, dredge material disposal options and spoil placement locations (see Reef 2050 following).

## Implementing Reef 2050

GPC continues to work proactively with the Queensland Ports Association, Ports Australia and the state and federal governments to implement actions from Reef 2050. This year sediment dynamics investigations provided the following outcomes:

- a conceptual model of the harbour with respect to sediment movement and any associated influences like sediment sources, depositional areas, erosion zones and outlets into the wider Great Barrier Reef region
- an initial gap analysis which collated all the information known to date regarding sediments in Port Curtis, which can be added to throughout the research
- a sampling strategy defining the areas to be targeted for further investigation and sampling based on the gaps identified above.



*The Maintenance Dredging Strategy's Technical Supporting Document assessed the potential impacts of Port of Gladstone's maintenance dredging activities on key fauna and habitats as low risk with high confidence due to the availability of sound scientific information*





# OUR PEOPLE

*GPC received an engagement score of 70% in its 2016 employee engagement survey*

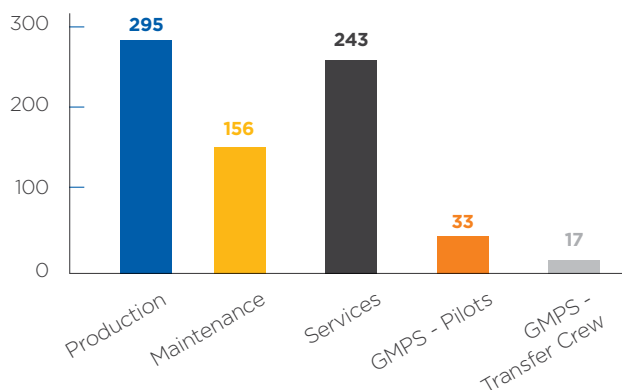
In 2016/17, we enhanced our Human Resource governance systems and processes, including Human Resources Reporting metrics. An Employee Leave Management System was introduced, and we reviewed and realigned Corporate and Job Specific Mandatory Training Matrices in preparation for the implementation of a Learning Management System. The year also saw us increase our Indigenous employee workforce participation rates.

## Managing our people

Our workforce is employed in a variety of management, trade, technical and administrative positions across a range of departments (including subsidiary Gladstone Marine Pilotage Services (GMPS)). Over the past 12 months the workforce has remained relatively stable with 742 employees (725 full time equivalent (FTE)).

We recruited 49 new employees this year across a diverse range of roles. Of these new employees, 14 were female and 35 male; 10 identified as Aboriginal/Torres Strait Islander/Australian South Sea Islander. Three new employees were casual, one temporary part time, 17 temporary full time and 28 permanent full time. Our staff turnover for 2016/17 was 7.55%, with a voluntary turnover rate of 3.91%.

Figure 6: Employment by Schedule/EA



## Developing our people

Our employees play a vital role in ensuring we meet our business objectives. We provide a variety of training initiatives to enhance their skills and knowledge. This year our targeted learning and development programs resulted in employees completing the equivalent of 75 hours training per FTE employee, a total of 54,797 hours in 2016/17 (2015/16: 44,244 hours).

During 2016/17, we reviewed our Corporate and Job Specific Mandatory Training Matrices and aligned these to our corporate system Aurion. This work is in preparation for the implementation of a corporate Learning Management System, due to launch in mid-2017/18.

## Feedback brings improvements

In July 2016, over 50% of our employees (GPC and GMPS) participated in an employee engagement survey. The survey was designed to capture feedback about the key aspects of the GPC working environment:

- communications
- diversity and inclusion/ equal opportunity
- GPC leaders
- motivation, commitment and empowerment
- my immediate supervisor
- my job
- my team/colleagues
- our workplace culture
- overall satisfaction
- recognition and rewards
- safety and environment
- work/life balance.

From the 381 responses received, GPC achieved an engagement score of 70%, which represents an 'engaged' workforce.

Four improvement opportunities were identified:

- career progression and training
- communication
- leaders
- recognition.

Four strengths were identified:

- immediate manager
- reward
- teams and colleagues
- work/life balance.

Following analysis of the data a series of workshops were conducted to deliver the survey results back to employees. This was quickly followed by a second round of workshops to develop team action plans. Through this process, GPC redefined and relaunched the Study Assistance Specification to provide greater scope for learning opportunities. In addition to this, GPC also launched a new Professional Memberships Specification. Both initiatives provide improvements to training and career progression options for all GPC employees. GPC's Leadership Development Framework was released in mid-2016/17 as a response to the improvement opportunity. The Leaders Handbook, GPC's safety leadership program 'Switch On' and targeted leader development have been implemented, with the latter now rolling out to all GPC employees across all sites and Departments. Following the success of last year's Survey, the 2017 Employee Engagement Survey will be launched in September.

## Recruiting a diverse and inclusive team

Our commitment to building a diverse and inclusive workforce continued this year with more focus on providing target group members with the opportunity to pursue careers with GPC. Our Indigenous representation increased substantially to 3.4% of our total workforce in 2016/17. GPC prides itself on providing employment opportunities for all people, including nominated equal employment opportunity (EEO) target groups, that is people with a disability; Indigenous people (Aboriginal and Torres Strait Islander and Australian South Sea Islander); and people with a language other than English.

Figure 7: Breakdown EEO target groups employed within GPC

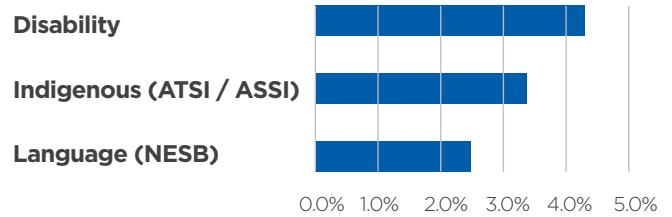


Figure 8: Gender Ratio

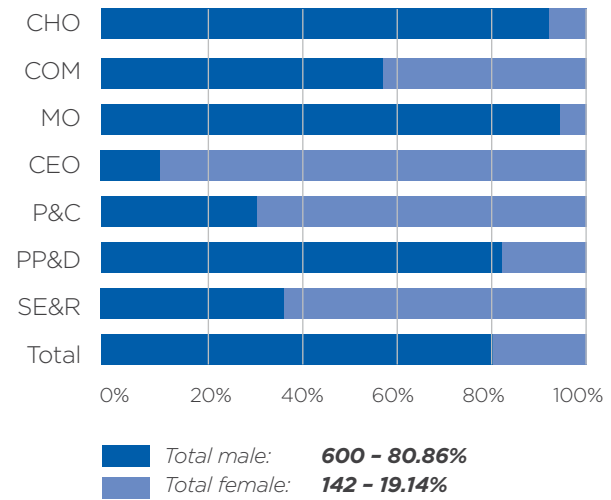
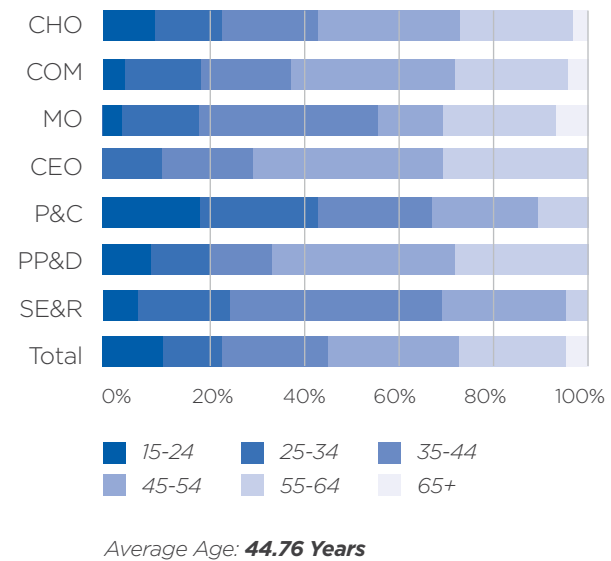


Figure 9: Age Profile



## Building our future workforce

We nurture and develop the capability of our people by providing:

- apprenticeships and traineeships
- training sessions on health and safety issues
- job skills and professional development courses.

GPC provides outstanding employment outcomes for our apprentices and trainees through work arrangements that deliver benefits to all involved. Currently we have 58 apprentices and trainees employed across a range of disciplines. These apprentices and trainees account for 7.82% of our workforce and receive a structured learning program to enhance their skills and knowledge, improving their future and ours.

GPC maintains its apprentice and trainee program as a key priority in developing a skilled workforce for the future. The program is well regarded, and this was reflected in this year's recruitment which saw an overwhelming response from the community. Fifteen applicants were successful, and are now pursuing their chosen disciplines in the areas of Electrical, Diesel, Mechanical Fitting, Carpentry, Parks and Gardens, Warehouse and Computer Aided Drafting. A new recruitment campaign was launched in mid-July 2017.

This year, in addition to our apprentice and trainee program, and as part of our Indigenous Engagement and Employment Strategy, we welcomed our first Cross Industry Operations (CIO) Trainees. Five trainees will complete an Australian-first qualification in CIO, the sixth will complete a traineeship in Occupational Health & Safety over the next 18 months.

The CIO Traineeship is designed to provide a wealth of transportable experience with pathways to fulltime employment within GPC. The Certificate II course will benefit trainees by providing experience in Administration, Warehouse Operations, Building Services, Parks and Recreation and Marine Operations. Trainees also participated in a six-week orientation program, balancing corporate requirements with cultural learnings.

This program provides a benchmark for other industries; a challenge to partner with the Aboriginal, Torres Strait Islander and Australian South Sea Islander communities to achieve mutual benefit through increased opportunities.



*During their first week, the Apprentices and Trainees had the opportunity to meet Premier Annastacia Palaszczuk, Treasurer Curtis Pitt, Local MP Glenn Butcher and Gladstone Region Mayor Matt Burnett*



*Six trainees joined our organisation in 2016/17 in a newly implemented Cross Industry Operations Traineeship. This initiative forms a valued part of our Indigenous Engagement and Employment Strategy and Stretch Reconciliation Action Plan*

Due to the success of this program, GPC will commence the recruitment of its second cohort of Cross Industry Operations Trainees in October 2017.

## Processes and systems a focus

This year we maintained our focus on enhancing our Human Resources governance processes and systems, including our Human Resources Reporting metrics. Our ongoing commitment to develop and continuously improve our Human Resources systems and processes was validated through several audits this year. The metrics provide information to support business and people decisions based on information from employee demographics; workforce hours; absenteeism; overtime, leave and rostered days off (RDOs); staff turnover; recruitment; and training.

## BLUE DOZER

In November 2016, GPC welcomed a new CAT D11T dozer to its fleet, but it did not blend in with GPC's existing fleet... it was a brilliant shade of blue!

Like 'Noela' before him, 'James Dean' represents something that is very important to us – the health and wellbeing of our employees, their families and the wider community. Our pink dozer was part of GPC's Advocacy for National Breast Cancer Awareness in 2015, in 2016/17 our blue dozer is part of the 'Don't Doze on Mens' Health' initiative which is raising awareness and funds for men's health causes including prostate cancer, testicular cancer and mental health.

Standing proudly amongst RGTCT's stockpiles our blue and pink dozers stand shoulder to shoulder and serve as a reminder to employees to be proactive in matters of physical and mental health and wellbeing, in the workplace, the community and the home.

In November, the arrival of our new blue dozer boosted fundraising activities and saw \$8,521.15 raised for the cause. GPC's Community Investment Program generously contributed a further \$1,000 taking the total to \$9,521.15.

This initiative was a collaboration between GPC and Hastings Deering, in the hope that it will provide a constant reminder of the importance of the mental and physical wellbeing of men across GPC and our wider community.



*Our blue dozer provides a daily reminder to our employees to be proactive in matters of physical and mental health and wellbeing*

To complement the Human Resources Reporting metrics, we have developed an Employee Leave Management System (ELMS), due for launch in July 2017. ELMS will assist the business to deliver on two of the Enterprise Agreement 2016 Productivity Initiatives, the first to reduce employee excess annual leave and the second to reduce employee absenteeism. Furthermore, ELMS will enable leaders to quickly view their employee's leave balances, leave approvals and unscheduled absences from work. The system will also assist leaders in facilitated discussions with their employees to ensure GPC meets agreed productivity initiatives.

## Enterprise Agreement negotiations

GPC's Enterprise Agreement (EA) expired on 31 October 2016, and formal bargaining for a new EA commenced 17 October 2016. An 'in principle' agreement between the Parties was reached on 11 April 2017. The Agreement was negotiated in accordance with the Government Owned Corporations (GOC) Wages and Industrial Relations Policy (2015), and in line with that policy will be subject to government approvals/ratification. Following a positive ballot outcome and Fair Work Commission ratification the new Gladstone Ports Corporation Enterprise Agreement 2016 will be implemented.

The GMPS Gladstone Pilots and Gladstone Pilot Transfer Crew Enterprise Agreements both expire on 31 October 2017. In May 2017, GPC submitted an EA framework covering both agreements to the Department of Industrial Relations for review and submission to Government for approval to negotiate in 2017/18.



# OUR HEALTH AND SAFETY CULTURE

*Lost time injuries decreased by almost 90% and workplace injuries halved during 2016/17*

## System development and AS 4801 accreditation

This year we developed and implemented several new standards and procedures and reviewed existing ones as part of the continual improvement of our Health and Safety Management System. This was complemented by a greater focus on auditing, and system enhancements such as management review and development of a legal obligations register. All of these actions helped to ensure that GPC maintained its AS 4801 certification.

## Switch On to safety leadership

This year's key safety initiative was the implementation of the 'Switch On' values-based safety program. 'Switch On'

provides our employees with stronger safety leadership skills. It has tools and models to assist them to take greater ownership of their own safety, making sure that whether at work or at home, they switch on their heart and mind before engaging in an activity

Feedback to date has been positive, with participants reporting that they feel empowered to direct their own safety outcomes; this bodes well for future success. However as with all change, considerable effort will be required to ensure the 'Switch On' safety initiative succeeds in the longer-term. Plans are in place to embed and sustain this learning and support our long-term goal.

As of end of June 2017, 532 employees (over 70% of our workforce) have completed 'Switch On' training with the remainder to complete their training by the end of the 2017 calendar year.



*At the end of the financial year, over 70% of the workforce had participated in 'Switch On', GPC's values-based safety leadership program*

Table 4: TI Frequency Rate

Year	2012/13	2013/14	2014/15	2015/16	2016/17	2016/17 trend compared to 2015/16
Hours worked	1,484,854	1,423,507	1,303,340	1,279,646	1,257,890	(1.7%)
Total Injuries	107	84	61	86	47	(45.3%)
TIFR	72.06	59.0	46.80	67.2	37.36	(44.4%)
Serious Injuries	35	37	27	34	19	(44.1%)
SIFR	25.47	26.0	20.7	26.6	15.10	(43.2%)
Nil Restriction Injuries	74	48	34	53	28	(47.0%)
NRFR	49.2	33.7	26.1	41.4	22.26	(45.4%)
Restricted Work Injuries	30	30	21	23*	18	(21.7%)
RWIFR	20.20	21.1	16.1	17.97*	14.31	(20.4%)
Lost Time Injuries	3	6	6	10*	1	(90.0%)
LTIFR	2.0	4.2	4.60	7.81*	0.79	(89.8%)

\* Numbers revised due to a Restricted Work Injury being reclassified to a Lost Time Injury. Restricted Work Injuries decreased by one and Lost Time Injuries increased by one. The associated frequency rates were also adjusted

## Improving contractor safety management

Customisation and enhancement of the 'Rapid Global' Contractor Pre-qualification System was completed this year, with the implementation letter to contractors distributed in Q4. The new system's benefits include: the ability to review and preapprove a contractor's safety management system prior to contract award; the facility for contractors to upload all their licences and tickets prior to being issued an ID card; and the ability to more closely control access permissions to GPC sites.

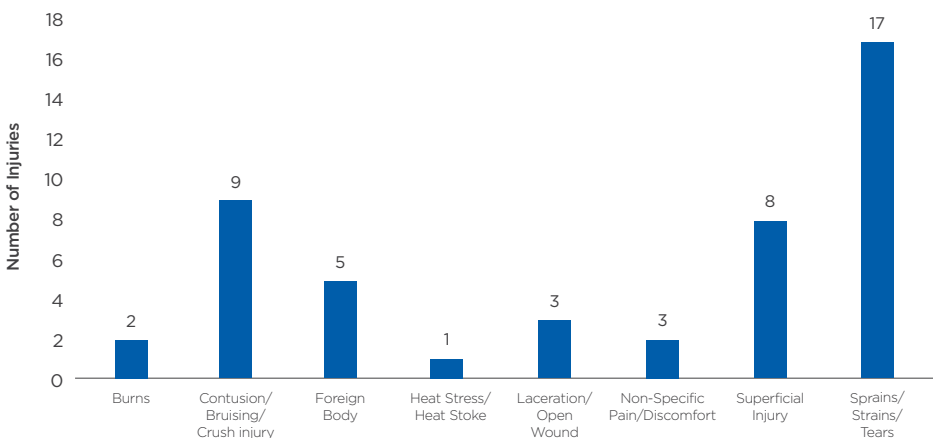
After an initial grace period, full implementation of Rapid Global will take place from Q2 2017/18.

## Analysing our health and safety performance

This year we recorded a decrease in injuries compared to the previous reporting year. Total injuries, serious injuries and lost time injuries all significantly decreased. These trends are shown in Table 4.

Consistent with previous years, the most prominent injury types are sprain/strain type injuries. There were 17 sprain/strain type injuries recorded this year, accounting for 36% of the total injuries. The full breakdown of injury types is shown in Figure 11.

Figure 10: Breakdown by injury type

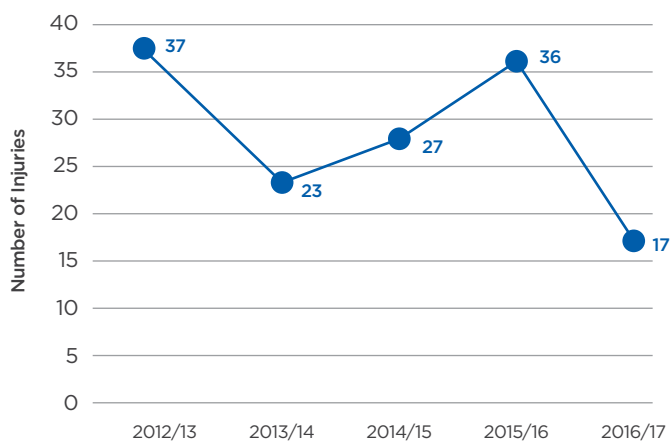


The availability and utilisation of mechanical aids, participation in the Safe Spine program, overall health promotions and encouraging health management for non-work related injuries have been long standing strategies to reduce these sprain / strain type injuries. In addition to these, other strategies adopted this year to reduce the amount of sprain / strain type injures include:

- investigating options and feasibility of monitoring personnel to ensure they are fit to perform assigned tasks
- reviewing pre-employment medicals process
- ongoing health awareness and assessments
- establishing the job banks
- increased focus on housekeeping
- providing better access to equipment.

These additional strategies underpin long term goals. Finalising and embedding them will be a focus for the coming year to ensure the full value of the initiatives are realised. Figure 12 highlights the previous five years of sprain/strain injury trends, noting a significant decrease this reporting year.

Figure 11: Sprain/strain injury trend



## GPC'S PIT STOP PROGRAM

In 2017 our Health and Wellbeing Team partnered with Queensland Health to provide employees with a health check up with a difference.

Using car maintenance concepts, more than 120 employees passed through screening stations within the 'Pit Stop' and were screened by health professionals for car maintenance (health) issues including:

- Chassis Check (waist)
- Oil Pressure (blood pressure)
- Torsion (flexibility)
- Exhaust (smoking)
- Fuel Additives (alcohol)
- Spark Plugs (testicles)
- Fuel Injectors (prostate cancer)
- Extractor (bowel cancer)
- Shock Absorbers (emotions)
- Gearbox (cervical cancer)
- Headlights (breast cancer)
- Spare Parts (organ donation).

The innovative program aimed to inspire our employees to 'work healthy and retire well' was a fantastic opportunity for them to learn more about their health.



Health promotion initiatives such as Pit Stop form part of GPC's Health and Wellbeing strategy, encouraging employees to work healthy and retire well

## Supporting a healthy team

At GPC, we know that keeping our people physically and mentally healthy is one further way that we can help to keep them safe. The fundamental objective of the Health and Wellbeing program is to promote general health and wellness and enable employees to undertake their roles in a safe and effective manner. This is underpinned by the Health & Wellbeing Team's three core initiatives outlined in the following sections.

## Facilitating return to work

Throughout the year we provided timely, effective, injury and illness management programs. Our experience shows that whether an injury is physical and/or psychological that work assists the healing process and helps restore the employee's normal functions sooner.

GPC supports a Workplace Rehabilitation process involving the early provision of necessary and reasonable services, including suitable duties programs, to facilitate the employee's safe return to work. This appropriately managed early return to work brings substantial benefits for both our employee and GPC.

## Monitoring employee health

Employee health monitoring programs for at risk work groups continued. This included routine audiometric screening, pre-employment and fitness for duty screening. This year the Audiometric program was extended to include an initial screening for all GPC employees. Approximately 700 Audiometric tests were conducted.



*In 2016/17, Health & Wellbeing processed 700 audiometric tests, equating to 94% of the organisation*

This year GPC's Job Bank project identified and profiled 20 roles which require employees to undertake 'manual' work, identifying role-specific tasks and potential risks. This provides an objective understanding of a role's physical requirements and assists with:

- pre-employment screening
- targeted injury prevention initiatives based on risks, for example the identified trend of sprain/strain type injuries
- suitable duties plans.

## Health promotion and support

GPC's Health Promotion Programs assist employees reach their health and wellness goals, as well as reducing their risk of injury and illness in the workplace. This year we held employee education sessions on defibrillator awareness, medication safety, safe spine and participated in the November Production team-building day. We supported Breast Cancer awareness through our 'Ladies on the Lawn' morning tea function. We also welcomed a new blue dozer, providing a constant reminder of the importance of the mental and physical wellbeing of men across the organisation and the wider community (see the Blue Dozer case study)

In the coming year, new baseline readings will be obtained for all relevant occupational exposure health hazards (e.g. dust, noise, vibration) to inform a review of the hygiene surveillance and health monitoring programs.



*Experience shows that return to work programs assist in the healing process and help restore the employee's normal function sooner*





# OUR COMMUNITY

*GPC's focus on community and public facilities saw us invest almost \$3M in 2016/17*

## FunD running

As the sun began to rise, so too did approximately 3,500 keen participants ready to take on the challenge of the Botanic to Bridge 8km and 3km courses and raise money for our 2016 community beneficiary and local schools.

The event enabled GPC to donate \$20,000 to Roseberry Community Services' Branchout program to assist disadvantaged young people in Gladstone. The funding will be directed towards building a new kitchen to facilitate cooking programs and assist young people to gain valuable hospitality skills. A further \$24,000 was injected back into regional schools to purchase health related educational resources and sporting equipment. To date we have donated \$287,000 to the Gladstone community.



*Gladstone turned on a spectacular day for GPC's seventh annual Botanic to Bridge FunD Run*

## Investing in our community

Our Community Investment Program makes a real and positive contribution to the regional communities in which we operate. In 2016/17, GPC invested nearly \$3 million into the Gladstone, Rockhampton and Bundaberg regions to fund community projects and provide and maintain our community parklands.

When considering funding opportunities, we undertake strategic engagement with community organisations to align funding with key priorities of social, environment and economic sustainability. GPC successfully provided 39 sponsorships and donations over the course of 2016/17, at a value of approximately \$270,000.

A critical element to the continued success of the Program is our commitment to ensuring a win, win, win model is achieved for the sponsorship partner, the community and GPC.

## Cruise ships

In 2016/17 six cruise ships visited Gladstone, with a further 6 scheduled for 2017/18.

These cruise ships bring many thousands of tourists to our community each year. First stop for most is East Shores, and a bustling market scene has sprung up in the area, providing locals with the opportunity to showcase their wares and engage with these visitors.

GPC is working with Gladstone Area Promotion and Development Ltd (GAPDL) to attract more cruise ships to the region.

## CREATING A NEW MEETING PLACE

GPC has identified an appropriate building which will be provided to the Aboriginal, Torres Strait Islander and Australian South Sea Islander community to be developed into a multi-purpose facility for engagement, education and cultural promotion and connection. The design and development of the facility will be led by GPC's Future Directions Community Liaison Group and is a focus for 2017/18.



*Matthew Cooke, Gay Sarris and Melissa Alberts review plans for the Community Facility that will be provided under GPC's Stretch Reconciliation Action Plan*

## BeachCam app a hit

As part of GPC's social infrastructure investment, webcams have been installed at popular beach locations throughout operational areas of Bundaberg and Gladstone. The webcams live stream beach conditions at Tannum Sands, Agnes Water and Kelly's Beach, and are one of the most popular traffic influencers for GPC's corporate website averaging 30,800 hits per month.



*Following the success of GPC's Beach WebCam's, an app was developed*

 [gpcl.com.au/community/webcams](http://gpcl.com.au/community/webcams)

## Supporting future Indigenous leaders

Since 2014, GPC has been a proud supporter of the Talent Today, Talent Tomorrow scholarship program for Aboriginal, Torres Strait Islander and Australian South Sea Islander university students. The scholarship, which forms part of our Reconciliation Action Plan (RAP), alleviates some of the financial pressures associated with tertiary studies, including textbooks, transport, technology and stationery.

To date, the scholarship has supported four students in achieving their goals, including the successful completion of a Bachelor of Midwifery. Two further students are studying Bachelor of Social Work, and our newest scholarship recipient is studying a Bachelor of Law/Arts.

## Taking the next steps

The theme for the 2017 National Reconciliation Week (NRW) was 'Take the Next Steps'. NRW was recognised throughout the Port of Gladstone through three engagement events across the operational facilities. The events were designed to reflect on the significant milestones of the 50-year anniversary of the Referendum, and the 25-year anniversary of the Mabo decision. Elders and representatives of the Traditional Owner groups of Gladstone were in attendance and shared their stories and experience with GPC employees. A feature of the events was a collaborative art piece commissioned by Aboriginal artist, Jarrod Beezley, which employees and Traditional Owner elders and representatives participated in creating. This artwork is significant in its message that GPC will move together towards genuine reconciliation and equal opportunities.



*(L to R) Gooreng Gooreng Elder, Uncle Richard Johnson, GPC CEO Peter O'Sullivan and Torres Strait Islander representative Ben Ghee, celebrate the week with the official cutting of the cake*

## Celebrating 10 years of family fun

Since 2008 GPC has been bringing families a night filled with entertainment and characters they know and love from their favourite TV shows. This has seen over 5,000 people annually roll out their picnic rugs and settle in for a family tradition and a night of fun and wonder at GPC's Family Fun Night.

The event is part of the annual Gladstone Harbour Festival, and this year as part of the Festival, GPC reactivated its much-loved Paint the Port competition. A record 46 pieces of artwork were submitted and put on display during the Harbour Festival. The winning piece was acquired by GPC and donated to the Gladstone Regional Art Gallery and Museum. This celebration of our iconic port not only added to their permanent collection, but also recognised the region's talent.

GPC continues to be a proud and loyal supporter of the Harbour Festival, with its support spanning across five decades. The Family Fun Night and Arts in the Park are two of the events directly sponsored in 2017, along with the provision of the home of the Festival, GPC's Marina Parklands.



*Local artist and art educator, Geoff Head and People & Community General Manager, Rowen Winsor, were official judges of the 2017 Paint the Port competition with a record 46 entries submitted*



*Since 1994, GPC has provided the home of the Gladstone Harbour Festival at its pristine Marina parklands. The Harbour Festival continues to be one of the most recognised social investments by GPC by the community*

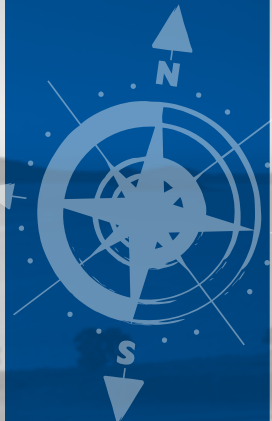


*Through the Community Investment Program, people with disabilities can now participate in lifeguard activities through the Seahorse Nippers program in Bundaberg*

## SEAHORSE NIPPERS

Through our Community Investment Program, in 2016/17 GPC invested \$10,000 in support of Bundaberg Surf Lifesaving Club's Seahorse Nippers Program, a program to encourage people with disabilities to participate in surf lifesaving activities and recreation, by introducing them to the water and beach activities in a friendly, non-threatening and safe environment.

The program will support inclusion and prevent unnecessary water related incidents.



# OUR AWARDS AND RECOGNITION

*GPC's parklands and Marina continue to be acknowledged for their quality, with several awards presented across the financial year*

## Dropping (Gold) Anchors

The first marina in Queensland to receive a Gold Anchor rating, our 320-berth marina outdid itself, when it was awarded 4 Gold Anchors this year.

The Global Gold Anchor accreditation scheme aims to showcase marinas that demonstrate a strong commitment to customer service. The scheme assesses facilities, services, cleanliness, and price and rates them on a scale of 3 to 5 Gold Anchors. The system is designed to assist marina users to select the marina that best suits their needs.

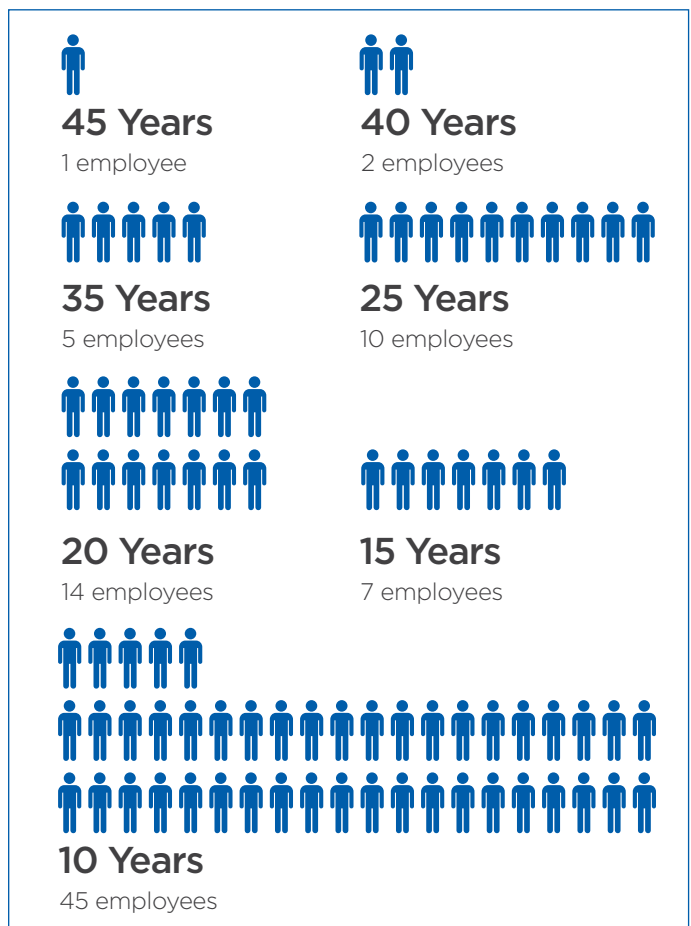
Our Gladstone Marina staff and Parks and Gardens teams are committed to continually improving the Gladstone Marina's facilities and services. Their focus is on delivering high level of customer service and clean facilities in an idyllic parkland setting. The teams have already set their sights on that 5th Gold Anchor.



*GPC's Gladstone Marina is the first Marina in Queensland to be awarded 4 Gold Anchors*

## Service awards

Congratulations to the 84 employees who achieved 10 years plus service in 2016/17; 1,385 years of combined service between them. Of note, three employees celebrated over four decades of service each, Paul Feehley with 45 years, and Geoff White and Alan Robson with 40 years each. As part of our Employee Recognition program, these employees were acknowledged and thanked for their continued loyal service to GPC.



## Our rep at World Skills 2016

Apprentice Electrician, Andrew Whitmore was out to impress at the 2015 WorldSkills Australia Regional Competition and secured himself a spot in the Queensland team at the 2016 National Competition.

Andrew travelled to Melbourne in October 2016, representing both GPC and Queensland. He competed in the Electrical Installation category, in front of 40,000 spectators during the three-day event held at the Melbourne Showgrounds. The WorldSkills Australia national competition involves 300 judges and \$10 million worth of materials and equipment including 10km of electrical cabling.

## East Shores 1A awarded

GPC's multi-award-winning East Shores – Gladstone Coal Exporters Maritime Precinct continues to attract industry acclaim. This year it took out the Parks and Leisure Australia State and National Award of Excellence in the 'Parks & Open Space – Development' category, adding to a string of other industry awards.

Sustainability is embedded in the East Shores design, from the efficient use of water to its energy efficient lighting. The precinct, which features impressive public artworks, centres on a water play park that represents the balance of environment and industry in Gladstone.

Following the success of the first stage of the East Shores Precinct, the next stage of development to expand the

parklands is progressing. The initial Master Plan featured a waterfront café and an Interpretive Centre to showcase the history of the port and the region's Industry. While these will remain a focus, other opportunities have arisen. These opportunities have been driven from the needs of the growing cruise ship industry and the available legacy infrastructure from the LNG construction. The future closure of Auckland Point as a shiploading facility also provides capacity for integration of the parkland from cruise ship to Gladstone city centre.

The community parkland reflects a sustainable industrial city and generates local pride for the people of Gladstone, whilst demonstrating the contribution and commitment to community from Gladstone's coal exporters. It is anticipated that site works for East Shores 1B will commence in late 2017. GPC acknowledges the financial contribution made by WICET towards Stage 1A of the East Shores development, and recently announced a further \$29.5 million for the construction of East Shores Precinct Stage 1B to be delivered in 2017/18.

The Board, at its meeting in May, approved commencement of master planning for the remaining stages of East Shores, from O'Connell Wharf to the west side of Welby Creek.

GPC's Board has secured plans for the development of the East Shores precinct, ensuring the future stages can be delivered for the Gladstone region. The planning phase will facilitate the development of the remaining sections which will include hotel accommodation, unit complexes and public foreshore walkways and amenities and will be developed over the next 10 to 15 years.



L: Multi-award winning recreational precinct, East Shores, took out both the State and National titles at the 2016 Parkland and Leisure Australia Awards. C: Parks and Recreation Superintendent, Graham Gambie accepted the Award for GPC R: Artist's impression of East Shores Stage 1B.



## OUR BOARD

*A strong focus on the efficient utilisation of Gladstone's main shipping channels will ensure continued trade growth*

### Leo Zussino, Chairman BE, MBA

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



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

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

### Judy Reynolds BBus, CA, MAICD

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



*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 Chairman of the Audit and Compliance Committee.*

## Peter Corones AM

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



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

---

## Gail Davidson FAICD

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



*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.*

---

## Grant Cassidy FAICD

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



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

## Peta Jamieson GRADCERTBA, BA (HONS), BA, MSCENVMGT

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



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

## Marita Corbett BCom, CA

Marita is a Chartered Accountant, Certified Internal Auditor and Certified in Risk Management Assurance. She has 25 years' experience as a governance, risk management and accounting professional, supporting organisations to improve operations and accomplish objectives through the evaluation of decision making, risk management, internal control and governance processes. She is the National Lead Partner Risk Advisory for BDO. Her experience has been built with a number of large organisations with significant revenue and asset bases, diverse stakeholders, investments, commercial and operational scopes, and risk based decision making requirements.



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

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

## Previous Director – Helen Skippen MBA, GAICD

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



*GPC Board of Directors (L-R) Peta Jamieson, Gayle Davidson, Grant Cassidy, Leo Zussino (Chairman), Judy Reynolds, Marita Corbett and Peter Corones AM*





# OUR MANAGEMENT TEAM

*A focus for 2016/17 is trade diversity across the three ports.*

## Peter O’Sullivan

### Chief Executive Officer

Peter was appointed by the Board in July 2016. Peter is an entrenched member of the Gladstone community and brings over 30 years of recent work history, 14 of those working for/with GPC in areas such as Community Relations, Human Resources and Major Projects. During his career, he has gained extensive operational, project and senior management experience, most recently as Project Leader for the Western Basin Dredging and Disposal Project.



Peter 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.

Peter’s key focus for 2017/18 is to work with the Executive Team to optimise the capacity of our shipping channels. At the same time, he will ensure that cost effective port infrastructure is provided and maintained, and new trade opportunities are sought to diversify activities at the three ports.

## 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, and the new business functions of the ports of Rockhampton, Bundaberg and Gladstone. Mike has over 30 years’ experience in the commercial realm of heavy industry encompassing sugar, manufacturing, mining and ports. Mike’s key focus areas for 2017/18 are researching new trade opportunities for sea-borne cargo to/from Central Queensland and continuing to improve GPC’s financial outcomes whilst maintaining competitive pricing regimes for shipping and improving the efficiency of GPC’s commercial service functions.



## Gary Carter

### **Port Planning Development General Manager**

Gary was appointed Port Planning and Development General Manager in December 2012. He has an engineering background and more than 35 years at GPC. During that time, he has been involved with GPC's major growth.

Gary is responsible for the ports' future planning, and ensuring that while development continues to occur, the community and environment are considered. The efficient use of port infrastructure is a major focus, and his department plays a key role in the delivery and maintenance of this infrastructure to ensure the existing operations are sustainable.

The introduction of the *Sustainable Ports Development Act 2015* saw much work done on the development of the Master Plan for the Priority Port of Gladstone and the approval process for the duplication of the shipping channels in the Outer Harbour. These activities remain a priority for Gary in the coming year with additional focus on the Clinton Vessel Interaction Study.



---

## Allan Brown

### **Cargo Handling Operations General Manager**

Allan was appointed as Cargo Handling Operations General Manager in February 2012. He has been with GPC for over eight years and 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 2016/17, Allan's team continued their focus on improving workplace safety, environment performance and operational efficiency, with a number of continuous improvement projects completed in these areas. Along with a dedicated focus on delivering to customer expectations, the team have also continued a large program of 'life cycle' work on key infrastructure with major works completed on a number of key assets. A further focus for the team has been the ongoing development of technical systems to support and facilitate the teams ongoing improvement activities.

In 2017/18, Allan and his team's focus will be similar path to last year, with safety and environmental improvement, whole of life asset management and operational efficiency a focus of work programs. The coming year will also see the implementation of a number of the technical systems, such as Day of Operations Planning and Execution tools, that have been developed by the team over the last few years. These tools, provide an important technical platform to support increased operational efficiency in the coming years.



## John Sherriff

### **Safety Environment and Risk General Manager**

John was appointed Safety, Environment and Risk General Manager in August 2012. He has been with GPC for nine years and has over 30 years' management experience in regulatory and compliance fields. John leads GPC's safety, environment, and security teams; and the sustainability and environmental offsets portfolios. John is also GPC's representative on the GHHP management committee.

In 2016/17 John's team implemented our new 'Switch On' values based safety program continued improvements to GPC's environmental compliance performance; and progressed GPC's sustainability, risk management and business resilience efforts.



## Rowen Winsor

### **People and Community General Manager**

Rowen was appointed People and Community General Manager in October 2015. Rowen is responsible for our employee, community (including the Parklands) and health strategies and services for GPC. She is also the Chair of the GPC and PCCC ILUA Implementation Committee.

In 2016/17, Rowen's team worked to guide key strategies for Employee Relations, Learning and Development, Employee Health, Corporate and Community Relations and Parks and Recreation. A key focus this year was the negotiation of GPC's Enterprise Agreement 2016. Rowen's team also actively engaged with the Community in the areas of Apprentice Recruitment, B2B Fun Run, and as GPC's industry representative on the GAPDL Board.

Following on from the Innovation Award from Parks & Leisure Australia for the East Shores Parklands, Rowen and the team will be working to ensure Stage 1B builds on the success of Stage 1A. The team will continue to consult with our community as valued stakeholders and contributors to the success of our port. With the merging of People strategies with the Health, Safety and Environment portfolio, the year ahead will also see the team managing organisational change as we continue to implement our Sustainable Ports strategy.



## Captain Gary Wilson

### **Marine Operations General Manager**

Appointed on 3 February 2014, Gary's tenure ended on 13 January 2017.

# CORPORATE GOVERNANCE

Our Board has overall responsibility for GPC's corporate governance practices

Figure 12: Organisation Chart



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

GPC is a public company incorporated under the *Corporations Act 2001* (Cth) and subject to the requirements of the GOC Act. Gladstone Marine Pilot Services Pty Ltd (GMPS) and Gladstone WICET Operations Pty Ltd (GWO) are companies incorporated under the *Corporations Act 2001* (Cth) 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. For the 2016/17 year, the shares were held by two shareholding Ministers: the Treasurer, Minister for Trade and

Investment, the Hon. Curtis Pitt MP and the Minister for Main Roads, Road Safety and Ports, Minister for Energy, Biofuels and Water Supply, the Hon. Mark Bailey MP<sup>1</sup>. 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/about-us/corporate-governance](http://www.gpcl.com.au/about-us/corporate-governance)

## 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 has 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 three 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 2016/2017), five-year (Corporate Plan 2016/2021) 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.

A total of nine Board meetings were held during the year. Details of each Director's attendance at Board and Committee meetings are provided in Table 5.

<sup>1</sup> GPC acknowledges Acting Minister for Energy and Water Supply, Hon. Curtis Pitt MP, and Acting Minister for Main Roads, Road Safety and Ports, the Hon. Dr Steven Miles MP appointed on 11 August 2017.

Table 5: 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 Resources Committee (eligible to attend/ attended) (5 held)	Risk Committee (eligible to attend/ attended) (1 held)
Leo Zussino	9 / 9	4 / 5	5 / 5	1 / 1
Judy Reynolds	9 / 9	5 / 5		
Peter Coronas AM	9 / 9		5 / 5	
Gail Davidson	9 / 9		5 / 5	
Grant Cassidy	9 / 9	5 / 5		1 / 1
Peta Jamieson	8 / 9		5 / 5	1 / 1
Marita Corbett	4 / 5	2 / 2		1 / 1
Helen Skippen	3 / 3	2 / 2		

## Principle 2: Structure the Board to add value

### Board committees

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
- work, health and safety report
- 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)
- 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.

Commencing May 2017 the Board received papers in a digital format.

### Board committees

The Board may delegate its powers to a committee of Directors. GPC has three committees, the Audit and Compliance Committee comprising four Directors, the Human Resources Committee comprising four Directors and the newly formed Risk 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 Committee and 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. A review was conducted during the 2016/17 financial year. The next review is scheduled for the 2018/19 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 2016-17 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/about-us/release-of-information](http://www.gpcl.com.au/about-us/release-of-information)

### 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* (Qld).

### Fraud and corruption prevention

Fraud and corruption prevention applies to all Directors and our employees. A policy was developed to assist management and employees in the discharge of their responsibilities by setting out the procedures for managing fraud and corruption. The Company Secretary is the Fraud Control Officer for the purposes of the policy. All incidences of theft and related activity are reported to the Audit and Compliance Committee by the Fraud Control Officer on a regular basis for consideration of fraud control initiatives. 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 (PID). 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.

This procedure has been developed to encourage the reporting of PID, provide transparent and accessible reporting processes, and protect employees who make a PID. The Company Secretary is the PID Officer for the purposes of the procedure. All PID 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.

### Whistleblower's 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](http://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 based on their source.

The service is provided by Deloitte. 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

In December 2016, following the reconstitution of the Board, the Committee was restructured. The Audit and Compliance Committee comprises Judy Reynolds (Chair), Leo Zussino, Grant Cassidy and Marita Corbett. 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 2015/16, the Audit and Compliance Committee reviewed and observed the terms of its charter and had due regard to Queensland Treasury's Audit Committee Guidelines.

### External audit arrangements

GPC, in accordance with the *Auditor General Act 2009* (Qld), 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. KPMG was appointed GPC's internal auditors for a period of three years, ending 31 December 2018, with an option to extend for two further years.

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

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

- a) Strategic Internal Audit Plan 2016/17 to 2018/19
- b) Port Maintenance
- c) Strategic Inventory Management
- d) RGTCT Coal Loading Logistics Management
- e) IT Vendor, Contract and Software Licencing Management Process
- f) Recruitment and Terminations
- g) Drug and Alcohol Testing
- h) Fraud Risk Management
- i) IT General Controls (RGTCT)
- j) Board and Committee Reporting
- k) Resilience Measures
- l) IT Program Management
- m) Draft Interim Management Plan
- n) GPC Assurance Mapping.

### 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 2016/17, the Board recommended to shareholders a dividend payment of 100% 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* (Qld) and in 2015/16 GPC formulated an Information Management Policy, Records Management Standard and Archive Management Procedure in line with *ISO 40 Recordkeeping* used under the *Financial Accountability Act 2009* (Qld) to improve recordkeeping practices. This will ensure that operational business needs, legal, evidential and accountability requirements are met and stakeholder expectations are fulfilled.

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

There were no directions issued by shareholding Ministers under the GOC Act for the 2016/17 financial year. There were no notifications issued by shareholding Ministers under the GOC Act for the 2016/17 financial year.

## 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 2016/17.

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

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

On 8 June 2017 the shareholding Ministers approved the establishment of a separate Risk Committee. The Risk Committee comprises Marita Corbett (Chair), Leo Zussino, Grant Cassidy and Peta Jamieson. The Committee is assisted by the CEO, Commercial General Manager, and the Safety Environment & Risk General Manager.

The responsibilities of the Risk Committee include, but are not limited to:

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

- risk treatment and mitigation policies and procedures developed by management, including procedures for periodic and critical reporting of matters to the Board and the Committee
- the review of management's implementation of GPC's risk treatment and mitigation policies and procedures, to assess compliance and effectiveness.

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 Leo Zussino (Chairman), Gail Davidson, Peta Jamieson and Peter Corones AM. The Committee was assisted by the CEO, Commercial General Manager, and the People and Community General Manager.

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

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

The Human Resources Committee continued to review and approve GPC's strategic plans for Health and Safety. During 2016/17 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 2016/17 details of Directors' remuneration are disclosed in the Notes to the Accounts in accordance with GOC remuneration disclosure requirements (see Note 20).

### Remuneration for Senior Management

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

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. General Managers' remuneration and associated responsibilities are benchmarked against the market by an independent Human Resources consulting firm approved by Queensland Government. Details of General Managers' remuneration are disclosed in the Notes to the Accounts in accordance with GOC remuneration disclosure requirements (see Note 20).

### Performance based payments for General Managers

General Managers' 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 2016/17.

# FINANCIAL OVERVIEW

*In 2016/17, a 100% dividend was paid to shareholding Ministers*

## Company performance

In 2016/17 GPC delivered a NPAT of \$72.0M, a 14% decrease from \$83.3M in 2015/16. The profit and loss includes the effect of asset revaluations which increased profit by \$6.3M (2015/16 a decrease of \$10.8M).

GPC continues to experience growth in shipments with a record tonnage throughput of 121.2Mt achieved across the three ports, this is a 3% increase from 2015/16.

Import/export tonnes at the Port of Gladstone totalled 120.4Mt, Port of Rockhampton 0.2Mt, and Port of Bundaberg 0.6Mt.

Coal tonnages were 68.9Mt; a 4% decrease from 2015/16. The coal industry has faced market challenges, however some growth for 2018 is predicted at the RG Tanna and Wiggins Island coal terminals.

During the 2016/17 financial year 19.4Mt (2015/16: 12.2Mt) of shipments of Liquefied Natural Gas (LNG) occurred as the industry continues to ramp up production. Other trades were stable at approximately 32.9Mt.

Import / export tonnes at the Port of Bundaberg and the Port of Rockhampton also remained stable.

2017/18 is forecast to see further growth in tonnage throughput through the Port of Gladstone, predominantly via three LNG export facilities on Curtis Island (two of which are expected to become operational during the year) and the export of coal through WICET.

## Revenue

Total income of \$470.9M, included sales revenue of \$424.1M, down 0.5% from record sales in 2015/16, and other income of \$32.2M. Other income has decreased from \$48.2M (2015/16) primarily as a result of a settlement for terminating the terminal operating agreement of Wiggins Island Coal Terminal that occurred in 2015/16.

## Expenses

Operational expenses (before depreciation) increased this year by 5% to \$133.7M, again, primarily due to bad debts of \$16.7M being incurred following the failure of several coal customers during 2016/17 and a provision for rehabilitation of \$14.0M. Energy costs inclusive of diesel fuel and electricity showed increases in price during 2016/17. Total employee expenses remained stable at \$124.3M. This was driven largely by GPC not filling vacancies except where necessary following a downturn in the coal industry.

Table 6: Local, Regional and State procurement

	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Total procurement</b>	275,262	237,093	269,934	198,827	191,714
<b>Local, Regional and State procurement</b>	254,634	190,164	200,277	150,922	146,511
<b>Local, Regional and State procurement as a % of total spend</b>	93%	80%	74%	76%	76%

During the period total FTE numbers reduced by 6 to 725 at the end of the year.

## Support for our local businesses

The application of our purchasing policies and practices ensures that GPC makes a broader economic contribution through the continued support of local, regional and state businesses. This year 76% of our operational spend was in Queensland. Of this 47% (or approximately \$89.6M) was spent with local and regional suppliers on a diverse range of services and products (see Table 6). This outlay increased on the value of last year's local procurement.

## Capital expenditure

Our capital expenditure program is aligned with our growth strategy. This year it delivered further capability to support capacity requirements to ensure that we continue to meet customer demands. New capital works totalled \$58.5M across all new and prior approved works (2015/16: \$67.9M).

## Operating cash flow

A net decrease in cash and cash equivalents of \$18.1M occurred this year. Cash funds decreased primarily as a result of paying a dividend of \$405.8M. \$58.5M was invested in new and replacement infrastructure assets.

## Statement of Financial Position

Our balance sheet remains in a strong position with net assets of \$1,067.9M. Current assets remained stable at \$256.8M, the decrease in cash being offset by an increase in debtors.

Non-current assets increased by \$110.5M. The largest contributor to this was revaluations, which after adjustment for fair market values, increased total asset values by \$119.6M. Current liabilities decreased by

66% to \$171.1M. This was a result of the payment of dividends of \$405.8M during 2016/17 that were provided in 2015/16. Non-current liabilities increased by \$361.1M, as a result of borrowing \$315M to fund the dividend payment and the deferred tax provision increasing by \$34.0M as a result of the valuations of non-current assets.

## Debt position

GPC at 30 June 2017, has loans with Queensland Treasury Corporation totalling \$778.8M. GPC borrowed \$315M in 2016/17 to fund the special dividend. GPC's current Debt to Debt + Equity ratio is 42.17.

## 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 2017 negotiations continued with major customers and government to finalise these agreements.

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

### THROUGHPUT IN 2016/17

**121.2Mt**

Total throughput  
(2015/16: 116.7Mt)

**567.7Kt**

Port of Bundaberg  
throughput  
(2015/16: 516Kt)

**233.3Kt**

Port of Rockhampton  
throughput  
(2015/16: 227Kt)

**120.4Mt**

Port of Gladstone  
throughput  
(2015/16: 115.9Mt)

### MAJOR INDUSTRY 2016/17

**68.9Mt**

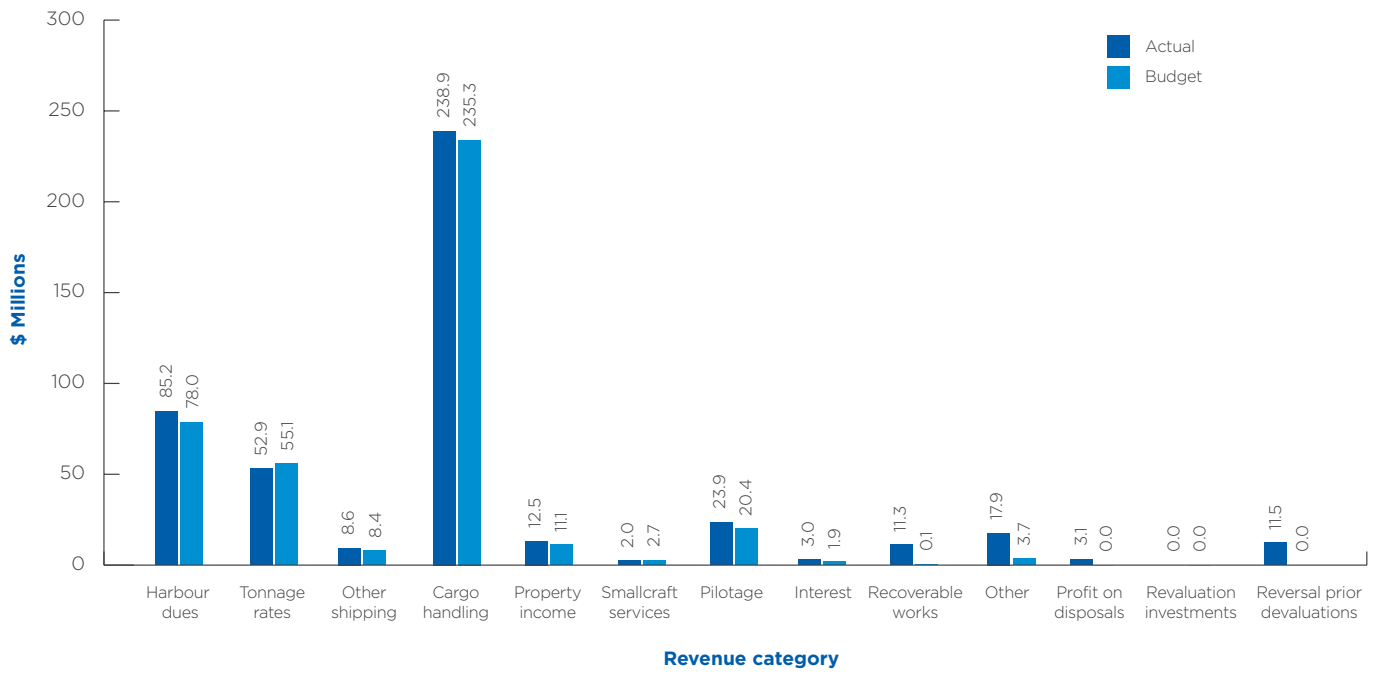
Coal exports  
(2015/16: 72.2Mt)

**19.4Mt**

LNG throughput  
(2015/16: 12.1Mt)

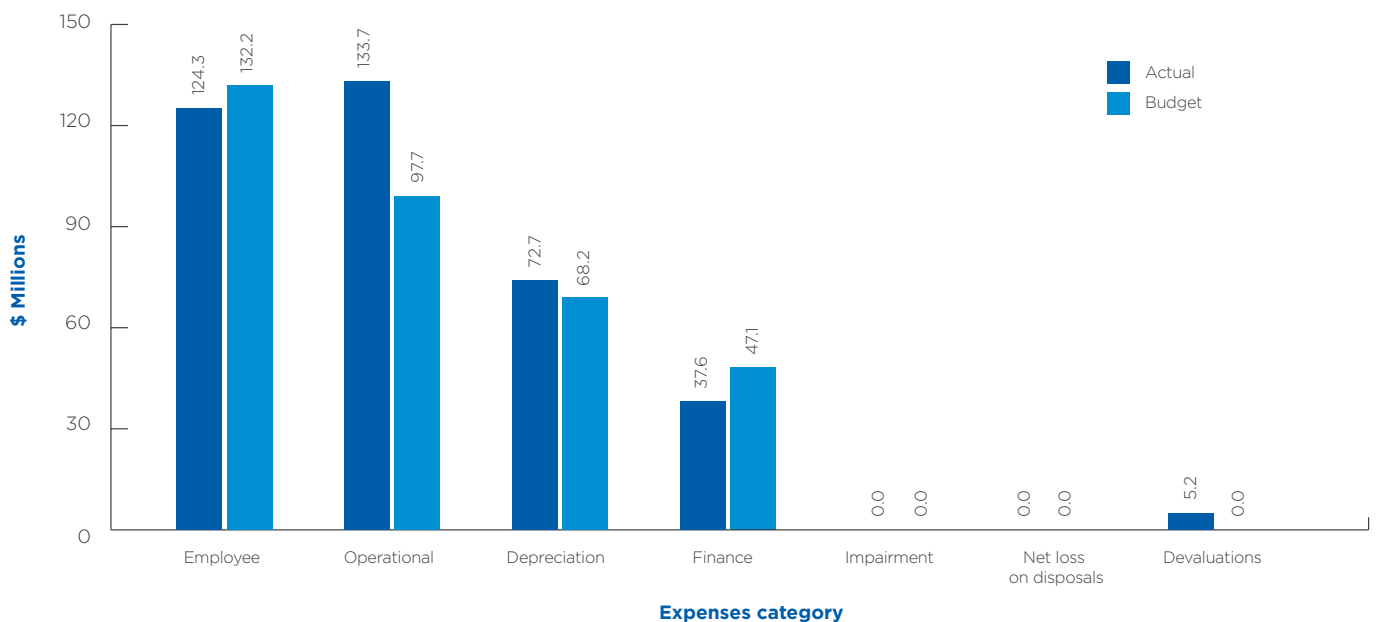
**27.9Mt**

Bauxite / Alumina industry throughput  
(2015/16: 26.8Mt)



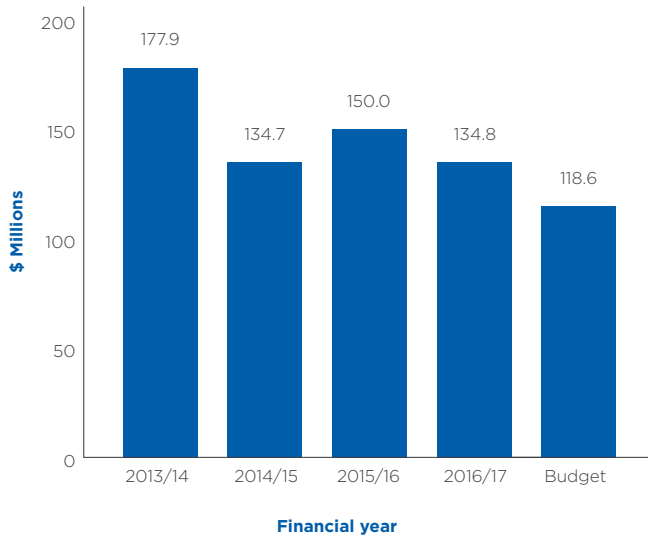
## Revenue

Total revenue decreased in 2016/17 due to one off revenue from the termination of the WICET terminal operating agreement occurring in 2015/16.



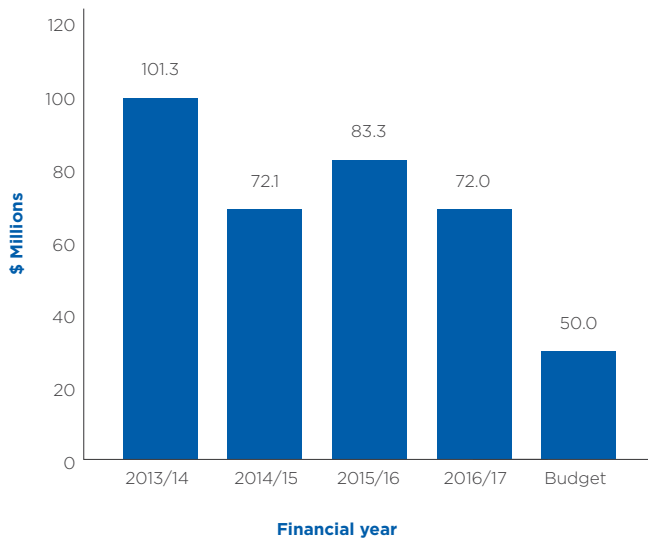
## Expenses

Employee expenses remained static in 2016/17 as a result of vacant positions not being filled due to the downturn in coal throughput at GPC terminals. Operational expenses increased \$6.1M as a result of a provision for rehabilitation of \$14.0M.



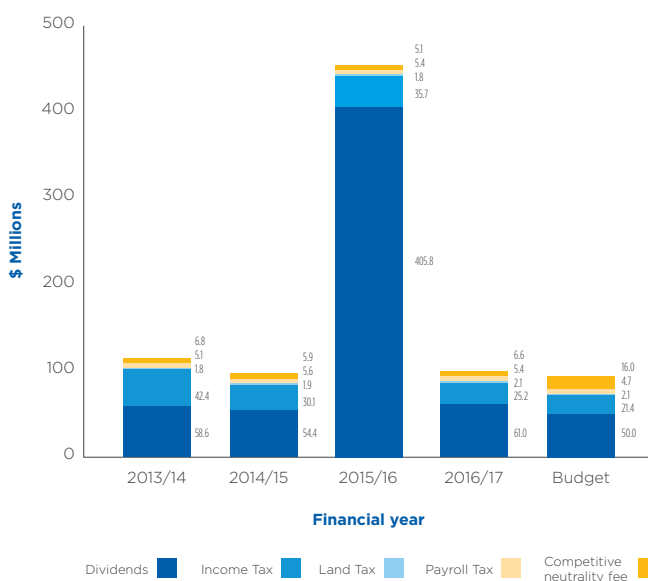
### EBIT

EBIT decreased by 10% in 2016/17. This has mainly been a result of reduction in one off revenue compared to prior years.



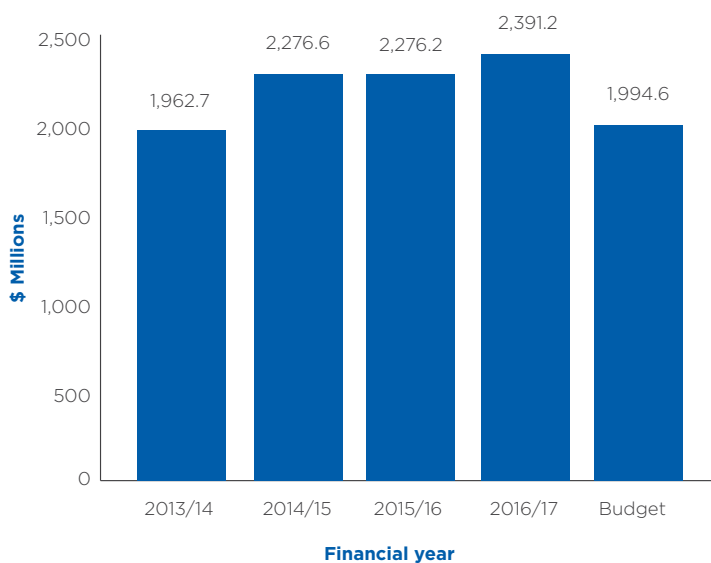
### NPAT

NPAT decreased 14% in 2016/17, in line with the EBIT decrease.



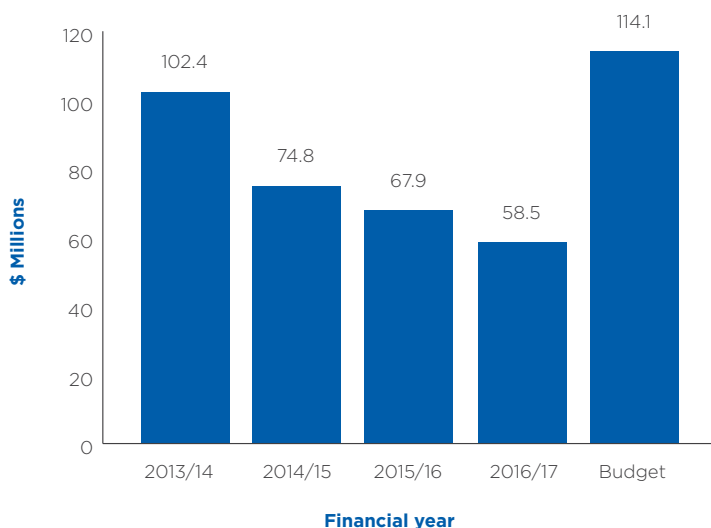
### Dividends and taxes

The 2016/17 dividend is a decrease of 85% on the prior year. This is a result of a special dividend of \$315M being provided in 2015/16 which was funded entirely from borrowings. In addition the annual dividend rate increased from 80% of adjusted after tax profits to 100% from 2015/16.



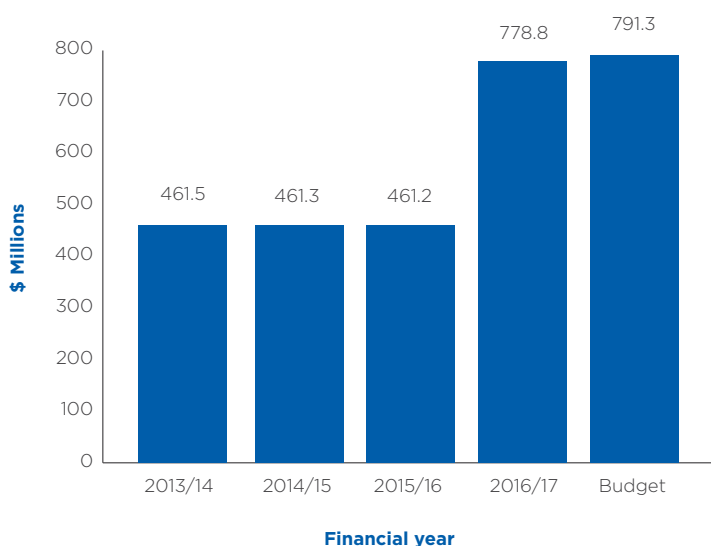
### Total assets

Total assets increased 5% in 2016/17, predominantly as a result of asset revaluation outcomes.



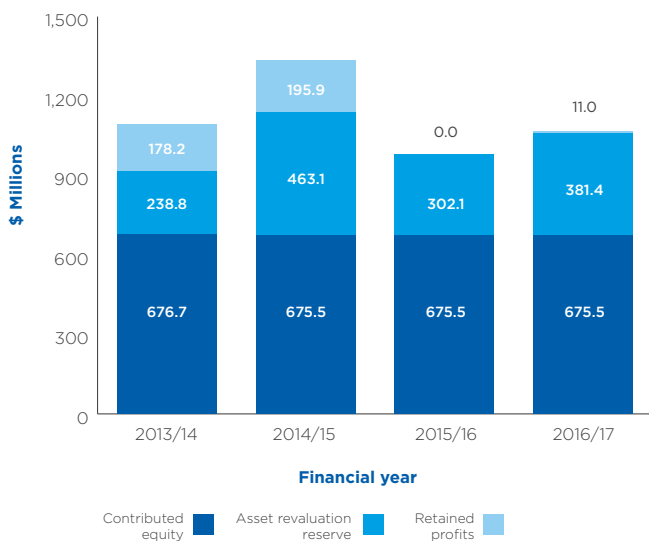
### Capital expenditure

Capital expenditure of \$58.54 M was incurred in 2016/17. The major projects included continuation of the EIS for the channel duplication project, continuation of the Control System upgrades, and the continuation of major structural refurbishment of the CC1A conveyor stream at RGTCT. Capital expenditure is forecast to remain high during 2017/18 as existing projects continue and new projects such as the Clinton vessel interaction project are undertaken.



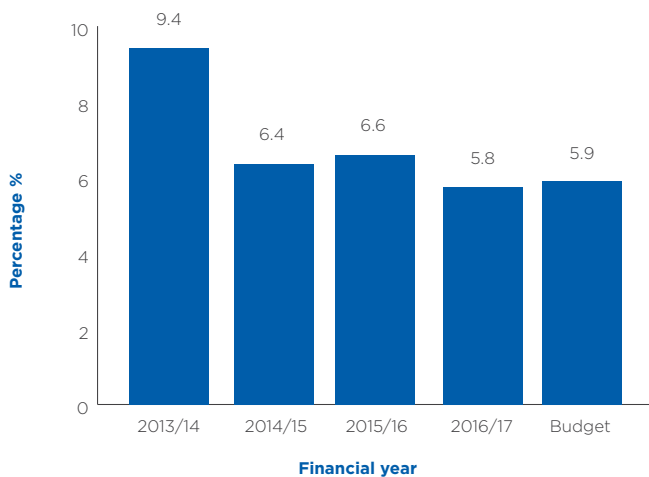
### Interest bearing liability

Interest bearing liabilities increased 69% due to \$315 of borrowings to fund the \$315M special dividend provided for in 2015/16.



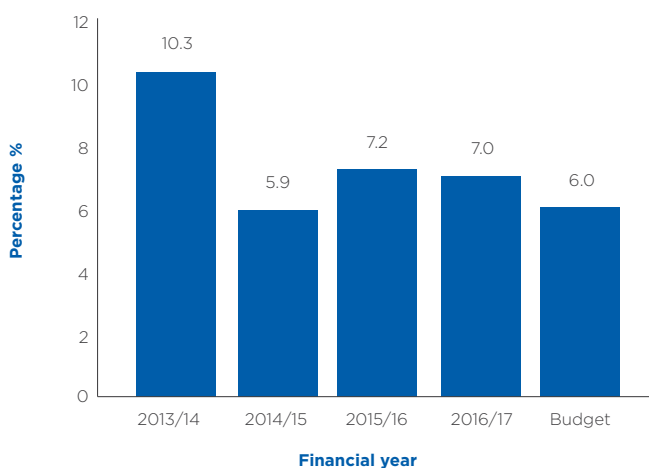
### Shareholder equity

Contributed equity remained static in 2016/17. The asset revaluation reserve increased significantly to incorporate outcomes from the asset revaluation during 2016/17. The predominant value of the devaluation was assigned to plant assets, with investment land devaluations being reflected in the Consolidated Statement of Profit and Loss.



### Return on assets

Return on assets decreased for 2016/17 to 5.8% as a result of reduced profitability and increased asset values in 2016/17.



### Return on equity

Return on equity decreased in 2016/17 to 7.0% as profits decreased coupled with the increase in equity following the 2016/17 asset revaluations.



# GLADSTONE PORTS CORPORATION LIMITED

---

ACN 131 965 896 • ABN 96 263 788 242

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

### Purpose and scope

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

These statements have been prepared to:

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

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

# TABLE OF CONTENTS

---

Directors' Report for the year ended 30 June 2017 .....	65
Auditor's Independence Declaration for the year ended 30 June 2017 .....	71
Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2017 .....	72
Consolidated Statement of Financial Position as at 30 June 2017 .....	73
Consolidated Statement of Changes In Equity for the year ended 30 June 2017 .....	74
Consolidated Statement of Cash Flows for the year ended 30 June 2017 .....	75
Notes to the Consolidated Financial Statements for the year ended 30 June 2017 .....	76
1. General information .....	76
2. Basis of preparation .....	76
3. Significant accounting judgements, estimates and assumptions .....	78
4. Subsidiaries .....	78
5. Parent entity information .....	79
6. Segment information .....	81
7. Profit from operating activities .....	81
8. Income tax equivalent .....	82
9. Cash and short-term deposits .....	85
10. Trade and other receivables .....	85
11. Property, plant and equipment .....	87
12. Investment properties .....	92
13. Trade and other payables .....	93
14. Loans and borrowings - non-current .....	94
15. Provisions .....	94
16. Issued capital .....	96
17. Financial instruments risk management .....	96
18. Commitments and contingencies .....	99
19. Auditor's remuneration .....	99
20. Key management personnel disclosures .....	100
21. Related party disclosure .....	103
22. Number of employees .....	104
Directors' Declaration .....	105
Independent Auditor's Report .....	106
Glossary of terms .....	108

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The Directors present their report together with the consolidated financial statements of Gladstone Ports Corporation Limited, being Gladstone Ports Corporation Limited (the parent) and its controlled entities (Gladstone Marine Pilot Services Pty Ltd and Gladstone WICET Operations Pty Limited) for the year ended 30 June 2017 and the auditor's report thereon.

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

In order to comply with the provisions of the *Corporations Act 2001* the Directors submit their report for the year ended 30 June 2017.

## Directors

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

### Chairman

#### Leo Zussino BE, MBA

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

During the past 30 years Leo has held senior executive and non-executive positions in both private and public sectors. He has extensive experience as a non-executive Chairman of Australian and Queensland Government and Industry Boards, and is a past CEO of the Group (2000 to 2013). Leo has a strong track record in strategic and corporate planning, and major economic infrastructure project facilitation and delivery. This has provided solid commercial outcomes, resulted in operational excellence, created robust commercial partnerships, and led to long-term successful industrial and Government relationships. Leo has served as Chairman of Australian Maritime Safety Authority (2008 to 2014), Chairman of Gladstone Economic & Development Board (2001 to 2012), President of Ports Australia (1996 to 1998), Chairman of Queensland Ports Authority Association (1992 to 1999), and a Council Member of CQ University (1990 to 2001).

#### Judy Reynolds, BBus, CA, MAICD

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

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

### **Peter Corones AM**

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

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

### **Gail Davidson, FAICD**

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

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

### **Grant Cassidy FAICD**

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

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

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

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

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

### **Marita Corbett BCom, CA**

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

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

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

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

### **Previous Director**

#### **Helen Skippen, B.Bus, MBA, GAICD**

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

## Company Secretary

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

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

## Principal activities

The consolidated entity's principal activities are to:

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

## Operating results for the year

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

## Auditor independence

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

## Dividends

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

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

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

## Review of financial conditions and likely developments

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

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

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

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

## Significant changes in the state of affairs

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

## Environmental regulation

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation. Refer to comments under the section 'Environment and Sustainability' of the 2017 Annual Report.

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

## Indemnification and insurance of Directors and Officers

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

Under the policy the insurer agrees to pay:

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

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

## Directors' attendance at Board and Committee meetings

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

## Committee membership

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

### Audit and Compliance Committee:

Judy Reynolds – Chair  
Leo Zussino  
Grant Cassidy  
Marita Corbett

### Human Resources Committee:

Leo Zussino – Chairman  
Gail Davidson  
Peter Corones AM  
Peta Jamieson

### Risk Committee

Marita Corbett – Chair  
Leo Zussino  
Grant Cassidy  
Peta Jamieson

## Directors' interests

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

## Remuneration of key management personnel

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

## Risk management

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

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

## Proceedings on behalf of company

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

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

## Subsequent events

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

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



Leo Zussino  
Chairman

Dated: 29 August 2017



# AUDITOR'S INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017

To the Directors of Gladstone Ports Corporation Limited

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

## Independence declaration

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

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



D Adams  
As delegate of the Auditor-General

Queensland Audit Office  
Brisbane

# Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017

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

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

AS AT 30 JUNE 2017

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

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Issued capital	Asset revaluation reserve	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000
<b>Opening balance at 1 July 2015</b>		<b>675,496</b>	<b>463,131</b>	<b>195,927</b>	<b>1,334,554</b>
<b>Total comprehensive income attributable to owners of the equity</b>					
Profit or loss		-	-	83,298	83,298
Other comprehensive income		-	(34,419)	-	(34,419)
<b>Transfers within equity</b>					
Disposal of revalued assets		-	(8)	8	-
<b>Transactions with owners in their capacity as owners</b>					
Dividends proposed	15	-	(126,594)	(279,233)	(405,827)
<b>Closing balance as at 30 June 2016</b>		<b>675,496</b>	<b>302,110</b>	<b>-</b>	<b>977,606</b>
<b>Opening balance as at 1 July 2016</b>		<b>675,496</b>	<b>302,110</b>	<b>-</b>	<b>977,606</b>
<b>Total comprehensive income attributable to owners of the equity</b>					
Profit or loss		-	-	72,036	72,036
Other comprehensive income		-	79,338	-	79,338
<b>Transfers within equity</b>					
Disposal of revalued assets		-	(37)	37	-
<b>Transactions with owners in their capacity as owners</b>					
Dividends provided for or paid	15	-	-	(61,037)	(61,037)
<b>Closing balance as at 30 June 2017</b>		<b>675,496</b>	<b>381,411</b>	<b>11,036</b>	<b>1,067,943</b>

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2017

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

The accompanying notes form part of these financial statements.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

## 1. General information

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

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

The consolidated entity's principal activities are to:

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

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

## 2. Basis of preparation

### (1) Presentation

#### Historical cost convention

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

#### Functional currency

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

#### Rounding of amounts

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

#### Classification between current and non-current

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

#### Foreign currency transactions and balances

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

## 2. Basis of preparation (cont)

### (1) Presentation (cont)

#### Comparatives

Comparative information reflects the audited 2015-16 financial statements.

#### Goods and services tax (GST)

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

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

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

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

### (2) Basis of consolidation

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

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

### (3) Statement of compliance

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

The consolidated financial statements of Gladstone Ports Corporation Limited and its subsidiaries (collectively, 'the Group') for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 29 August 2017.

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

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

#### Accounting policies

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

#### Accounting Standards and Interpretation issued but not yet effective

The Group has not adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2017. These are outlined in the table below:

## 2. Basis of preparation (cont)

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

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

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

## 3. Significant accounting judgements, estimates and assumptions

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

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

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

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

## 4. Subsidiaries

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

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



## 4. Subsidiaries (cont)

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

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

2016 Subsidiary	Total assets	Total liabilities	Total revenue	Profit/(loss) before tax
	\$'000	\$'000	\$'000	\$'000
Gladstone Marine Pilot Services Pty Ltd	5,512	5,512	18,987	-
Gladstone WICET Operations Pty Ltd	-	-	-	-

## 5. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

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

## 6. Segment information

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

## 7. Profit from operating activities

### (a) Revenue

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

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

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

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

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

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

## 7. Profit from operating activities (cont)

### (b) Expenses

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

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. No borrowing costs were capitalised in 2017 or 2016.

## 8. Income tax equivalent

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

### Current income tax

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

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity. Tax assets and liabilities are offset if the underlying taxes relate to the same taxation authority.

### Tax consolidation

GPC and its wholly-owned entities are a tax consolidated group for income tax purposes. The head entity in this Group is Gladstone Ports Corporation Limited. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax consolidated group are recognised by the Company.

#### (a) Income tax equivalent expense

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

## 8. Income tax equivalent (cont)

### (b) Amounts charged or credited directly to equity

*Deferred income tax related to items charged or credited directly to equity*

Net gain on revaluation of property plant and equipment

#### Deferred income tax reported in equity

2017	2016
\$'000	\$'000
247,314	213,312
<b>247,314</b>	<b>213,312</b>

### (c) Income tax payable

Opening balance

Charged to income

Payments

#### Closing balance

2017	2016
\$'000	\$'000
7,535	11,469
31,116	30,443
(29,801)	(34,377)
<b>8,850</b>	<b>7,535</b>

### (d) Deferred tax asset

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

Long service leave

Sick leave

Annual leave

Accumulated time off

Public holidays

Provision for obsolete stock

Accrued expenses

Unrealised loss on financial instruments

Provision for rehabilitation

Provision for revenue received in advance

#### Closing balance

2017	2016
\$'000	\$'000
6,351	6,320
2,913	2,876
4,725	4,565
141	152
54	53
3	3
23	11
15	30
3,054	-
1,126	-
<b>18,405</b>	<b>14,010</b>

Opening balance

Amount credited to Statement of Profit and Loss and Other Comprehensive Income

#### Closing balance

2017	2016
\$'000	\$'000
14,010	12,991
4,395	1,019
<b>18,405</b>	<b>14,010</b>

## 8. Income tax equivalent (cont)

### (e) Deferred tax liability

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

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

## 9. Cash and short-term deposits

Cash at bank earns interest at floating rates based upon daily bank deposit rates. Money market investments are limited to investments in bank-backed securities or short-dated securities guaranteed by the Commonwealth or the State. Credit risk exposure on these investments is minimised by the short-term nature of the investment. Cash at bank and on call includes restricted amounts. A balance of \$16,231,990 (2016: \$13,333,672) relates to LNG projects and Port Service Agreement retentions held, and may only be used in relation to these matters.

Note	2017	2016
	\$'000	\$'000
Cash on hand	4	4
Cash at bank	39,571	43,704
Queensland Treasury Corporation - cash on call	120,160	134,110
<b>Total</b>	<b>159,735</b>	<b>177,818</b>

17(e)

## 9. Cash and short-term deposits (cont)

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

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

## 10. Trade and other receivables

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

## 10. Trade and other receivables (cont)

Reconciliation of impaired debts:

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

Where receivables are beyond normal trading terms, the likelihood of the recovery of these receivables is assessed by management. All receivables are assessed on an individual basis. GPC wrote off one bad debt from a coal company during the year that represented the majority of the bad debts written off. Legal efforts are being made to recover the debts but the amount is not considered recoverable.

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

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

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

The major component of debtor exposure is to coal producers using the Port of Gladstone for the export of product. Coal producers are mostly major listed companies or their related companies and account for 71% (2016: 67%) of trade debtors at balance date. Credit is only available to established customers on 30-day terms except in the case of coal exporters who may be required to make payment within 14 days of receipt of monthly statements. Credit risk exposure is minimised in the case of term leases where personal guarantees are required from directors of small private companies. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Refer to Note 17(a) credit risk exposure for further information.



## 11. Property, plant and equipment

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

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

## 11. Property, plant and equipment (cont)

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

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

## 11. Property, plant and equipment (cont)

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

### Initial recognition

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

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

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

### Depreciation

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

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

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

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

### Disposal

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

## 11. Property, plant and equipment (cont)

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

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

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

### (c) Valuations

#### Measurement after recognition

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

Categorisation of fair values recognised as at 30 June 2017:

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

## 11. Property, plant and equipment (cont)

### (c) Valuations (cont)

There were no transfers between the levels during the year.

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

Level 3 input	-0.5%	Rate used by the Group	+0.5%
WACC rate (used 6.3%)	\$2.327B	\$1.998B	\$1.746B
CPI (used 2.5%)	\$1.962B	\$1.998B	\$2.180B

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

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

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

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

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

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

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

## 11. Property, plant and equipment (cont)

### (c) Valuations (cont)

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

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

## 12. Investment properties

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

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

## 12. Investment properties (cont)

reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

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

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

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

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

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

## 13. Trade and other payables

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

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

## 14. Loans and borrowings – Non-current

Note	2017	2016
	\$'000	\$'000
<b>Non-current</b>		
Queensland Treasury Corporation loans	778,834	461,193

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

The Queensland Treasury Corporation loans comprise advances made under one client specific pool arrangement (CSP). The CSP will comprise a combination of bonds and floating rate debt so that the weighted average term of the underlying cash flows of these instruments matches the weighted average term of the underlying cash flows of the Group's loans. The CSP with a book value of \$778,834,114 is used for the Group's normal operations. This is unsecured.

### Fair values

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

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

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

## 15. Provisions

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

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

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

### (ii) Long service leave and personal leave

The Group does not expect its long service leave or personal leave provisions to be settled wholly within the twelve months of the reporting date. The provisions have been calculated using anticipated wage and salary rates including related on-costs and expected settlement dates based on usage patterns and is discounted using rates attaching to corporate bond rates at balance date which most closely match the terms of the maturity of the related liabilities.

### (iii) Superannuation

Superannuation is provided for on an incurred basis through the Statement of Profit and Loss and Other Comprehensive Income. No liability is recognised for accruing superannuation benefits in relation to defined benefits schemes as this liability is held on a whole of Government basis and reported in the whole of Government financial statements prepared in accordance with the terms of AASB31 Financial Reporting by Governments.



## 15. Provisions (cont)

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

### Employee benefits

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

### Dividends

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

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

### Provision movements

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

## 16. Issued capital

### Issued capital

Authorised to issue – ordinary shares

Issued – ordinary shares fully paid

2017	2016
No.	No.
1,000,000,000	1,000,000,000
402,066,818	402,066,818

The shares have no par value.

## 17. Financial instruments risk management

GPC has exposure to credit risk, foreign currency risk, liquidity risk, interest rate risk and capital management risk from its use of financial instruments. The Group's financial instruments comprise receivables, payables, bank loans, cash and short-term deposits and derivatives. The Directors have reviewed the Group's held to maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity.

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

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

### (a) Credit risk exposure

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

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

### (b) Foreign currency risk

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

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

As at 30 June 2017 the Group had entered into one forward contract to purchase US dollars for a dozer to be purchased in December 2017. As of 30 June 2016 the Group had entered into one forward contract to purchase US dollars for a dozer purchased in December 2016.

These derivatives provide economic hedges, but do not qualify for hedge accounting. The market value is presented, whereas for the other obligations the respective undiscounted cash flows are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based upon the conditions existing at 30 June 2017.

## 17. Financial instruments risk management (cont)

### (c) Liquidity risk

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

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

### *Maturity analysis of financial liabilities based upon management's expectations*

<b>Year ended 30 June 2017</b>		<b>Note</b>	<b>&lt; 1 year</b>	<b>1 - 5 Years</b>	<b>&gt; 5 years</b>	<b>Total</b>
			<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial liabilities</b>						
Trade and other payables	13		59,547	7,860	12,304	<b>79,711</b>
Interest bearing loans and borrowings	14		-	-	778,834	<b>778,834</b>
Dividend provision	15		61,037	-	-	<b>61,037</b>
			<b>120,584</b>	<b>7,860</b>	<b>791,138</b>	<b>919,582</b>
<b>Year ended 30 June 2016</b>		<b>Note</b>	<b>&lt; 1 year</b>	<b>1 - 5 Years</b>	<b>&gt; 5 years</b>	<b>Total</b>
			<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial liabilities</b>						
Trade and other payables	13		50,767	7,860	14,269	<b>72,896</b>
Interest bearing loans and borrowings	14		-	-	461,193	<b>461,193</b>
Dividend provision	15		405,827	-	-	<b>405,827</b>
			<b>456,594</b>	<b>7,860</b>	<b>475,462</b>	<b>939,916</b>

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

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

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

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

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow. At balance date the Group had \$30,000,000 (2016: \$30,000,000) of unused credit facilities available for use.

## 17. Financial instruments risk management (cont)

### (d) Interest rate risk exposure

The Group's exposure to interest rate risk relates primarily to the Group's long-term debt obligations. The level of debt is disclosed in Note 14.

At 30 June 2017 the Group's financial assets and liabilities exposed to variable interest rate risk consisted of cash and cash equivalents and interest bearing loans and liabilities only. The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Group constantly analyses its interest rate exposure where consideration is given to the mix of fixed and variable interest rates.

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

	Post-tax profit		Equity	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
+1% (100 basis points)	(778)	(469)	(778)	(469)
-1% (100 basis points)	778	476	778	476

### (e) Net fair value

Cash at bank and at call are valued as the amount of the deposit or the purchase price of the underlying security. Receivables are carried at the nominal amount due, less provision for impaired debts which represents the assessed credit risk. Liability to trade creditors is recognised on receipt of goods and services at nominal value. Payment would normally occur within 30 days. Borrowings outstanding at 30 June 2017 have been valued at book using long-term interest rates negotiated with Queensland Treasury Corporation.

### (f) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group will return a dividend for the 2017 financial year equal to \$61.037M being 100% of adjusted profits after tax. The increased dividend payout ratio of 100% and the additional distribution of \$315M in 2016 facilitated the regearing of the Group to the extent of funding the \$315M distribution from long-term borrowings.

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

## 18. Commitments and contingencies

### Operating lease commitments – Group as lessor

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

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

### Operating lease commitments – Group as lessee

These leases relate to office equipment and light vehicles:

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

### Capital expenditure commitments contracted but not provided for:

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

### Contingent assets and liabilities

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

## 19. Auditor's remuneration

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

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

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

## 20. Key management personnel disclosures

### Shareholding Ministers

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

### Directors (short-term and post-employment benefits)

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

### Specified executives

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

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

From 2014 all new senior executive appointments are on tenure. Senior executives employed prior to this date are employed on fixed three-year terms, otherwise their terms and conditions of employment are the same. Where existing executive contracts are renewed the Board reviews whether to move the executive to tenure from fixed term contracts. All senior executives' remuneration levels increase in line with the market assessments up to a maximum of 10% per annum where remuneration remains below the market median. Where remuneration is above market median annual increases are restricted to CPI increases. There are no at risk benefits to senior executives. Separation benefits, in the event of termination by the Group, other than for misconduct, are allowed for in the agreements. The Chief Executive Officer is entitled to three months' notice, or payment in lieu of notice as well as a separation payment of the lesser of 12 months' pay and the amount which would otherwise be paid between the determination date and the end of the contract term. Senior executives are entitled to four weeks' notice or payment in lieu. In the event of a position being made redundant the executive is entitled to eight weeks pay plus three weeks' pay for each year of service, up to a maximum of 52 weeks. In accordance with Ministerial guidelines details of Directors and the senior executives of the entity with the greatest authority in office at 30 June 2017 are as follows:

## 20. Key management personnel disclosures (cont)

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

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

## 20. Key management personnel disclosures (cont)

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

<sup>1</sup> Appointed 25 July 2016

<sup>3</sup> Resigned 29 January 2016

<sup>2</sup> Appointed 12 October 2015

<sup>4</sup> Terminated 13 January 2017

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



## 21. Related party disclosure

### Control

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

### Key management personnel

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

### Transactions with related parties

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

### Transactions with State of Queensland controlled entities

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

### Intercompany transactions

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

### Revenue

#### Gladstone Ports Corporation Limited

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

#### Gladstone Marine Pilot Services Pty Ltd

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

### Expenses

#### Gladstone Ports Corporation Limited

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

## 21. Related party disclosure (cont)

### Gladstone Marine Pilot Services Pty Ltd

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

### Debtors

#### Gladstone Marine Pilot Services Pty Ltd

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

### Creditors

#### Gladstone Marine Pilot Services Pty Ltd

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

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

### Guarantees

No guarantees have been given or received.

## 22. Number of employees

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

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

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



## Gladstone Ports Corporation

# DIRECTORS' DECLARATION

The Directors declare that:

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

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

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

On behalf of the Directors



L Zussino  
**Chairman**

Dated: 29 August 2017



J Reynolds  
**Director**

Dated: 29 August 2017

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Gladstone Ports Corporation Limited

### Report on the Financial Report

#### Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the group's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards.

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

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

#### Basis for opinion

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

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

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

#### Other information

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

Those charged with governance are responsible for the other information.

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

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

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

I have nothing to report in this regard.

#### Responsibilities of the company for the financial report

The company's directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Corporations Act 2001*, the Corporations Regulations 2001 and Australian Accounting Standards,

and for such internal control as the company's directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the financial report

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

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

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

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



D Adams FCPA  
as delegate of the Auditor-General



Queensland Audit Office  
Brisbane

# GLOSSARY OF TERMS

ABF	Australian Border Force
APLNG	Australia Pacific LNG Pty Limited
B2B	Business to Business
BsB Fund Run	Bridge to Botanic Fund Run
BRAR	Benthic Photosynthetic Active Radiation
C2C	Coal to Coast
CC1A	Coal Conveyor 1A
CEO	Chief Executive Officer
CCTV	Closed Circuit Television
CIO	Cross Industry Operations
CIP	Community Investment Program
CQPA	Central Queensland Port Authority
CVIP	Clinton Vessel Interaction Project
DOEE	Department of Environment and Energy
DS1	Dumpstation 1
EA	Enterprise Agreement
EBA	Enterprise Bargaining Agreement
EBIT	Earnings Before Interest and Tax
EDMS	Environmental Database Management System
EEO	Equal employment opportunity
EIS	Environmental Impact Statement
FTE	Full Time Equivalent
GBRWHA	Great Barrier Reef World Heritage Area
GBRMP	Great Barrier Reef Marine Park
GHHP	Gladstone Healthy Harbour Partnership
GAPDL	Gladstone Area Promotion and Development Ltd
GLNG	Gladstone LNG Operation Pty Ltd
GMPS	Gladstone Marine Pilot Services Pty Ltd
GOC	Government Owned Corporation
GOC Act	<i>Government Owned Corporations Act 1993 (Qld)</i>
GPC	Gladstone Ports Corporation Limited
GWO	Gladstone WICET Operations Pty Ltd
ha	Hectares
HR	Human Resources

ILUA	Indigenous Land Use Agreement
LNG	Liquefied Natural Gas
LTl	Lost Time Injuries
LTIFR	Lost Time Injury Frequency Rate
M	Million
MSQ	Maritime Safety Queensland
MSIC	Maritime Security Identification Card
Mt	Million tonnes
NRW	National Reconciliation Week
OTS	Office of Transport Security
Port Alma	Port Alma and Port of Rockhampton refer to the one port precinct. The terms are interchangeable
PCCC	Port Curtis Coral Coast
PID	Public Interest Disclosure
Port of Rockhampton	Port Alma and Port of Rockhampton refer to the one port precinct. The terms are interchangeable
QAL	Queensland Alumina Limited
QCLNG	Queensland Curtis LNG Pty Ltd
QITRC	Quoin Island Turtle Rehabilitation Centre
RAP	Reconciliation Action Plan
RDOs	Rostered days off
RG TCT	RG Tanna Coal Terminal
SCI	Statement of Corporate Intent
t	Tonnes
TEP	Transitional Environmental Program
TIFR	Total Injury Frequency Rate
TSHD	Trailing Suction Hopper Dredge
WBDDP	Western Basin Dredging and Disposal Project
WHA	World Heritage Area
WICET	Wiggins Island Coal Export Terminal Pty Limited
WICT	Wiggins Island Coal Terminal



## Gladstone Ports Corporation

*Growth, Prosperity, Community.*

### **Gladstone Ports Corporation Limited**

40 Goondoon St / PO Box 259 Gladstone QLD, 4680, Australia  
Ph: +61 7 4976 1333 • Fax: +61 7 4972 3045 • [www.gpcl.com.au](http://www.gpcl.com.au)  
ACN 131 965 896 • ABN 96 263 788 242