



ANNUAL REPORT



Gladstone Ports Corporation

Growth, Prosperity, Community.



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About this report

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

Our Annual Report summarises the operations, activities and performance of our three ports – Port of Gladstone, Port of Bundaberg and Port of Rockhampton – over the past year (2017/18) and our financial position as at 30 June 2018. This is communicated in a clear and transparent manner, while adhering to the legislative requirements of the GOC Act and the *Financial Accountability Act 2009 (Qld)*.

Our Annual Report reflects the progress we are making on our continuous pathway to a sustainable future, through our commitment to safe, efficient and reliable port facilities and services, while ensuring the economic, environmental and social prosperity of our region, Queensland and Australia.



This icon appears throughout our Annual Report where further information is available at the link provided.

Our contact details are provided on the back cover.

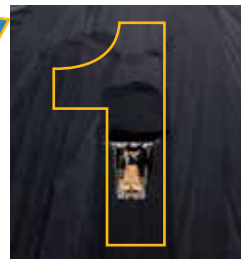
Our cover portrays several aspects of our business:



GPC has a strong focus on the efficient utilisation of our shipping channels.



In 2017/18, 4.2% of our workforce are Indigenous peoples.



The coal industry accounts for 55.9% of GPC's total throughput.



Our people continue to play a vital role on our pathway to a sustainable future.

Port profile



Our employees are empowered to strive for excellence.



Our vision

To be the most respected Ports Corporation in the Nation.



Our mission

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



Our values

Sustainability: We preserve the inherent worth of port assets for future generations.

We protect the health and safety of our people, the environment and our community. We engage with and contribute to the communities in which we operate.

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

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

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

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

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

Supported by a workforce of 746, GPC focused on promoting, facilitating and developing prosperity for the Central Queensland and Wide Bay Burnett regions during 2017/18.

Our unique portfolio of assets across three regional locations, facilitated the import and export of raw and finished products from major industries in a safe and efficient manner.

Throughput remained solid following a record 2016/17 year, with 120.2 million tonne (Mt) handled:

Port of Gladstone

119.4Mt

Port of Bundaberg

565.6Kt

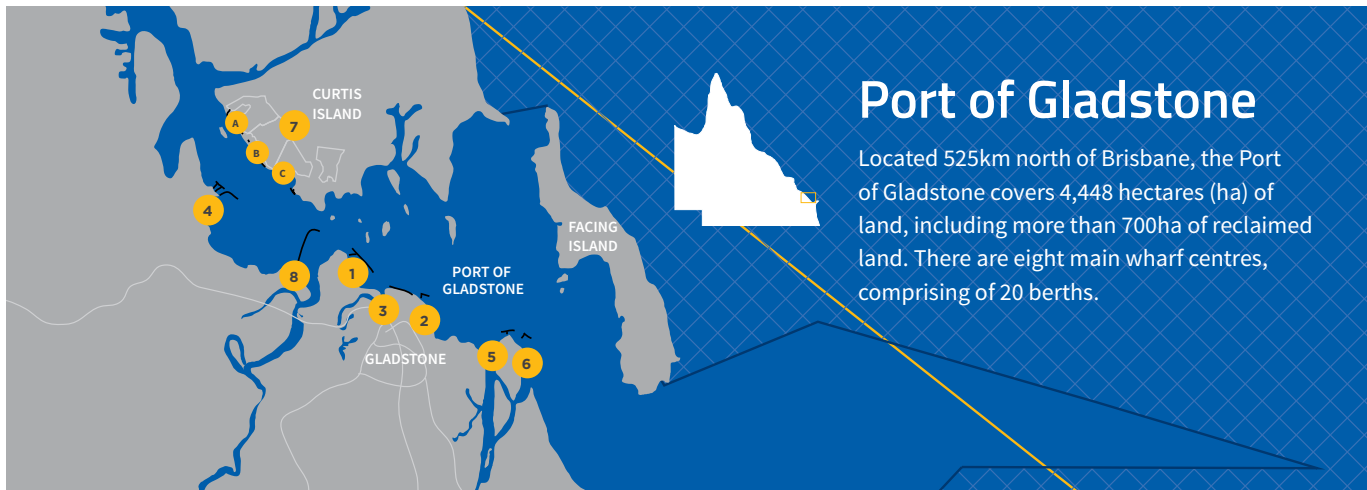
Port of Rockhampton

255.3Kt

We are unique among Australian ports corporations as we are not only a landlord ports corporation, but also own and operate cargo handling facilities within the Port of Gladstone.

In addition to our cargo handling operations, GPC's core business functions include providing and maintaining vital shipping channels and essential port services such as pilotage, towage (through an exclusive licence), quarantine and waste.

GPC also provides community parklands, manages road infrastructure and controls strategic port land.



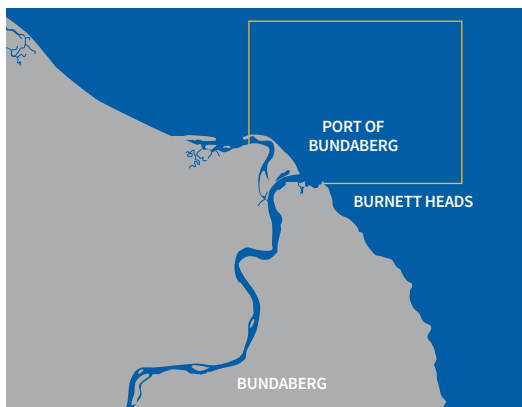
Port of Gladstone

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 of 20 berths.

- 1** RG Tanna Coal Terminal (RGCT) – four berths GPC owned and operated
- 2** Barney Point Terminal –(BPT) one berth GPC owned and operated
- 3** Auckland Point Terminal – four berths GPC owned and operated by others
- 4** Fisherman’s Landing – four berths operated by multiple companies
- 5** South Trees – two berths operated by Queensland Aluminium Limited (QAL)
- 6** Boyne Wharf – one berth owned by GPC and operated by Boyne Smelters Limited (BSL)

- 7** Curtis Island LNG Precinct – three berths, separately owned and operated by three Liquefied Natural Gas (LNG) companies:
 - A** Australia Pacific LNG (APLNG)
 - B** Queensland Curtis LNG (QCLNG)
 - C** Gladstone LNG (GLNG)
- 8** Wiggins Island Coal Terminal – one berth operated by Wiggins Island Coal Export Terminal Pty Ltd (WICET)

- Port limits
- Great Barrier Reef Marina Park Authority (GBRMPA) limits
- GBRMPA

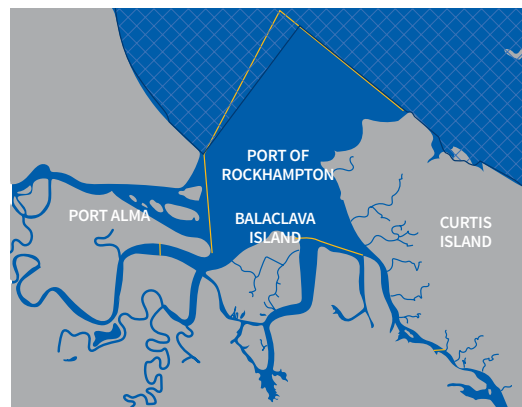


Port of Bundaberg

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

Two wharves:

- Sir Thomas Hiley Wharf – handles sugar, gypsum, wood pellets, bulk liquids, molasses and silica sand
- John T. Fisher Wharf – handles molasses imports



Port of Rockhampton

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

Two wharf facilities:

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



120.2Mt

handled at GPC's port precincts in 2017/18 - 119.4Mt at Gladstone, 565.6Kt in Bundaberg and 255.3Kt in Rockhampton.



Progressed major projects.



More than \$2.8M

invested in the Gladstone, Bundaberg and Rockhampton regions to fund community projects and provide and maintain GPC parklands.



Per- and poly-fluoroalkyl substances (PFAS) detected.



GPC celebrated

its first two trainees to graduate from the Cross Industry Operations Traineeship.



Barney Point Terminal re-established as a non-coal bulk handling facility, after 49 years as a coal terminal.



Responded to supply chain challenges.

2017/18

Highlights and challenges



100%
of employees
completed Switch On
training.

The Knauf Plasterboard Manufacturing Facility in Bundaberg commenced operations.



Targeted zero
harm in the
workplace.

Detailed design for
East Shores Stage 1B
underway.

Performance snapshot

Table 1: Five-year performance

Indicators	2013/14	2014/15	2015/16	2016/17	2017/18	% Change 2016/17 to 2017/18	Target	% Variance actual to target
Tonnage throughput (Mt)	98.3	100.0	116.7	121.2	120.2	(0.8)	127.3	5.6
Lost Time Injury Frequency Rate (LTIFR)	4.2	4.6	7.8	0.8	0.8	0.0	0	N/A
Total number of injuries	84	61	86	47	55	17.0	0	N/A
Environmental exceedances	26	8	5	7	2	(71.4)	0	N/A
Total revenue (\$M)	691.2	453.0	478.9	470.9	483.1	2.6	426.6	13.2
Earnings Before Interest and Tax (EBIT) (\$M)	177.9	134.7	150.0	134.8	129.0	(4.3)	117.8	9.5
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (\$M)	229.93	202.61	224.43	206.15	208.34	1.06	195.70	6.46
Total assets (\$M)	1,962.7	2,276.6	2,276.2	2,391.2	2,666.0	11.5	2,296.0	16.1
Return on assets (%)	9.4	6.4	6.6	5.8	5.1	(12.1)	5.2	(1.9)
Capital investment (\$M)	102.4	74.8	67.9	58.5	51.1	(12.6)	175.0	(70.8)
Dividends (\$M)	58.6	54.4	405.8	61.0	61.9	1.5	52.7	17.5
Taxes paid to all	43.8	42.7	47.9	39.2	40.7	3.8	35.3	15.3

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) (pages 6 to 9). Commentary on our performance is provided in the Financial Overview (page 50) and further information is available in the Financial Statements (page 54).

GPC's ports continue to support the Queensland economy.

Summary of Statement of Corporate Intent

GPC prepares a SCI in accordance with the *Government Owned Corporations Act 1993 (Qld)* and the *Financial Accountability Act 2009 (Qld)*.

The SCI outlines the objectives, strategies and initiatives that the Corporation intends to implement in a given year to ensure it delivers financial, social and economically sustainable benefits for Queensland.

GPC's SCI and strategic plans are available at:

 www.gpcl.com.au/development/strategy-and-planning

This section demonstrates our performance against the targets set for 2017/18, while also outlining the targets set for 2018/19. Targets are grouped under Business, Environment, People, and Community to align with GPC's SCI 2018/19, with Finance and Governance providing underlying direction in the implementation of these initiatives.

Our progress is reflected by the symbols shown below.



Completed



Delayed



On target



Ongoing



Commenced



Not achieved

2017/18 MAJOR INITIATIVES

BUSINESS

Finalise the implementation of the RGTCT capacity maximisation program.



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



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.



Finalise the Port Services Agreements and Coal Handling Agreements, which further define port charging regimes.



Undertake Clinton Vessel Interaction Project (CVIP).



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



2018/19 MAJOR INITIATIVES

BUSINESS

Increase efficiencies across the coal transport chain through focus on effective and efficient use of key water space utilisation and services.

Work with supply chain partners to ensure optimisation and maximisation of the Port of Gladstone.

Successfully secure a new Exclusive Towage Licence for the Port of Gladstone.

Finalise strategic development, marketing and business plans for GPC's port precincts.

Undertake Clinton Channel widening works.

Engage with Local, State and Federal Governments to advance the Port Access Road Stage 2 project in Gladstone.



Plans are on target to ensure RGTCT's capacity meets requirements.

2017/18 MAJOR INITIATIVES

ENVIRONMENT

Maintain an ISO14001-2004 Environmental Standard accreditation.



Facilitate Federal and State discussions for a workable outcome relating to future capital dredging in the Port of Gladstone.



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



Commence approved projects in SCI18 and develop new initiatives.



2018/19 MAJOR INITIATIVES

ENVIRONMENT

Maintain an ISO14001-2015 Environmental Standard accreditation.

Develop a Sustainability Strategy that is embedded in the workplace.

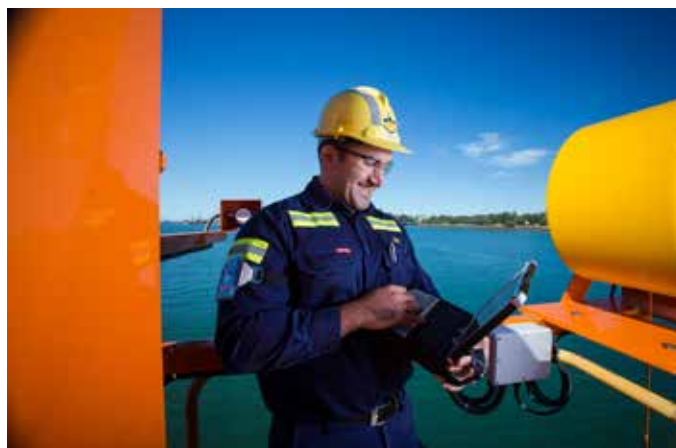
Advance discussions with the State and Federal Governments relating to future capital dredging in the Port of Gladstone.

Finalise the Environmental Impact Statement (EIS) process for the development of outer channels (Gatcombe and Golding) by September 2018.

Progress key environmental improvement projects for wharf spillage, dust management and stormwater management.







The Port of Gladstone's shipping capacity continues to be a focus.



The progression of key environmental improvement projects is a priority for 2018/19.

2017/18 MAJOR INITIATIVES

PEOPLE

- Maintain an AS4801 accredited Safety Management System. 
- Target zero lost time injuries. 
- Complete full workforce training on Switch On program. 
- Complete organisation restructure. 

2018/19 MAJOR INITIATIVES

PEOPLE

- Maintain an AS4801 accredited Safety Management System.
- Transform the Corporation's safety culture to ensure the ongoing health, safety and wellbeing of employees and the subsequent improvement in safety performance.
- Foster new and reinvigorated leaders by re-initiating the Internal Leadership Development Program.



GPC will continue to provide the community with unprecedented access to the waterfront.

2017/18 MAJOR INITIATIVES

COMMUNITY

- Undertake Master Planning of remaining stage of Auckland Point and East Shores. 
- Commence East Shores Stage 1B and Auckland Point cruise ship interface design and construction works. 
- Continue to execute the Indigenous Land Use Agreement (ILUA) and Reconciliation Action Plan (RAP) to ensure sustainable contributions to the local Indigenous community. 
- Promote the Port of Gladstone as a world class commercial harbour and a sustainable fishing and crabbing harbour. 


2018/19 MAJOR INITIATIVES

COMMUNITY

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

2017/18 MAJOR INITIATIVES

FINANCE

- Maintain a minimum investment grade credit rating. 
- Implement capital management strategies across GPC. 
- Achieve after tax profit of \$52.7 million. 
- Provide a dividend of \$52.7 million. 
- Achieve 5.2% EBIT return on assets. 




2018/19 MAJOR INITIATIVES

FINANCE

- Maintain a minimum investment grade credit rating.
- Continue to review costs to ensure appropriate returns are achieved.
- Minimise borrowings for new capital investment for growth assets.
- Achieve after tax profit of \$66.1 million.
- Provide a dividend of \$66.1 million.
- Achieve 5.5% EBIT return on assets.

2017/18 MAJOR INITIATIVES

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. 

2018/19 MAJOR INITIATIVES

GOVERNANCE

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



CVIP will remain a focus in 2018/19.

Board's review

For over two decades, GPC has sought to conduct its business within the context of economic, environmental and social sustainability.

Our results during 2017/18 clearly demonstrate the commitment of GPC to continue to prosper within this sustainability framework.

Port trade was slightly constrained during 2017/18 due to a number of factors, including supply chain challenges and mine production issues.

Our three port precincts handled 120.2Mt during 2017/18, down slightly on 2016/17 (121.2Mt). Strong growth is forecast for trade in 2018/19, up to 127.95Mt. Total revenue for 2017/18 increased to \$453.55 million, \$11 million ahead of 2016/17. EBIT of \$129 million exceeded budget forecasts.

The focus on strategic economic planning continued through the past year, with the progressing of planning for the Gatcombe and Golding Cutting Channel Duplication project, CVIP and the deepening of the Targinnie Channel in accordance with the *Sustainable Ports Act 2015* (Qld).

Planning work commenced on the update to the Port of Gladstone's 50 Year Strategic Plan and on the finalisation of long-term plans for the Ports of Bundaberg and Rockhampton. Further, the Port of Gladstone Master Plan is close to finalisation.

The Board continued to place a high priority on safety and environmental sustainability, through the continuation of our multimillion dollar monitoring programs and offset strategies. Many promising stories emerged from these works, including the progress made in mapping tidal wetland habitats throughout Port Curtis and Port Alma and total area of seagrass coverage showing signs of improvement.

In addition to this, water quality assessments conducted as part of the 2017 Gladstone Healthy Harbour Partnership Report Card were favourable, demonstrating that the port and environment can co-exist.

The communities of Gladstone, Bundaberg and Rockhampton continue their strong support for the economic activities of GPC, and the Board has maintained its focus on providing ongoing social commitment to our communities through an array of community support activities.

The Board is focused on the delivery of East Shores Stage 1B, featuring a ferry transfer pontoon with a pool, an outdoor deck chair theatre, a foreshore café, a yoga platform and an outdoor exercise centre along with generous parklands and barbeque areas. This will enhance cruise ship opportunities and secure economic and social benefits for our local community.

The Board has also placed a high priority on ensuring its significant ILUA brings enduring benefits to our Traditional Owners.

GPC's sustainability objectives have been enhanced with the commencement of the Board's new Risk Committee, which is focused on the identification of major risks to GPC and on effective mitigation strategies which strengthen the sustainability of GPC.

In September 2017, Judy Reynolds completed her nine-year term as a Director of the GPC Board. The Board wishes to thank Judy for her contribution, especially as Chair of the Audit Committee. Judy was a Director from 2008 to 2017.

We welcomed Stewart Butel to the GPC Board on 12 October 2017. Stewart brings a wealth of coal industry experience, having served as the Managing Director of Wesfarmers Resources from 2006 to 2016. The Board thanks Stewart for accepting a position as Director of GPC and looks forward to his significant ongoing contribution.

The Board would like to recognise its customers and key stakeholders for their ongoing support throughout the year as we continue to grow and develop our business.



The Port of Gladstone continues to co-exist in harmony with the neighbouring community and the surrounding marine environs.

Additionally, the Board thanks senior management and staff for their continued loyalty and dedication to developing and operating our ports in a sustainable manner, to ensure the continued growth and prosperity of our region, our state and our nation.

We would like to acknowledge our shareholding Ministers, the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, Hon. Jackie Trad MP, and the Minister for Transport and Main Roads, Hon. Mark Bailey MP, for their ongoing support of GPC during the 2017/18 financial year.



The GPC Board remains focused on strategic economic planning and delivering a high performing organisation.

CEO's review

This year we renewed our focus on the concept that through courageous conversations, personal accountability and a shared mindset, all injuries and incidents are preventable.

Our one Lost Time Injury (LTI) over the past 12 months was still one too many. In our continuing pursuit of zero LTI and Total Injury Frequency Rates (TIFR), our approach must be centred on reducing injuries, eliminating high potential incidents and near misses moving forward. Staying switched on is key to this. The 'Switch On' program has now been embedded into GPC. Employees are encouraged to reflect on what is most important to them in their own life – their 'Top 4' – and use that as their motivation to stay safe. We hope that this personal awareness tool can keep our people safe both at work and at home. It is our top priority.

Our 746 employees once again excelled during 2017/18. Their efforts have ensured that GPC has continued to prosper, through growth in trade, long-term strategic planning and support for the communities which we operate in. They were also instrumental in guiding our sustainability journey and our bid to continue to grow and improve socially, economically and environmentally, through partnerships, innovation and learning.

We have already taken a number of steps on the path to a sustainable future. This year alone, we have ventured into renewable energy generation, trialling solar panels and signing a Cooperation Agreement for a tidal turbine trial. We have sought to improve our robust environment management systems and continued our pursuit improve safety in the workplace. We have prioritised inclusion and diversity in our workplace, with Indigenous peoples now accounting for 4.2% of employees. We have actively supported the communities in which we operate, through parklands, partnerships and sponsorships. We have also investigated opportunities to expand, explore and develop commercially sustainable and diverse business developments.

We recognise that like ports across the world, our ports are intergenerational assets that have been growing and developing over many decades. At GPC, we are conscious that we must ensure we are sustainable and able to grow well into the future. We also want to ensure that while minimising any environmental impacts, we operate in a way that ensures our operations and services create long-term value. Our employees, our customers and the community expect and value this.

Coal continued to be a major contributor to our overall throughput (120.2Mt). 57.4Mt was loaded at RGTCT, against a planned 62.2Mt. However, with coal prices anticipated to remain steady over the coming year, we are hopeful this may stimulate further mining developments and in turn coal export growth.

LNG exports continued their ramp up toward full capacity during the year, with a record 20.3 Mt of gas exported from Curtis Island. Cement and aluminium products also remained stable, with 1.8 Mt and 25.1 Mt handled respectively.

The outlook for container trade at the Port of Gladstone is bright, following successful negotiations for a regular fortnightly service. The first shipment is expected to commence in July 2018. It is already generating considerable interest, particularly in Central Queensland, fuelling hopes for an expanded service in the future.

The Port of Bundaberg recorded another strong year, with 565.6 Kilotonnes (Kt) of product handled. The first import of gypsum to the Knauf Plasterboard factory was a key contributor to growth, as were increased silica sand and wood pellet exports. GPC continued to investigate other opportunities to develop and expand trade. Supporting ventures in the State Development Area formed part of this.

The Port of Rockhampton recorded its largest throughput since 2014 with 255.3Kt handled, cementing its role as a key port for the import of explosives for the defence industry and ammonium nitrate for mining. In addition to ammonium nitrate, salt throughput was one of the main trade drivers during 2017/18.

GPC is also ensuring it is appropriately positioned to cope with increasing vessel movements and sizes into the future, through major projects such as the CVIP. The widening of the existing Clinton Channel will be vital in meeting future demand. Preparations for the approvals process have progressed, with work expected to begin in the first half of 2019/20.

Our three port precincts continue to demonstrate that industry and the environment can co-exist, with GPC committed to meeting and exceeding our obligations to protect the environment. We continue to closely monitor the health of our waterways through water quality monitoring and



seagrass monitoring programs. Other environmental initiatives undertaken by GPC in 2017/18 include the advancement of our stormwater management system to ensure effective collection and treatment of stormwater, and a wharf slurry system improvement project aimed at reducing the risk of overflow events and uncontrolled releases.

Operational efficiencies, new business opportunities and business improvement initiatives are all the result of the contribution of our employees. The ongoing growth and success of GPC is tied to the efforts and contribution GPC employees are making in enhancing, improving and growing our ports.

Our community is also integral to our success. We enjoy hearing about them participating in our parklands, watching performances on the Marina Stage and receiving a leg up through our Community Investment Program. We look forward to continuing to support the Gladstone, Bundaberg and Rockhampton communities into the future.

GPC's strong financial performance continued over the past 12 months. GPC contributed \$102.69 million in dividends and taxes over the past year, bringing our contribution for the past five years to \$869.45 million.

Over the next year, we will continue to develop and generate value for our shareholding Ministers and perform efficiently to support our customers, while playing an active role in our communities.

I thank the Board for its ongoing support and direction, as we look forward to continuing our journey towards a sustainable future economically, environmentally and socially in 2018/19.



Peter O'Sullivan
CHIEF EXECUTIVE OFFICER



GPC is on a pathway to a sustainable future economically, environmentally and socially.

Our business

In 2017/18, GPC worked with industry and government to facilitate new opportunities to increase and diversify trade through our three ports in a sustainable manner.

Trade breakdown

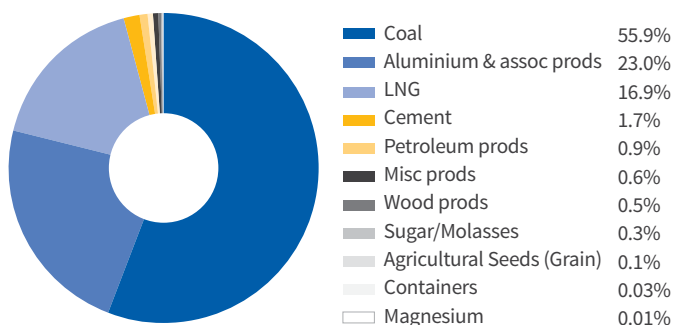
GPC's trade performance remained strong during 2017/18, despite challenging conditions. In total, the Corporation's three port precincts handled more than 120.2Mt of product, 1.0Mt less than 2016/17 (121.2Mt).

The Port of Gladstone recorded a throughput of 119.4Mt, led by coal, LNG and aluminium and associated products. Despite disruptions to supply, 67.2Mt of coal exports were facilitated by the port, predominately through RGTCT. Curtis Island exports also continued to grow, with 20.3Mt of LNG transported to Asia during the year. Other products handled included cement, petroleum, sugar and grain.

Trade at the Port of Bundaberg remained strong during 2017/18, with a throughput of 565.6Kt recorded. The Knauf Plasterboard Manufacturing Facility contributed to a significant increase in imports through gypsum. Increased silica sand and wood pellet exports have also set the foundation for future growth at the port. Sugar exports suffered a 28.55% decline.

The Port of Rockhampton recorded 255.3Kt of product during 2017/18; its largest throughput since 2014. Ammonium nitrate was the major driver of trade, with 106.9Kt imported and 29.4Kt exported. Salt throughput increased to 20.3Kt after production recommenced. Other products handled at the precinct included tallow, explosives, and general cargo.

Figure 1: Product by cargo type



Key commodities

Coal

In 2017/18, the coal industry accounted for 55.9% of GPC's total throughput, with total exports of 67.2Mt, compared to 68.9Mt in 2016/17.

Throughput volumes remained relatively flat due to mine ownership changes, supply chain challenges and weather disruptions.

GPC remains positive that thermal and metallurgical coal will remain stable into the future, particularly with new mine prospects emerging. Coal tonnage throughput for 2018/19 is anticipated to be approximately 74.6Mt.

LNG exports

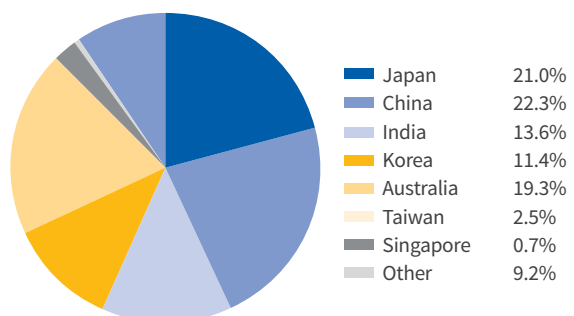
Gladstone remains on track to become one of the world's largest LNG ports, as the three Curtis Island plants continue to ramp up production.

LNG exports totalled 20.3Mt in 2017/18, compared to 19.4Mt in 2016/17. GPC anticipates shipping for 2018/19 will be approximately 21.0Mt.

Bulk liquids (other than LNG)

GPC handled a variety of bulk liquid products during the financial year, including petroleum (bunker fuel and diesel), Liquefied Petroleum Gas, liquid ammonia, caustic soda, sulphuric acid and tallow.

Figure 2: Product by export destination





Port Central presents many trade diversification opportunities.

Petroleum trade imports increased by 2.1% in 2017/18 to 1.0Mt, while caustic soda, sulphuric acid and tallow also showed promising growth. Liquid ammonia imports declined slightly over the 12-month period to 163.1Kt.

GPC anticipates that wet bulk commodities throughput will remain static during 2018/19.

Dry bulk (other than coal)

Aluminium, bauxite, calcite, alumina, magnesia, cement, grain, sugar, salt, fly ash and limestone are among the dry bulk products handled across GPC's port precincts during 2017/18.

Aluminium and associated products alone accounted for 27.7Mt of GPC's exports, maintaining its position as the Corporation's second largest trade.

The Port of Gladstone's calcite operations were relocated from Auckland Point Terminal to Barney Point Terminal during 2017/18. Between the two sites, 181.9Kt of calcite was exported, a 9.6% increase compared to the previous year. Cement products handled at Fisherman's Landing increased by 9.5% to 1.9Mt, while magnesia throughput rose by 69.2%.

Grain exports decreased to 162.4Kt during 2017/18, down 40.3% compared to 2016/17.

General cargo

General cargo products handled by GPC included explosives, scrap metal, heavy equipment, machinery, forestry products and breakbulk (bagged products). Together, they accounted for 51.0Kt of throughput in 2017/18, compared to 120.6Kt in the previous year.

Scrap metal exports totalled 29.7Kt, ammonium nitrate exports totalled 136.3Kt, while log exports increased to 585.2Kt.

GPC anticipates that general cargo trade will increase over the coming financial year with the potential to develop new trade links.

Container trade

The Port of Gladstone and Port of Rockhampton together handled 3,463 containers in 2017/18, down from 6,289 in 2016/17.

GPC anticipates that these figures will improve during 2018/19, due to the commencement of a new regular container liner service. It will initially be a fortnightly service, with the aim of it becoming a weekly service.

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.

At the Port of Gladstone we have been progressing several initiatives to provide export/import opportunities for our region. It is anticipated these initiatives could facilitate an increase in bulk liquids, dry bulk, containers and general cargo. The Port of Gladstone is forecast to handle more than 127.1Mt of cargo in 2018/19.

In 2018/19 it is expected that the throughput for the Port of Bundaberg will continue to grow with the ongoing development of the silica sand, gypsum and wood pellet markets. GPC continues to explore other opportunities for future trade and expects to see an increase in dry bulk throughput. The Port of Bundaberg is forecast for 619.0kt in 2018/19.

At the Port of Rockhampton, we will continue to investigate opportunities to increase minerals, bulk liquid and ammonium nitrate shipments. The Port of Rockhampton's trade is forecast to remain stable and achieve 203.0Kt in 2018/19.

Table 2: Trade breakdown

Wharf centre	Major products	2016/17	2017/18	Difference (%)		Vessel numbers
Tonnage throughput – Port of Gladstone						
RG Tanna Coal Terminal	Coal	59,754,026	57,445,899	(3.9%)	▢	585
Barney Point Terminal	Calcite	-	104,442	-		3
Auckland Point 1	Calcite, Woodchip, General Cargo, Containers	374,929	197,397	(47.4%)	▢	9
Auckland Point 2	Grain	272,008	162,397	(40.3%)	▢	7
Auckland Point 3	Petroleum, LP Gas, Sulphuric Acid, General Cargo	845,298	893,108	5.7%	▢	93
Auckland Point 4	Breakbulk, Containers, General Cargo	597,319	665,393	11.4%	▢	41
Boyne Smelter	Aluminium	360,151	361,974	0.5%	▢	24
	Alumina Hydrate	-	5,000	-	▢	2
	Petroleum Coke	44,497	186,406	318.9%	▢	13
	Liquid Pitch	221,533	42,633	(80.8%)	▢	13
South Trees East	Alumina	2,681,378	2,733,754	2.0%	▢	77
	Caustic Soda	980,318	1,167,594	19.1%	▢	36
	Petroleum Products	150,039	146,122	(2.6%)	▢	7
South Trees West	Bauxite	10,368,052	10,041,241	(3.2%)	▢	133
Fisherman's Landing 1 and 2	Bauxite	8,845,012	8,712,415	(1.5%)	▢	115
	Alumina	3,063,092	2,900,014	(5.3%)	▢	78
	Caustic Soda	943,927	1,018,431	7.9%	▢	24
	Alumina Hydrate	269,000	356,150	32.4%	▢	13
Fisherman's Landing 4	Cement Products	1,748,186	1,865,926	6.7%	▢	102
Fisherman's Landing 5	Liquid Ammonia	170,369	163,094	(4.3%)	▢	24
	Caustic Soda	120,355	167,783	39.4%	▢	5
	Sulphuric Acid	14,003	17,865	27.6%	▢	2
QCLNG	LNG	7,332,532	6,563,739	(10.5%)	▢	99
APLNG	LNG	7,002,027	8,520,986	21.7%	▢	124
GLNG	LNG	5,057,890	5,236,655	3.5%	▢	86
WICET	Coal	9,191,882	9,713,164	5.7%	▢	84
Total Port of Gladstone		120,407,823	119,389,582	(0.8%)	▢	1,799
Tonnage throughput – Port of Bundaberg						
John T Fisher Wharf	Bulk Liquids – Molasses	-	-	-		0
Sir Thomas Hiley Wharf	Sugar	443,765	317,310	(28.5%)	▢	13
	Gypsum	-	70,150	-	▢	4
	Wood Pellets	37,113	46,390	25.0%	▢	3
	Bulk Liquids – Molasses	-	25,071	-	▢	3
	Silica Sand	86,793	106,716	23.0%	▢	5
Total Port of Bundaberg		567,671	565,637	(0.4%)	▢	28
Tonnage throughput – Port of Rockhampton						
Berths 1 and 2	Ammonium Nitrate	96,908	136,293	40.6%	▢	68
	Explosives	7,945	9,304	17.1%	▢	
	Containers	2,626	7,605	189.6%	▢	
	General Cargo	70	617	781.4%	▢	
	Tallow	3,054	4,847	58.7%	▢	
	Salt	17,881	20,349	13.8%	▢	
Berth 3	Tallow	19,812	24,587	24.1%	▢	16
	Petroleum Products	84,989	51,652	(39.2%)	▢	
Total Port of Rockhampton		233,285	255,254	9.4%	▢	84
OVERALL TOTAL TONNAGE		121,208,779	120,210,473	(0.8%)	▢	1,911

Figure 3: Trading with the world



EXPORT PRODUCTS (TONNES)			
★ Alumina	5,633,768	○ Calcined Magnesia	17,954
✕ Alumina Hydrate	361,150	≡ Calcite	181,905
● Aluminium	361,974	▲ Cement	1,072,652
⊙ Break Bulk - Ammonium Nitrate*	29,397	▲ Cement Clinker	485,347
● Bulk Sugar***	317,310	◆ Coal	67,159,063
		■ Containers**	28,080
		★ Fly Ash	271,909
		✕ General Cargo**	6,705
		★ Grain - Chick Peas	134,897
		● Grain - Wheat	22,500
		● Limestone	34,199
		● LNG	20,321,380
		✕ Scrap Metal	29,728
		● Silica Sand***	106,716
		● Tallow*	29,434
		▨ Timber Logs	585,205
		✕ Wood Pellets***	46,390

EXPORTS BY COUNTRY OF DESTINATION 2017/18			
01 Australia	★ ⊙ ≡ ▲ ▲ ◆ ✕ ●	02 Bangladesh	✕ ✕
02 Bangladesh	✕ ✕	04 Brazil	●
04 Brazil	●	05 Canada	★
05 Canada	★	06 Chile	●
06 Chile	●	07 China	★ ● ● ●
07 China	★ ● ● ●	08 Denmark	✕ ✕
08 Denmark	✕ ✕	09 Egypt	★
09 Egypt	★	10 Hong Kong	● ●
10 Hong Kong	● ●	11 India	★ ● ● ●
11 India	★ ● ● ●	12 Indonesia	✕ ● ● ● ✕
12 Indonesia	✕ ● ● ● ✕	13 Italy	■
13 Italy	■	14 Japan	✕ ● ● ● ● ● ●
14 Japan	✕ ● ● ● ● ● ●	15 Korea	● ● ● ● ● ●
15 Korea	● ● ● ● ● ●	16 Malaysia	★ ● ● ● ● ●
16 Malaysia	★ ● ● ● ● ●	17 Netherlands	●
17 Netherlands	●	18 New Zealand	★ ● ● ●
18 New Zealand	★ ● ● ●	19 Papua New Guinea	✕ ● ● ● ● ●
19 Papua New Guinea	✕ ● ● ● ● ●	20 Oman	★
20 Oman	★	21 Philippines	● ● ● ● ● ●
21 Philippines	● ● ● ● ● ●	22 Singapore	● ● ● ● ● ●
22 Singapore	● ● ● ● ● ●	23 Qatar	★
23 Qatar	★	24 Russian Federation	★ ● ● ● ● ●
24 Russian Federation	★ ● ● ● ● ●	25 South Africa	● ● ● ● ● ●
25 South Africa	● ● ● ● ● ●	26 Sri Lanka	■
26 Sri Lanka	■	27 Taiwan	● ● ● ● ● ●
27 Taiwan	● ● ● ● ● ●	28 Thailand	✕ ● ● ● ● ●
28 Thailand	✕ ● ● ● ● ●	29 United Arab Emirates	★
29 United Arab Emirates	★	30 United States	● ● ● ● ● ● ● ●
30 United States	● ● ● ● ● ● ● ●	31 Vietnam	● ● ● ● ● ●
31 Vietnam	● ● ● ● ● ●		

IMPORT PRODUCTS (TONNES)			
⊙ Bauxite	18,753,656	■ Containers**	12,206
⊙ Break Bulk - Ammonium Nitrate*	106,896	✕ General Cargo**	44,284
⊙ Caustic Soda	2,353,808	▲ Gypsum	149,922
▲ Cement Clinker	2,019	✕ LP Gas	7,145
		● Liquid Ammonia	163,094
		● Liquid Pitch	42,633
		● Magnetite	23,638
		● Molasses***	25,071
		● Petroleum Coke	186,406
		● Petroleum Products**	1,043,551
		● Salt*	20,349
		● Sulphuric Acid	33,332

IMPORTS BY COUNTRY OF ORIGIN 2017/18			
01 Australia	⊙ ● ● ● ● ● ● ● ●	03 Belgium	✕
03 Belgium	✕	06 Chile	●
06 Chile	●	07 China	● ● ● ● ● ● ● ●
07 China	● ● ● ● ● ● ● ●	11 India	■
11 India	■	12 Indonesia	▲ ●
12 Indonesia	▲ ●	14 Japan	⊙ ✕ ▲
14 Japan	⊙ ✕ ▲	15 Korea	● ● ● ● ● ● ● ●
15 Korea	● ● ● ● ● ● ● ●	16 Lithuania	● ● ● ● ● ● ● ●
16 Lithuania	● ● ● ● ● ● ● ●	17 Malaysia	■ ● ● ● ● ●
17 Malaysia	■ ● ● ● ● ●	21 Papua New Guinea	■
21 Papua New Guinea	■	22 Philippines	■
22 Philippines	■	24 Russian Federation	● ● ● ● ● ●
24 Russian Federation	● ● ● ● ● ●	25 Saudi Arabia	● ● ● ● ● ●
25 Saudi Arabia	● ● ● ● ● ●	28 Spain	■
28 Spain	■	30 Sweden	● ● ● ● ● ●
30 Sweden	● ● ● ● ● ●	31 Taiwan	● ● ● ● ● ●
31 Taiwan	● ● ● ● ● ●	34 United States	● ● ● ● ● ● ● ●
34 United States	● ● ● ● ● ● ● ●		

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.



A growth in bulk liquids, dry bulk, containers and general cargo is anticipated for the Port of Gladstone.

Port planning and developments

We are committed to developing our port precincts in a systematic and sustainable manner, to ensure we can facilitate continued growth in trade. Long-term planning is critical to this.

GPC commenced a review of its 50 Year Strategic Plan during 2017/18, with a view to then develop individual strategic precinct plans for Port Central Precinct (Auckland Point and Barney Point), Fisherman's Landing, Port of Bundaberg and Port of Rockhampton. These precinct plans will consider potential scenarios based on 5 to 15-year, 15 to 30-year and 50-year horizons. Understanding global mega trends, our geographical and trade offerings, and the importance of economic, environmental and social sustainability have been instrumental to this strategic review process.

In addition to this, GPC continued to work closely with the Queensland Government during the year to support the development of the Priority Port of Gladstone Master Plan. A draft was released for public consultation from 28 August 2017 to 9 October 2017. The plan is now being finalised and is due for release in 2018/19.

Our key development projects and programs are outlined below.

Clinton Vessel Interaction Project (CVIP)

WICET is the first development to use Capesize vessels upstream GPC has continued to progress CVIP during 2017/18, with the aim of reducing the risk of vessel interaction forces at RGCT.

We are currently managing the interactions through a number of mitigation activities including reduced vessel speed and additional escort tugs, however a more permanent solution is required as vessel traffic increases.

These investigations have determined that widening the Channel by 100m would provide sufficient separation of vessels to allow the passing vessels to transit safely.

A business case for the project is underway and due for completion in early 2018/19. The project will then require the necessary State and Federal approvals, as well as the completion of the Master Plan for the Priority Port of Gladstone, to proceed.

GPC anticipates project works will commence in early 2019/20.

Gatcombe and Golding Cutting Channel Duplication

The EIS for the proposed Gatcombe and Golding Cutting Channel Duplication recommenced during 2017/18. The project involves widening the channels to facilitate the safe two-way passage of vessels through the outer Gladstone Harbour channel network. It is also part of the Port of Gladstone's 50 Year Strategic Plan and will be aligned with the Reef 2050 Plan and the Master Plan for the Priority Port of Gladstone.

During the year, a comprehensive options study was undertaken to inform the draft EIS. Four Stakeholder Representative Group meetings were also held for GPC to better understand stakeholder interests and concerns.

It is anticipated the draft EIS will progress to public consultation in 2018/19.

Western Basin Targinnie Channel development

An increase in enquiries and interest in the Fisherman's Landing precinct have highlighted the potential need to develop the Targinnie Channel. The project involves developing the Channel to ensure safe access to fully loaded Panamax vessels during the tidal ranges.

GPC is currently undertaking a preliminary study in alignment with the Long-term Dredging Disposal Management Plan.

Port Access Road – Stage 2

We are continuing to investigate options to extend the Port Access Road. Stage 2 will extend the existing passage from Port Central to Glenlyon Road, another 2.5km to Blain Drive. This will provide an alternative route for traffic from Port Central to beyond the Gladstone inner urban area, improving safety for local road users.

GPC has been working collaboratively with Gladstone Regional Council, the Queensland Government and other key stakeholders in early discussions around concept and design. In collaboration with the Department of Transport and Main Roads, GPC is preparing a Proposal Report for the project, which will inform future detailed design works and the development of a future detailed business case.

Port of Bundaberg development

We continue to investigate opportunities for development at the Port of Bundaberg. During the 2017/18, GPC initiated a planning study, in partnership with the Department of State Development, to better understand capability and access development opportunities for the State Development Area and the Port.

The Wide Bay Region of Councils has also partnered with GPC to develop a Strategic Blueprint with the goal of building the future trade potential of the Wide Bay Burnett regions.

Port Central remediation

In 2017/18, Barney Point Terminal entered a new chapter of its life as an export hub for non-coal products. The first non-coal shipment saw more than 20,000 tonnes of calcite, previously shipped from Auckland Point, transported to Geelong. It was a landmark moment for the site, after 49 years as a coal terminal.

Calcite's move to Barney Point also meant significant change for Auckland Point, as it signalled the end of the bulk handling of products through its shiploaders. GPC is now assessing the Auckland Point infrastructure ahead of the development of the East Shores Stage 1B project.

Port Central container terminal

In 2017/18, GPC finalised the design for Berth 4 at Port Central. This project will provide an additional mooring dolphin that will enable larger container ships to berth.

A new fortnightly container liner service is also due to commence in July 2018. In support of this, concept plans have been completed for a dedicated container terminal that includes a stacking apron, extended berth and Portainer crane. If approved by our shareholders, the development of this new berth infrastructure will support the expansion of GPC's container terminal handling capacity.

Boyne River entrance channel restoration

The Boyne River entrance channel suffered significant shoaling, following major floods in 2011/12 and 2013/14. This created a sand and gravel bar which posed a danger to boat operations in the area.

The Queensland Government is funding the restoration of the entrance to the Boyne River to ensure safe passage for recreational boat users. Work on the project commenced in February 2018, and as at June 2018, 50% of the 28,000m³ of material needing to be removed from the channel had been relocated.

Tenders called for exclusive towage licence

The current towage arrangement for the Port of Gladstone is due to expire at the end of 2018 calendar year. The configuration of the Port of Gladstone's harbour channels and its range of import and export trades have unique characteristics, and because of this, the renewal of the tender for towage services is being carefully managed by GPC.

The past year has involved careful and diligent analysis and assessment in consultation with the port's shipping customers. This consultation led to the decision to pursue an exclusive arrangement for a five-year term with a further three-year option. We are confident this will provide the most effective and efficient towage regimen to assure our customers and to ensure the safe handling of vessels within the Port of Gladstone.

The process culminated in our submission to the Australian Competition and Consumer Commission (ACCC) to progress a competitive tender for an exclusive towage licence. The ACCC subsequently approved our submission and in June, we called expressions of interest.

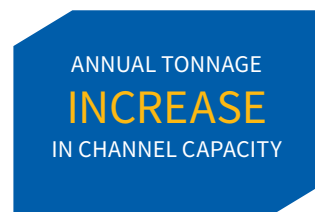
We anticipate the announcement of a successful tenderer by mid-2018/19.



The Port of Gladstone is serviced by an exclusive towage arrangement.

Port Efficiency Program

To ensure the continued growth of trade and the effective management of shipping movements, GPC has a strong focus on the efficient utilisation of the Port of Gladstone's main shipping channel. To date, the Port Efficiency Program has delivered invaluable results for customers and allowed port capacity without the need for expansion dredging.



Key highlights achieved during the year include:

- **Dynamic Under Keel Clearance (DUKC) protocol:**

The DUKC protocol and technology was implemented in April 2018. The project has delivered an increase in cargo uplift for the bauxite trade and a 20% increase in available sailing windows for deep draft coal vessels. This technology provides additional safety benefits through real time dynamic view and forecasting of the safety margins between the ship's keel and the harbour floor.

- **LNG vessels transit protocols:** The reconfiguration of towage requirements and port channel transits has realised improvements in pilotage transits, a reduction in towage costs and the ability to move LNG ships simultaneously with other shipping traffic.

- **Port shipping capacity simulation modelling:**

The revision of the Port of Gladstone port shipping capacity model indicates a >150Mtpa capability under current scenarios without expansion dredging.

- **Port management information management system:** Scoping has commenced for a port-wide information management system. This will ensure timely and accurate dissemination of information for decision-making purposes.

- **Wharf centre berthing/un-berthing parameters:**

Expanded berthing and un-berthing parameters for coal, aluminium and LNG wharf centres have delivered greater opportunity windows for shipping movements.

Our approach to maintenance dredging

The Queensland and Australian Governments developed the Reef 2050 Long-Term Sustainability Plan (Reef 2050 Plan) in response to World Heritage Committee concerns about the management of the Great Barrier Reef. The Reef 2050 Plan is aimed at strengthening Australia's management of the Great Barrier Reef and providing a blueprint for the continuing efforts to preserve it and its Outstanding Universal Value.

The Queensland Government launched the Maintenance Dredging Strategy for Great Barrier Reef World Heritage

Area (GBRWHA) Ports on 30 November 2016. This addressed requirements of Reef 2050 Plan Water Quality Action number 16, which requires the following:

Develop a State-wide coordinated maintenance dredging strategy which:

- identifies each port's historical dredging volumes and likely future requirements and limits
- identifies appropriate environmental windows to avoid coral spawning, seagrass recruitment, turtle breeding and weather events
- examines opportunities for the beneficial reuse of dredge material or on-land disposal from maintenance activities
- establishes requirements for risk-based monitoring programs.

Sustainable Sediment Management project

GPC's Sustainable Sediment Management (SSM) project aims to further our understanding of the interactions between the Port of Gladstone maintenance dredging operations and the local and regional environment, and minimising any potential impacts.

The SSM project creates important linkages to the Queensland Maintenance Dredging Strategy, a key action in the Reef 2050 Plan, which has been implemented by the Department of Transport and Main Roads.

GPC has committed to undertake the SSM project under a 5-year Deed of Agreement with the Federal Department of Environment and Energy that requires GPC to:

- undertake research and monitoring relating to the consequences of dumping maintenance dredged material into the marine environment
- investigate the possibility of avoiding or reducing the need for further dumping of maintenance dredged material into the marine environment.

To date, GPC has completed a conceptual sediment budget, gap analysis and sampling strategy. The conceptual sediment budget has offered a number of early insights. For instance, sediment transport within the Port Curtis estuary is mainly controlled by tidal currents, however outside the port, sediment transport

Coal to Coast project update

During 2017/18, GPC's innovative Coal to Coast application, continued to provide improvements in the coal unloading process. This was achieved through advances in dozer telemetry, unload-to-completed and vessel loading applications, and improved maintenance response times and planning.

The year's major milestone saw all customers migrating from paper-based nominations and scheduling to an online format.

The Coal to Coast project is due to be completed during 2018/19.



is mainly controlled by wave-generated resuspension and longshore currents, which flow in the direction of the prevailing south-easterly winds.

Moving forward, GPC will create a quantitative sediment budget to provide increased understanding of sediment movement and deposition, while also engaging key stakeholders on what this work means for the future of maintenance dredging.

Asset management

Aligning with ISO55000

An improvement program has been initiated to enhance the management of GPC's assets over their full lifecycle. This program aligns the ongoing development and implementation of GPC's Asset Management System (AMS) with the international standard for asset management, ISO55000.

While GPC has many elements of an AMS in place, there is a need for an overarching framework to systemise and coordinate these elements. This framework will assist in optimising and sustainably managing GPC's assets and asset systems, their performance, risks and expenditures over their lifecycle. This work will continue throughout 2018/19.

Ensuring RGCT's structural integrity

In 2017/18 we implemented a system to improve the long-term management of our assets, including the integrity of GPC's steel and concrete structures.

Much of the maintenance and project work at RGCT relates to the refurbishment and renewal of the site's steel structures.



The long-term management of our structural assets has been a key initiative.

The two principle projects for 2017/18 were:

- The CC1A Life Extension Project – a \$20 million, three-year project completed in December 2017.
- The CC1B Life Extension Project – a \$15 million, three-year project commenced in March 2018, which involves works to overhead gantries, central tower 2 and support trestles.

Towers, conveyors and rail girders were among the other refurbishment projects completed in 2017/18.

Lifecycle strategies for RGTCT Shiploaders

RGTCT's shiploaders are critical to the terminal meeting GPC's current contracts and long-term objectives. GPC has now developed an overall strategy for the three shiploaders which are of varying age and condition.

The strategy involves the development of a proposal to consider options to replace or refurbish Shiploader 1; the completion of refurbishment works on Shiploader 2 to extend its life by a further 25 years; and for Shiploader 3, the newest of the three, an upgrade of its control system and relocation of the operator cabin from the boom to the portal frame.

During the year, corrosion control works were completed on all three shiploaders, with further works planned for 2018/19.

RGTCT dumpstation refurbishment and upgrades

RGTCT's dumpstation refurbishment project continued in 2017/18. The completed work included upgrades to the vision system, new lighting and the installation of a new switchroom for Dumpstation 2.

A new centralised control room was also constructed, minimising the risk associated with noise and vibration generated by the dumpstation. The room has the capability to control all dumpstations through a standard control panel design.

Dozer lifecycle strategy

GPC owns and maintains a fleet of 23 Caterpillar (CAT) D11 dozers that support cargo handling operations at RGTCT. The machines have a running life of 56,000 hours before disposal, which typically equates to 10 to 12 years.



Dozer 231 was the pilot for the dozer lifecycle strategy.

As part of our review of the lifecycle strategies for GPC's key assets, we have partnered with Hastings Deering to adopt a certified CAT rebuild. This effectively extends the life of each dozer by 42,000 operating hours at approximately half the cost of replacement. The rebirth process provides the dozer with modernised technology, including a new generation engine expected to deliver 3% fuel savings.

The machines are transported to Rockhampton for the full ground up rebuild. The initiative has been a great news story for Central Queensland as the rebuilds create work in the region that would otherwise have gone offshore if new dozers were purchased. The program has provided our Diesel Fitting apprentices with the opportunity to be involved in the rebirthing process.

Electrical safety – Reducing arc flash risk

At RGTCT, a low voltage arc flash study has been completed to identify the level of risk across site. The study results were used to identify high risk installations, and various solutions were developed to reduce that risk. The solutions involved:

- Replacement of protection equipment, this was completed across various installations including Shiploader 1 and Light Towers 8 and 6.
- Implementation of new arc flash detection relays, these were installed at all kiosk substations on the wharf.
- Replacement of switchboards, system 1 and sub 32 switchboards were replaced with Form 4 switchboards with arc flash detection.

An arc-rated Personal Protective Equipment (PPE) clothing trial was also conducted with terminal maintenance crews. Arc flash labels are being placed on switchboards to notify employees of the level of arc flash risk present and the type of arc-rated PPE needing to be worn.

Our focus in 2018/19 is to reduce high voltage (HV) arc flash risk. This will include replacing existing ageing HV switchboards with new HV switchboards capable of remote racking.



A GPC employee demonstrates new ARC-rated PPE.

Our pilot services

The Gladstone Marine Pilot Services Pty Ltd (GMPS) is a subsidiary of GPC, founded in November 2013. Our pilots are responsible for the safe guidance of ships in and out of our three ports.

In 2017/18, they undertook 4,581 pilotage jobs, 4,355 in Gladstone alone.

Changing of the guard

This year we farewelled three pilots, with over 100 years of combined pilot experience, as they transitioned to retirement.

GMPS has initiated a transition strategy for those pilots contemplating retirement. This strategy has been a collaborative effort between the pilot group and GPC management to promote the transfer of knowledge and experience to our new pilot team members.

New pilot launch vessel

GPC has commissioned a second pilot launch vessel, the Goonanga, a sister vessel to the Takoko. The Goonanga will provide enhanced safety and faster transfer of pilots to ships at the entrance to the Port of Gladstone, with reduced emissions, reduced fuel load and greater comfort.

Goonanga is a Byellee word meaning Black Duck. The Byellee people have a historic connection to Gladstone and its surrounds such as Curtis Island, Police Creek, Kroombit Station, Boyne Valley, Boyne River, Benaraby and Rocky Glen.

The new vessel is being built at the Mornington Peninsula,, Victoria, and is expected to be delivered to Gladstone in November 2018.



GMPS play a vital role in the ports' operations.

Our marina

Marina upgrades

In December 2017, GPC took delivery of a new work boat for the marina.

'Work Boat 8' joins the existing fleet that services the Port of Gladstone, enhancing our waterside access for maintenance, inspections and response to emergencies such as oil spills. It features additional stability and an access platform that ensures the crew is better equipped to work safely in most sea conditions. The new boat incorporates an on-board winch, which reduces the amount of manual handling required of our crews.

The marina amenities have also been upgraded and now cater to a range of accessibility requirements with unparalleled privacy and cleanliness. The new amenities provide visitors with some of the best facilities along the coast.



The new boat will support the work at the Marina.

Milestone year for B2G Yacht Race

The Easter weekend was the busiest for the Marina, with Gladstone taking centre stage for the 70th Brisbane to Gladstone Yacht Race.

GPC's marina team briefed entrants prior to the race in Brisbane and were among the first to welcome the 75 vessels across the line, congratulating them on their efforts in this iconic Queensland event.

A 100-metre pontoon was installed at O'Connell Wharf to berth the race front-runners, giving the community a front row seat to the finish line action.

The marina team began preparations months in advance to ensure entrants were well catered for in the event's milestone year. Further support was provided for the duration of the race and over the Easter weekend, with the Marina Office open 24 hours a day to accommodate the visiting vessels, crews, their families and friends.

Our environment and sustainability

In March 2018, GPC's Environmental Management System was certified to ISO14001:2015, demonstrating our ongoing commitment to sustainability, environmental management and continual improvement.

Environmental compliance

Our environmental performance continued to trend well in 2017/18, with reportable incidents continuing their downward trend. GPC also sought to continue to improve its robust environmental management systems and exceed its environmental obligations during 2017/18.

The Corporation has more than 800 environmental regulatory obligations to adhere to. These relate to such aspects as air and water quality, land management, rehabilitation and contamination, biosecurity (pests), biodiversity of plants and animals (land and marine), waste and spills management and employee training and record keeping. To assist the management of this, an Environmental Conditions Register was established to ensure compliance. Metrics can be produced from the register to highlight where attention is required, in addition to driving continual improvement.

Environmental monitoring and offset strategies

Ambient water quality monitoring

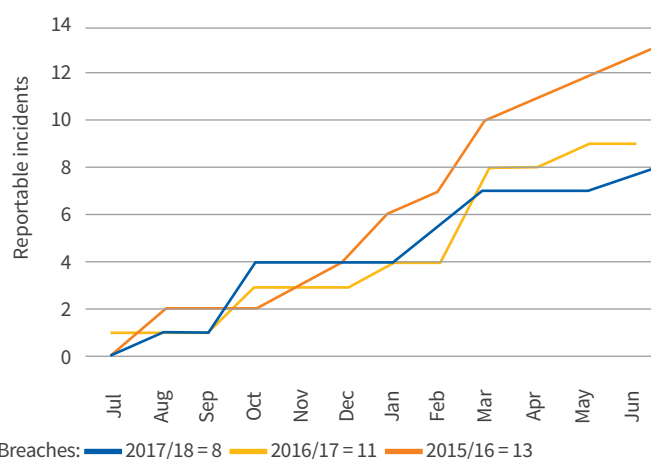
The Port of Gladstone has three water quality analysers, based at the Clinton, Fisherman's Landing and Boyne wharf centres. They provide data as part of monitoring during dredging activity. GPC is in the process of modifying these analysers, to improve their data collection capabilities.

In 2017/18, a fourth water quality analyser was installed at the Port of Bundaberg to monitor GPC emergency and maintenance dredging.

Dust control

GPC sought to continually improve its dust management practices during 2017/18, to minimise any potential impact on the community. This included the installation of spray bars in dump stations. Not only has this limited the amount of dust being released as coal is unloaded from the rail wagon, but it has also reduced demand on the existing stockpile dust suppression

Figure 4: Reportable environmental incidents



sprays. Dust monitoring results conducted in 2017/18 demonstrate that GPC's control measures are effective.

PFAS monitoring

In the first half of 2018, GPC commenced a sampling program at all of our ports to detect the presence of PFAS in the groundwater. While PFAS was detected and confirmed at all three ports, only the Port of Gladstone and the Port of Bundaberg recorded levels that exceeded the Department of Health (Commonwealth) Recreational Water Guidelines. Following these findings, GPC has worked closely with the Queensland Government PFAS Working Group on future monitoring and investigations. GPC has also commissioned a conceptual groundwater model for the Gladstone Port Central area and the Port of Bundaberg to help determine the extent of the PFAS present and identify any potential pathways to the receiving environment. GPC has and will continue to keep the community informed throughout future investigations.

Boyne River dredging monitoring

Water quality monitoring began at the mouth of the Boyne River in August 2017, to establish a solid baseline in preparation for the Boyne River dredging project. When the dredging activity



GPC remains committed to balancing operations and the environment.

began in early 2018, monitoring frequency was increased in line with the conditions imposed by the Department of Environment and Science. Data collected during 2017/18 indicates that the dredging has had no impact on the receiving environments.

Coral surveys

GPC undertook coral surveys around the Port of Gladstone in May and June 2018. This area is surveyed every five years to assess the cover of major benthic encrusting organisms such as algae, sponges, hard corals and soft corals.

The results of the 2018 survey are pending, but will be compared to the 2013 survey findings to determine the level of change.

Monitoring our seagrass

Seagrass monitoring continued throughout the year at Port Curtis, Rodds Bay, Pelican Banks, Fisherman's Landing and Wiggins Island. This program is undertaken by James Cook University and funded by GPC.

There were signs of improvement, with total area of seagrass coverage improving to exceed the long-term average. Biomass and species composition at Pelican Banks also progress well in 2017/18. However the condition of seagrass at Port Curtis and Rodds Bay remained poor for the third consecutive year, with only four of the 14 monitoring meadows showing improvement.

Monitoring our tidal wetlands

Funding for the monitoring of mangroves and tidal wetlands under the Ecosystem Research and Monitoring Program (ERMP) continued in 2017/18.

Progress was made in mapping the baseline status of tidal wetland habitats throughout Port Curtis and Port Alma. Prior boat and aerial shoreline survey data was also processed, helping to illustrate the extent of key vegetation types (mangroves, saltmarsh and saltpans), mangrove canopy condition and mangrove forest biomass occurring.

Turtle health

GPC has continued to play an active role in supporting the monitoring, tagging and rehabilitation of turtles in both the Gladstone and Bundaberg regions.

In 2017/18, GPC:

- Funded flatback turtle nesting census studies at Curtis, Avoid and Peak Islands under the ERMP
- Monitored the health and conducted tagging of green turtles in Port Curtis under the ERMP
- Supported turtle nesting studies undertaken by the Department of Environment and Science along the Woongarra Coast, which includes Mon Repos Beach
- Contributed to two marine rehabilitation centres (the Gladstone Area Water Board and Quoin Island Turtle Rehabilitation Centre)

From these activities, GPC noted that flatback turtles had a preference for nesting at Peak Island, while green turtles foraging in Port Curtis travel to Heron, Lady Musgrave and Fraser Islands for nesting. The passage between Curtis Island and Facing Island was observed to be a very important habitat for green turtles. Temperature influences also suggest there will be a strong female bias for the 2017/18 hatching season.



Turtles are iconic creatures in all three of GPC's operational areas.

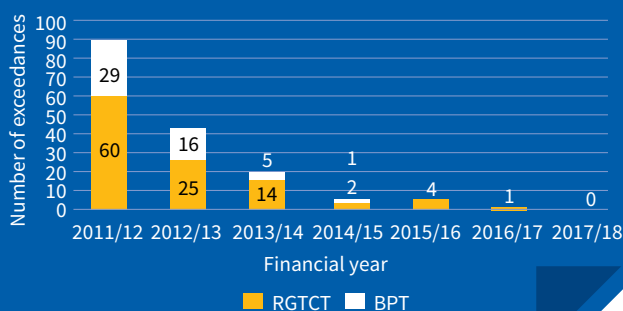
Stormwater management – reducing environmental risk

Stormwater management at RGCT remained a key focus during the year. In November, GPC completed a three-year voluntary stormwater Transitional Environmental Program (TEP) to ensure our compliance with the Environmental Authority (EA).

These works included the ongoing upgrade of stormwater ponds and outlets at Discharge Pond 1, Discharge Pond 4 and Ken’s Drain, increasing capacity to support the management of large storm events. The clean-up of Discharge Ponds 1 and 3 continued following Cyclone Debbie, while stormwater maintenance and operational procedures were also revised.

Before these improvements, GPC recorded a high number of Total Suspended Solids (TSS) exceedances against the EA, which led to an Environmental Evaluation imposed by the Regulator and later progressed into the voluntary TEP. Since then, the number of TSS exceedances has reduced significantly and continues to trend well.

Figure 5: TSS exceedances by location (RGCT and BPT)



Monitoring our dolphin population

Dolphin monitoring under the ERMP continued in 2017/18. It revealed that Gladstone Harbour is home to approximately 130 Australian humpback dolphins. This suggests that the dolphin population has returned to pre-2011 levels. The studies also show that the dolphins move to nearby regions during times of disturbance and return to the original habitat once conditions are favourable.

Monitoring our shorebirds

A survey conducted in February 2018 recorded 12,986 migratory shorebirds representing 19 species between Cattle Point and Rodds Bay. The ERMP-funded project found the area’s most abundant species was the Red-necked stint, followed by the Bar-tailed godwit and Grey-tailed tattler. The abundance of migratory shorebirds shows variability but no decline.

Environmentally friendly moorings

Funding is being provided to the Department of Environment and Science to install up to six environmentally-friendly

moorings and reef protection markers at Pancake Creek. The improvements at this destination, which is popular with boating-based campers and travelling yachts, are designed to protect the seabed from anchor damage.

Stormwater pollutant trap

Funding is being provided for an assessment of the nature and quantity of debris being collected by the stormwater pollutant trap installed at the corner of Lord Street and Goondoon Street in Gladstone. Observations from the study will help determine the effectiveness of the stormwater pollutant trap.

Environmental education and communication

Fostering a greater awareness, appreciation and understanding of the environment is an integral part of GPC’s sustainability journey. Education is a key part of our environmental program.

We demonstrate a high level of environmental stewardship through our community engagement activities. This includes being involved in programs such as the Reef Guardians Network and initiatives linked to the GBRMPA (i.e. Gladstone Local Marine Advisory Committee).

GPC also hosts forums to provide performance and project updates to the community. These are complemented by the Technical Advisory Consultative Committee, which was established to ensure stakeholders understand and can have input into dredging activities.

In addition to this we also seek to build our own skills. GPC employees and contractors receive training in areas such as first strike oil spill response, spill kit use, acid sulphate soils and contaminated land, stormwater erosion and sediment control, and coal quality and dust suppression.

Our sustainability journey

GPC is on a Pathway to a Sustainable Future, engaging in a project to develop a Sustainability Strategy for the organisation based on three pillars: environmental, economic and social.

Sustainability is not a new concept for GPC. Our sustainability timeline has evolved since 1975, with milestones to date that include a range of community projects and programs, environmental initiatives, foreshore developments, a RAP, health and wellness programs, port efficiency programs and renewable energy trials.

GPC, in partnership with key stakeholders, is working toward the ultimate goal of embedding sustainability within our overall corporate strategy, in a balanced, targeted and responsible way that creates positive change.

Big6 tour

We continued to raise awareness of the Big6 marine animals living in the Gladstone bioregion during 2017/18, extending the Education and Awareness Program to include a poetry competition.

The winning class from Boyne Island State School was awarded a guided tour of the Big6 Discovery Trail at Spinnaker Park.

GPC's Marine Scientist guided the students along the one-kilometre trail answering questions and offering fun facts about the Big6. The tour provided students with the opportunity to learn more about Gladstone's marine megafauna and GPC's commitment to operate in a sustainable manner, while in an active learning environment.

The school's winning poem, 'The Beautiful Big Six', starred all of Gladstone's Big6 tribes; turtles, cetaceans, crustaceans, shorebirds, dugongs and fish.



Students from Boyne Island State School enjoyed their morning out on the trail.

As part of our sustainability journey, a strategic gap analysis and a materiality assessment have been completed to better understand GPC's internal and external priorities. The process was informed by 224 people who responded to an online GPC Sustainability Survey and detailed insights from interviews with a further 20 people, who represented GPC employees, government agencies, industry and the community.

The findings from the process revealed GPC's top 'material issues', which included: biodiversity and habitat protection, protecting of World Heritage Values, safe shipping, terminal operational safety, port efficiency, regulatory compliance, risk mitigation and trade facilitation. The next phase of the project will focus on the development of the Sustainability Strategy, and will include integration into GPC's corporate strategies.

During the year, GPC also conducted preliminary alignment of current business strategies with the United Nations Sustainable Development Goals (SDGs). This is a significant step that represents the first time these SDGs have been addressed as part of sustainability work at an Australian seaport.

Taking a shine to solar energy

As part of our renewable energy strategy, a 20 kilowatt (kW) rooftop solar panel system was installed on one of GPC's administration buildings in Gladstone. The 70 panels, installed in December 2017, cover 136m² of roof space.

While this is a small-scale demonstration, since installation we have already seen a reduction in electricity usage and carbon emissions. GPC is investigating options to expand our use of solar energy into the future.

Tidal turbine trial

We have long recognised the potential to extract energy from the tides within the Port of Gladstone. In mid-2017/18, GPC entered into a partnership with MAKO Tidal Turbines Pty Ltd to demonstrate how the port's tidal flows can be harnessed to produce electricity without adverse impact on our marine environment. A Cooperation Agreement has been signed and approval has been granted to undertake a six-month tidal turbine trial at the Port of Gladstone.



The solar panels installed are just the first step in GPC's solar power journey.



The tidal turbine will be installed at Barney Point Terminal in early 2018/19.

Our community

GPC prides itself on the strong relationships and long-term partnerships we have formed with the communities in which we operate. We are committed to continually investing in and supporting these partnerships through our Community Investment Program.

Botanic to Bridge

More than 3,000 people took part in the annual Botanic to Bridge fun run in August 2017.

In its eighth year, Gladstone's cornerstone community fun run continued to attract large crowds prepared to take on the 3km and 8km courses from the Tondoon Botanic Gardens to Gladstone's Marina Parklands.

In 2017/18, GPC donated \$20,000 to major beneficiary the St Vincent de Paul Society – Gladstone to redevelop its warehouse facility. Local schools also received \$26,110 from event registrations to purchase health-related educational resources and equipment.

More than \$350,000 has been donated to the Gladstone community over the event's eight-year history.



In 2017, GPC celebrated its 8th annual Botanic to Bridge.

Cruise ships



GPC is proud to facilitate the cruise ship industry which contributes to the local economy.

During 2017/18, GPC welcomed its 15th and largest cruise ship to the Port of Gladstone since the tourism trade commenced in March 2016. The ship's 3,000 passengers and crew explored GPC's East Shores precinct and the Feast on East Markets during their stay.

GPC is working with the State Government, Gladstone Regional Council and Gladstone Area Promotion and Development Ltd (GAPDL) to expand the industry in the region. In addition to this, a feasibility study has been undertaken to assess the potential alignment of Berths 1 and 2 at Auckland Point to investigate what might be needed to cater for larger cruise ships in the future.

There are already nine cruise ships scheduled to visit the port in 2018/19.

Following months of hard work by GPC, Bundaberg Regional Council and local tourism bodies, the Port of Bundaberg welcomed its first cruise ship in more than a decade on 16 June 2018. The Expedition Class Cruise Ship 'Silver Discoverer', which docked in Bundaberg with 50 guests and 100 staff, may open the door for regular cruise ship visits in the future.



We provide and maintain GPC parklands for our community to enjoy.

Investing in our community

GPC's Community Investment Program aims to make a real and positive contribution to the regional communities in which we operate. We take pride in our partnerships and actively encourage funding applications that are aligned with our social, environmental and economic sustainability goals. This year we distributed \$234,000 in sponsorships and \$52,000 in donations for the benefit of the community.

During 2017/18, over \$2.8 million was invested into the Gladstone, Bundaberg and Rockhampton regions to fund community projects and provide and maintain the Gladstone Marina Parklands, Spinnaker Park and East Shores Precinct.



GPC is proud to support the annual Gladstone Harbour Festival.

Gladstone Men's Shed

Since December 2014, GPC has supported the Gladstone Men's Shed Early Childhood initiative through our Community Investment Program.

GPC's support of the program has resulted in the construction and donation of 286 items to 27 Early Learning Centres throughout Gladstone in 2017/18 alone. Items donated ranged from the ever-popular mud kitchens to larger pieces such as picnic tables for children to enjoy their meal breaks outdoors.

The Men's Shed movement has now become one of the most effective community organisations in addressing men's health and wellbeing, while providing a safe, supportive and friendly environment for its members.

GPC was proud to be a part of the opening of the new Gladstone Men's Shed in 2017.



Gladstone Men's Shed members Ron Steen, Mark Munro and John Keenan showcase their hard work.

Education

GPC saw an opportunity to engage and educate the next generation on the importance of ports and the role they play, through the launch of Educational Harbour Tours.

In the first tour on 31 May 2018, 158 Year Six students from seven schools within the Gladstone region participated. They gained an insight into the environmental sustainability, history and operations of the Port of Gladstone.

The feedback received from the schools was extremely positive, with students gaining a greater understanding of the port and harbour, in direct alignment with Year 6 curriculum outcomes.

Following the success of the first tour, the program will now form part of GPC's regular engagement activities with tours held biannually and rotated between schools.



Year 6 students were educated on the importance of ports on board a tour of the Gladstone Harbour.

Gaining experience in Cross Industry Operations

In 2016, at the launch of our Stretch RAP, the community issued a challenge to GPC to provide greater economic opportunities for the Aboriginal, Torres Strait Islander and Australian South Sea Islander peoples of the Gladstone region.

As a result, GPC developed the Cross Industry Operations Traineeship. The Australian-first program gives trainees hands on experience across five different business areas, as well as a nationally recognised qualification.

In February 2018, GPC celebrated the completion of its inaugural Cross Industry Operations Traineeship with two graduates – Nicole Smith and Breanna Beezley – receiving their Certificate II in Cross Industry Operations.

As a result of their hard work, both Breanna and Nicole were offered full time positions with the organisation.

Nicole and Breanna had both previously received bursaries through GPC's Talent Today, Talent Tomorrow bursary program.

Round two of the Cross Industry Operations Traineeship commenced in February 2018 with five new trainees introduced to the business. We look forward to watching and sharing their successes.

Supporting our Aboriginal, Torres Strait Islander and Australian South Sea Islander communities

GPC has a long and proud history of working with and alongside the Byellee, Gooreng Gooreng, Gurang and Taribelang Bunda peoples.

In 2012, this partnership was formalised when GPC documented its first RAP. This plan outlined our commitment to building stronger relationships, increasing respect, demonstrating a willingness to learn and creating a better understanding between GPC and our Aboriginal, Torres Strait Islander and Australian South Sea Islander Communities.

Building on the achievements of the first RAP, GPC developed the Stretch RAP in 2014/15 and continues to work towards delivering the outcomes outlined in this document.

A target of the RAP was to increase Aboriginal, Torres Strait Islander and Australian South Sea Islander employment within GPC to 3.6% by 2018. We are proud to report that as at June 2018, 4.2% of GPC's workforce identified as Aboriginal, Torres Strait Islander or Australian South Sea Islander.

The achievement of this milestone has been supported by the introduction of the Australian first Cross Industry Operations Traineeship (refer to the case study above). GPC has also continued to support the further education of school and tertiary students through the Talent Today, Talent Tomorrow scholarship and bursary programs. In 2017/18, four tertiary students and 24 school age students are benefitting from the initiative.

In addition to the RAP, we have established an ILUA between the Port Curtis Coral Coast (PCCC) Native Title Claim Group and GPC.

This voluntary partnership was established to ensure the responsible and respectful management of the land and sea on which we operate, and to deliver sustainable and mutual prosperity.



East Shores Stage 1B will add additional features to the already popular parklands.

East Shores Stage 1B

Plans for East Shores Stage 1B have continued to progress following the funding announcement in 2017.

East Shores Stage 1B extends the existing multi-award winning East Shores foreshore precinct. The design will pay tribute to Gladstone’s rich industrial heritage, world class port, pristine marine environment and welcoming community, and includes a

cruise ship terminal, waterfront café, amphitheatre and fitness hub.

Early site preparatory activities and investigations have been completed and detailed design is underway. Construction is planned to commence in 2018/19.

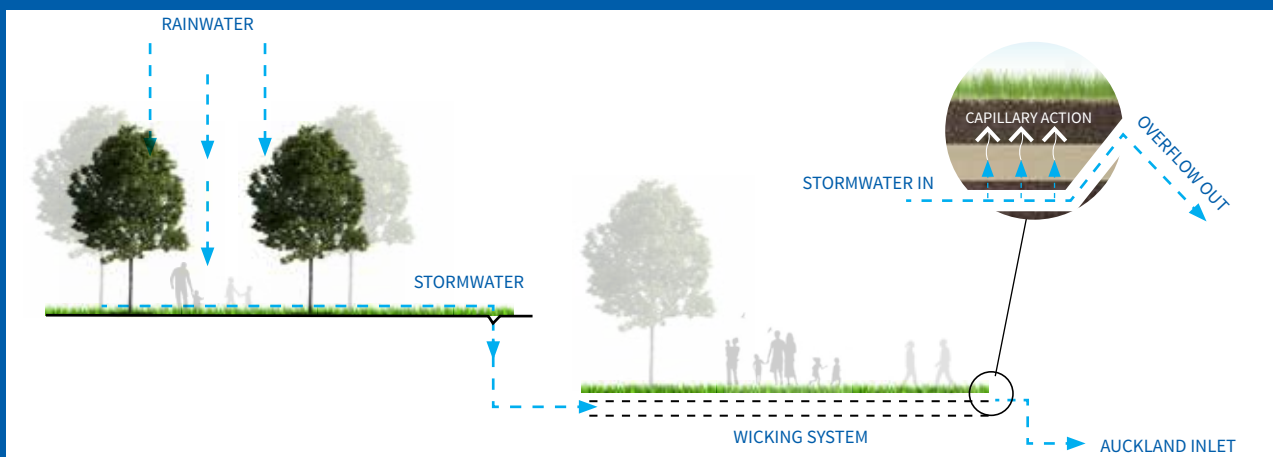
Parkland innovation

The integrated parkland design of GPC’s East Shores precinct features an innovative application of ‘wicking bed’ technology. This wicking technology underpins a sustainable water management practice that enables locally harvested stormwater runoff to be stored for the irrigation of the precinct’s open lawn area.

This initiative provides dual benefits by protecting the Auckland inlet from stormwater pollution and reducing the

parkland’s reliance on potable water supplies. This ensures that this world-class precinct is not only maintained, but that it is also sustainable in our hot/dry climate.

Since the construction of the wicking beds in 2014, the project has demonstrated the technology is a viable solution for achieving healthy turf growth and integrated water management benefits.



Our people

GPC is committed to fostering an interdependent workforce to ensure the health, safety and wellbeing of our employees.

In 2017/18, we continued to build on our strong Human Resources governance foundations, with enhancements to several systems and processes. These changes enabled GPC leaders to deliver efficiencies in people management, including a GPC-wide focus on managing annual leave and absenteeism.

Since the new Enterprise Agreement commenced in November 2017, we have embarked on a journey to realise a range of facilitative arrangements and productivity initiatives, which will deliver efficiencies and cost savings across the whole of business. We have a consistently high workforce compliance rate for job specific and mandatory corporate training and the coming year will see us launch a suite of leadership development programs. In 2017/18, we also increased our Indigenous employee workforce participation rates significantly through our second Cross Industry Operations Traineeship program and 2018 Apprentice and Trainee cohorts.

Employee Relations

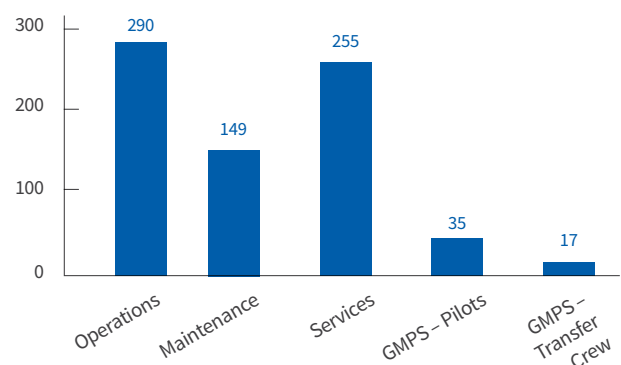
Our workforce is employed in a variety of management, trade, technical and administrative positions across a range of departments (including subsidiary GMPS). Over the past 12 months, the workforce has remained relatively stable with 746 employees (727.51 full time equivalent (FTE)).

We recruited 53 employees this year across a diverse range of roles. Of these new employees:

- 19 were females and 34 were males
- Eight identified as Aboriginal/Torres Strait Islander/Australian South Sea Islander
- Three were casual, two temporary part time, 23 temporary full time and 25 permanent full time.

Our staff turnover for 2017/18 was 6.57%, with a voluntary turnover rate of 3.62%. The GPC Enterprise Agreement was endorsed by the Fair Work Commission in November 2017, while our GMPS Enterprise Agreements (Gladstone Pilots and Gladstone Pilot Transfer Crew)

Figure 6: Employment by Schedule



are expected to receive Fair Work Commission endorsement in July 2018. All three Enterprise Agreements have been negotiated in accordance with the Government Owned Corporations Wages and Industrial Relations Policy (2015).

Developing our people

Our employees continued to play a vital role in ensuring we meet our business objectives. GPC committed to providing a vast range of training initiatives to enhance our peoples' skills and knowledge during 2017/18. Our targeted learning and development programs resulted in employees completing a total of 46,290 hours in 2017/18 (2016/17: 54,797 hours), the equivalent of 64 hours of training per FTE employee.

During 2017/18, we expanded our eLearning training packages from 19 to 26 modules, with all modules reflecting legislative and corporate governance changes. We also reviewed and re-released the GPC Code of Conduct and have developed new corporate training reports to assist leaders manage their workforce training compliance.

Listening to our people

In September 2017, 49% of our employees (GPC and GMPS) participated in an employee engagement survey. The survey was designed to capture feedback about the levels of employee engagement and other key aspects of the GPC working environment.



We consider our employees our most valued asset.

From the 363 responses received, GPC achieved an engagement score of 72.7%, which represents an 'engaged' workforce. This result is a 2.5% improvement when compared to the 2015/16 Employee Engagement Survey engagement score.

A number of strengths were identified from the survey:



safety and environment



GPC leaders



my immediate supervisor



my job



work/life balance

Three improvement opportunities were identified:



career progression and training



communications



recognition and rewards

Similar to the 2016 Employee Engagement Survey rollout, GPC conducted a series of workshops to present the survey outcomes to employees and develop team specific action plans to address the improvement opportunities outlined adjacent.

In 2018/19, we will also undertake an Organisational Cultural Inventory. We anticipate that this will provide a picture of GPC's ideal culture, based on shared values and beliefs.

Recruiting our people

Our commitment to building a diverse and inclusive workforce remained a priority during 2017/18. We had a clear focus on providing employment opportunities for nominated equal employment opportunity (EEO) target groups, that is, people with a disability, Indigenous people and people from a non-English speaking background.

Our Indigenous representation increased significantly during 2017/18, to 4.2% of the total workforce, compared to 3.4% in 2016/17.

Figure 7: Breakdown EEO target groups employed within GPC

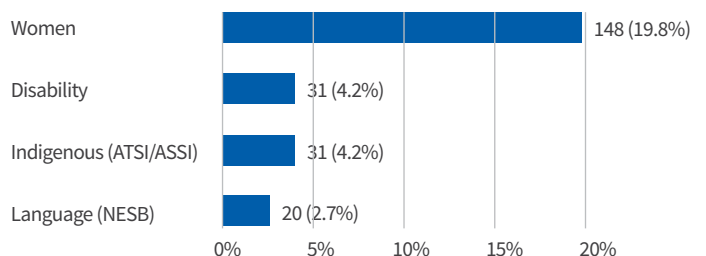


Figure 8: Age profile 2017/18

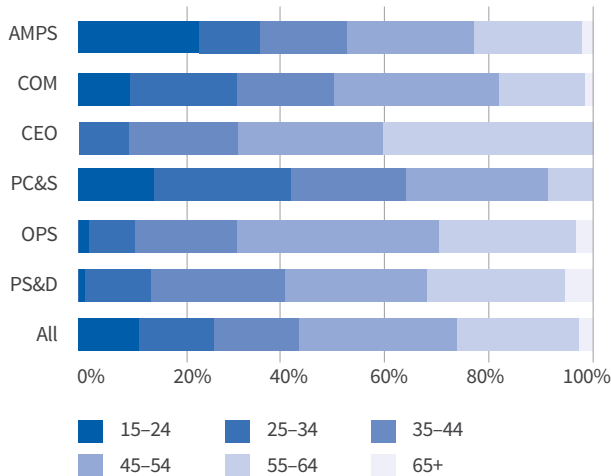
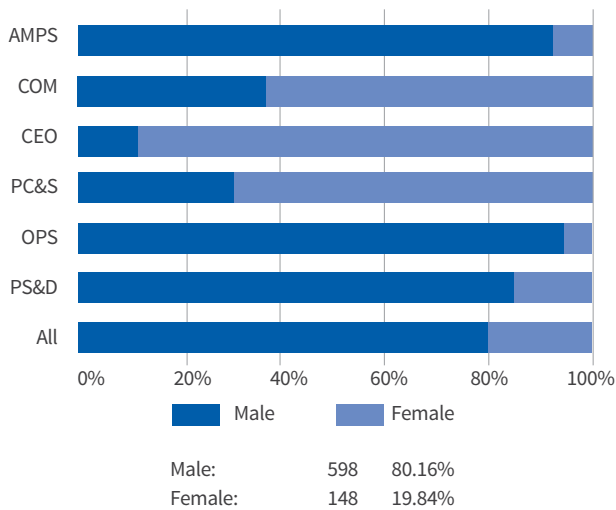


Figure 9: Gender ratio 2017/18



Male: 598 80.16%
 Female: 148 19.84%

AMPS	Asset Management and Project Services
COM	Commercial
CEO	Office of the CEO
PC&S	People, Community and Sustainability
OPS	Operations
PS&D	Port Strategy and Development

Our safety performance

AS4801 re-certification

In 2017/18, GPC’s Safety Management System was audited and re-certified as part of the triennial AS 4801 re-certification audit. The Safety Management System continues to evolve with several key procedures developed, reviewed and implemented including Drug and Alcohol, Working at Heights and Hot Work. In addition to the enhancements to the Safety Management System, key process initiatives implemented include structured ‘toolbox’ talks which link to a monthly safety theme and the engagement of team leaders to actively participate in the safety management system audits.

Sustaining Switch On

One of the key safety strategies this year was to finalise the Switch On values-based safety program for all employees and implement strategies for embedding the safety models learnt through the program.

Examples of embedding initiatives to help sustain the Switch On messaging include:

- collateral (i.e. notebook, sticky pads, photo frames, stickers) detailing the Switch On models
- one-on-one safety leadership coaching
- 12 leader-led Switch On toolbox talks made available to all workgroups.

Hygiene management

With focus during the year on Coal Worker Pneumoconiosis, GPC participated in a three-month dust sampling program to obtain new baseline data for dust exposure. The results showed consistency between the existing and newly obtained baseline data, confirming that controls for dust exposure in place across RGCT are adequately reducing exposure.

GPC continues to focus on further reducing the likelihood of exposure to dust by:

- trialling the installation of dust suppression sprays in more conveyor processes e.g. the dumpstation
- ongoing education around airborne dust hazards and the correct use, fitting and storage of face masks
- quantitative face fit testing of respirators to ensure they adequately fit each individual.

Analysing our health and safety performance

This year we recorded an increase in total injuries compared to 2016/17. Total injuries, which includes first aid treatments, increased by eight. LTI remain consistent with the previous reporting year with one.

Sprain and strain injuries were the most prominent injury type this year. GPC's proactive health and safety initiatives have resulted in the ratio of sprains and strain type injuries compared to all other injuries decrease (refer to Figure 11).

Examples of proactive initiatives contributing to this reduction in sprain and strain injuries include safe spine exercises, utilisation of mechanical aids, a focus on good housekeeping, greater hazard identification and better access to fit for purpose equipment. Safety initiatives will continue to be implemented to ensure the ongoing reduction in sprain and strain injuries.

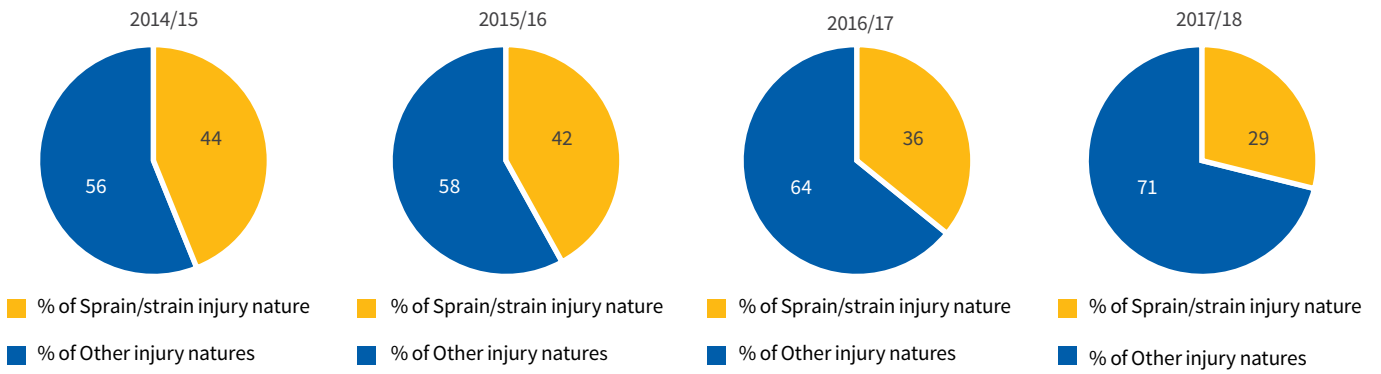
Table 3: Injury Frequency Rate

Year	2013/14	2014/15	2015/16	2016/17	2017/18	2017/18 trend compared to 2016/17
Hours worked	1,423,507	1,303,340	1,279,646	1,257,890	1,217,721	(3.9%)
Total Injuries	84	61	86	47	55	17.0%
TIFR	59.00	46.80	67.20	37.36	45.17	20.9%
Serious Injuries	37	27	34	22	31	40.90%
Serious Injury Frequency Rate	25.99	20.72	26.57	17.49	25.46	45.57%
Nil Restriction Injuries	48	34	53	28	25	(10.71%)
Nil Restriction Frequency Rate	33.72	26.09	41.42	22.3	20.53	(7.77%)
Restricted Work Injuries	30	21	23	18	29	61.11%
Restricted Work Injuries Frequency Rate	21.08	16.11	17.97	14.31	23.81	66.39%
Lost Time Injuries	6	6	10	1	1	-
LTIFR	4.22	4.60	7.81	0.79	0.82	3.8%



GPC employees apply the concepts of Switch On in their day-to-day tasks to keep them and their workmates safe.

Figure 11: Injury nature trend



Working toward zero harm

GPC's goal is zero harm across its three port precincts. The key initiatives planned for 2018/19 to improve the safety culture and performance are:

- developing lifesaving rules to provide clear expectations for safety behaviours
- reviewing fitness for work requirements to ensure personnel remain physically and mentally capable of performing their work safely
- reviewing and re-establishing safety risk management tools and processes to ensure employees are personally capable, and equipped with suitable tools to identify and manage hazards.



Safety interactions have been adopted across the business and are proving to be an effective tool.



The Respirator Fit Testing program commenced and will be repeated every two years.

Our health

Supporting a healthy team

People are vital to our success. We continue to advance our approach to empower employees to undertake their roles in a safe and effective manner. We provide education and support to foster an environment where employees are willing to prioritise their health and wellbeing, understanding how this effects their performance at work.

GPC continues to support and protect the health and wellbeing of employees now and into the future. This approach is reflected in GPC's three core pillars of injury illness management, health surveillance and health promotion.

Health surveillance

GPC has introduced several initiatives to ensure we continue to reduce our employees' exposure to potential health risks associated with their work. One initiative introduced this year was the Respirator Fit Testing program. Through this program, employees who wear respiratory protection for work undergo a face fit test, to ensure the equipment they wear is providing effective protection from airborne contaminants. The face fit process will be repeated at least every two years.

Health promotion

Our health promotion programs aim to educate our employees and encourage them to adopt a positive and informed approach to their health and wellbeing. In 2017/18, initiatives were embedded through a health and wellbeing calendar, with weekly information health bulletins and monthly themes. These included:

- encouragement to enter a quiz on Men's Health in support of Movember
- a focus on staying hydrated and the importance of drinking water
- rolling up our sleeves for donation health and learnt about the value of organ donation through Donating Life presentations.

In addition, an Ergonomics and Your Body Workshop was held to demonstrate the importance of musculoskeletal health. A range of services, demonstrations and products were on show including light vehicle and dozer seat ergonomics, and ergonomic aids. Health fund representatives, a podiatrist and physiotherapist were also present at the workshop.

The year's Fluvax Immunisation Clinics were very successful, with 309 employees participating, improving immunity to influenza in our employees, their families and the wider community.

Our governance

GPC remains committed to social, economic and environmentally sustainable operations.

Our Board

Leo M Zussino, Chairman

BE, MBA

During the past 31 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 GPC (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 also serves as the Chairman and interim CEO of the Gladstone Development Board (July 2017 to 30 June 2018) and 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), Chairman of the Gladstone Port Authority (1990 to 1999) and a Council Member of CQ University (1990 to 2001).

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



Grant Cassidy, Director

FAICD

Grant has over 16 years' experience in the Central Queensland tourism industry through his position as Managing Director of the Cassidy Hospitality Group, a specialist group which owns and operates accommodation and restaurant businesses in the region. His 16 years' 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 region's peak tourism and economic development organisation) and a former member of the Tourism Queensland Board. In the latter role, Grant 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 the Chairman of the Capricorn Business Advisory Committee, and the Regional Development Australia Fitzroy and Central West Committee, as well as a member of the Salvation Army Rockhampton Red Shield Business Appeal Committee.

Grant was appointed Director from 1 October 2015 until 30 September 2018. Grant is also a member of the Audit and Compliance Committee and the Risk Committee.





The GPC Board drives strategic direction focused on growth, prosperity and community.

Peter Corones AM, Director

A business proprietor and company director, Peter's background spans 41 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.



Peter was appointed Director from 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 1 October 2015 until 30 September 2018. Peter is a member of the Human Resources Committee.

Gail Davidson, Director

FAICD

Gail has held management roles in a number of areas for over 41 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 more than 27 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 is a member of 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.



Gail was appointed Director from 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; reappointed from 12 October 2017 until 30 September 2020. Gail is also a member of the Human Resources Committee.

Peta Jamieson, Director

GradCertBA, BA (Hons), BA, MScEnvMgt,GAICD

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



Peta was appointed Director from 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 27 years' experience as a governance, risk management and accounting professional, supporting organisations in improving operations and accomplishing objectives through the evaluation of decision making, risk management, internal control and governance processes. She is the National Lead Partner Risk Advisory for BDO Australia. Her experience has been built through working with a number of large organisations with significant revenue and asset bases, diverse stakeholders, investments, commercial and operational scopes and risk based decision making requirements. Marita is Chair of the Audit and Risk Committee for the Department of Environment and Science, Chair of the Audit and Risk Committee for the Public Safety Business Agency, an Independent Member of the Audit Committee for the Queensland Parliamentary Service and a former Chair of the Risk Management Committee of the Crime and Misconduct Commission.



Marita was appointed Director from 15 December 2016 until 30 September 2019. Marita is Chair of the Risk Committee and Chair of the Audit and Compliance Committee.

Stewart Butel

BSc, Graduate Diploma of Business Studies, GAICD

Stewart has over 40 years' experience in the Australian resources industry. He joined Wesfarmers Limited in June 2000, was appointed Managing Director of Wesfarmers Resources in September 2006 and successfully led the company until his retirement in August 2016. Stewart has a strong track record in the Queensland Resources industry, having been President of Queensland Resources Council (QRC), the peak industry body for the resources industry in Queensland, and awarded the QRC Medal in 2016 for services to the sector. He was also the Chairman of the Australian Coal Association, and its low emissions technology fund ACALET. Stewart has held past board positions with organisations such as the Minerals Council of Australia, the Chamber of Mines and Energy, Western Australia, and the ASX-listed Duet Group. At present Stewart is a non-Executive Director of the ASX-listed Stanmore Coal Limited.



Stewart was appointed Director from 12 October 2017 until 30 September 2020. Stewart is a member of the Audit and Compliance Committee.

Previous Director

Judy Reynolds

BBus, CA, MAICD

Judy was appointed Director on 1 October 2010, and completed her term on 30 September 2017.

Our Management Team

GPC commenced its General Management Team restructure during 2017/18, following a comprehensive review of the Corporation's long-term direction and strategy. The merging of functions and reduction in senior management reflected the changing market conditions and the Corporation's drive for continued improvement and a sustainable future.

The Port Strategy and Development General Manager role was created through the merging of the Marine Operations and Port Planning Development departments, with the added element of enterprise strategy. Cargo Handling Operations was also separated into two new departments: the Asset Management and Project Services department and Operations department.

As a result of these changes, two long-serving General Managers departed the organisation during 2017/18.

Peter O'Sullivan, Chief Executive Officer

Peter was appointed as CEO by the Board in July 2016. Peter has more than 20 years of experience as an organisational leader, with 14 of those working for or with GPC in areas such as Community Relations, Human Resources and Major Projects, specialising in significant port development marine projects.

Peter is responsible for the direction and control of GPC's business and operational activities, providing leadership to ensure short and long-term objectives and sustainable outcomes are achieved.

Peter's key focus for 2018/19 is to ensure GPC is well positioned to facilitate future growth, by investigating new opportunities, maximising and optimising existing assets and ensuring GPC's three port precincts perform efficiently and effectively. Peter is also committed to advancing safety and leadership initiatives, while fostering positive relationships with employees, stakeholders and the community.



Damien Dederer, Acting Commercial General Manager

Damien started with GPC in January 2014 as Finance Manager, before taking on the Acting Commercial General Manager role in February 2018. Damien has been working in the resource sector for more than ten years, having held Finance and Commercial Manager roles at several mining, rail and energy companies based in Central Queensland.

Damien is focused on ensuring GPC continues to be a catalyst for trade and development within Queensland, while delivering direct contributions to its shareholders and ensuring a strong cashflow to fund future growth.

During 2018/19, Damien will also lead long-term commercial strategic planning for the Corporation, as well as the advancement of business processes and support services, with particular focus on further development of a robust and agile IT framework.



Craig Walker, Port Strategy and Development General Manager

Craig Walker was appointed Port Strategy and Development General Manager in October 2017.

Craig has more than 20 years of senior executive experience in the ports, rail, manufacturing, resources, infrastructure and community sectors, specialising in strategic environments.

Craig is responsible for the Port of Gladstone Shipping Services, Port of Bundaberg, Port of Rockhampton, Gladstone Marina, Port Security and the Gladstone Marine Pilot Service.

Craig's focus for 2018/19 is to embed strategic and multi-generational thinking within GPC to ensure the capacity and capability of the three port precincts, through the identification of growth pathways, medium and long-term planning and the implementation of progressive thinking, processes and systems.



Benjamin Hayden, Operations General Manager

Benjamin was appointed as Operations General Manager in March 2018. Prior to joining GPC, Benjamin spent more than 20 years in the power generation sector, and has worked at most of Queensland's public and private coal fired power stations, more recently in engineering, maintenance and asset management leadership roles.

Benjamin is responsible for the bulk cargo handling operations at RGCT, Barney Point Terminal and Auckland Point Terminal.

Benjamin is committed to supporting GPC's stakeholders and customers by ensuring the port's supply chain continues to be efficient, effective and running at optimal capacity during 2018/19. He will also focus on strategies to increase trade through Barney Point Terminal and on reducing hazards and operational risks within the terminal operations.



Allan Brown, Asset Management and Project Services General Manager

Allan was appointed as Asset Management and Project Services General Manager in March 2018, following seven years as Cargo Handling Operations General Manager and two years as Maintenance and Engineering Manager. He has more than 30 years' experience in the manufacturing, mining, materials handling and consulting sectors, and has demonstrated strong operational leadership, strategic and business planning, asset management, customer relations management and project and program delivery.

In this new role, Allan is responsible for reliability and maintenance, technical services, port infrastructure and civil works.

Allan has set the foundation for 2018/19, with a clear focus on maintaining a high level of maintenance and engineering services, while building and enhancing systems and capabilities across GPC's port precincts in a safe and environmentally sustainable manner.



Rowen Winsor, People, Community and Sustainability General Manager

Rowen is GPC's People, Community and Sustainability General Manager and has been a key member of the executive team since October 2015. Rowen has more than 20 years' experience as a senior executive across a range of industries including the mining, energy, rail, aviation and tourism sectors.

Rowen is responsible for health, safety, environment, employees relations, learning and development, corporate and community relations, parks and recreation, and Indigenous affairs. Rowen is also Chair of the GPC and PCCC ILUA Implementation Committee and GPC's industry representative on the Board for GAPDL.

Rowen is committed to ensuring GPC develops people, social and environmental capability in a sustainable way. Rowen's major focus areas in 2018/19, are safety, culture, leadership and sustainability and ensuring the importance of these strategies are embedded across the organisation. Delivering East Shores 1B, protecting culturally significant assets and developing leaders are among her other priorities for the year.



Previous General Managers

Mike Galt, Commercial General Manager

After more than 15 years in the role, Mike stepped aside as GPC's Commercial General Manager in February 2018 to start his transition to retirement. Mike remains involved in developing commercial strategy and managing commercial agreements with customers.

Gary Carter, Port Planning and Development General Manager

Gary was appointed the Port Planning and Development General Manager in December 2012. After more than 35 years at GPC, Gary finished in November 2017.

John Sherriff, Safety, Environment and Risk General Manager

John was appointed Safety, Environment and Risk General Manager in August 2012. GPC farewelled John in August 2017, after nine years of service to the organisation.

Corporate governance

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

GPC is a public company incorporated under the *Corporations Act 2001* (Cwlth) and subject to the requirements of the GOC Act. Gladstone Marine Pilot Services Pty Ltd (GMPS) is a company incorporated under the *Corporations Act 2001* (Cwlth) and is also subject to the GOC Act as wholly owned subsidiaries of a GOC. The former GPC subsidiary company Gladstone WICET Operations Pty Ltd (GWO) was deregistered on 13 June 2018. GPC owns all of the shares in GMPS. The Queensland Government is the owner of all shares in GPC. These shares are held by two shareholding Ministers: the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, the Hon. Jackie Trad MP, and the Minister for Transport and Main Roads, the Hon. Mark Bailey MP.

Driving performance and delivering conformance

Both GPC and GMPS have the same CEO and Board of Directors. The Board of Directors is responsible for the corporate governance of the organisation and is accountable to the shareholding Ministers for GPC's performance. GPC's corporate governance structure underpins its performance and conformance with policies and procedures. It guides all employees in their conduct of the corporation's affairs, and engagement with shareholding Ministers and other stakeholders. GPC's 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 its 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 (third edition) published by the ASX Limited's Corporate Governance Council. The Board has adopted these governance principles. This section of the annual report lays out the eight principles and demonstrates our performance against them. GPC's corporate policies are available at



[www.gpcl.com.au/About GPC Corporate Governance.aspx](http://www.gpcl.com.au/About%20GPC%20Corporate%20Governance.aspx)

Figure 12: Corporate structure

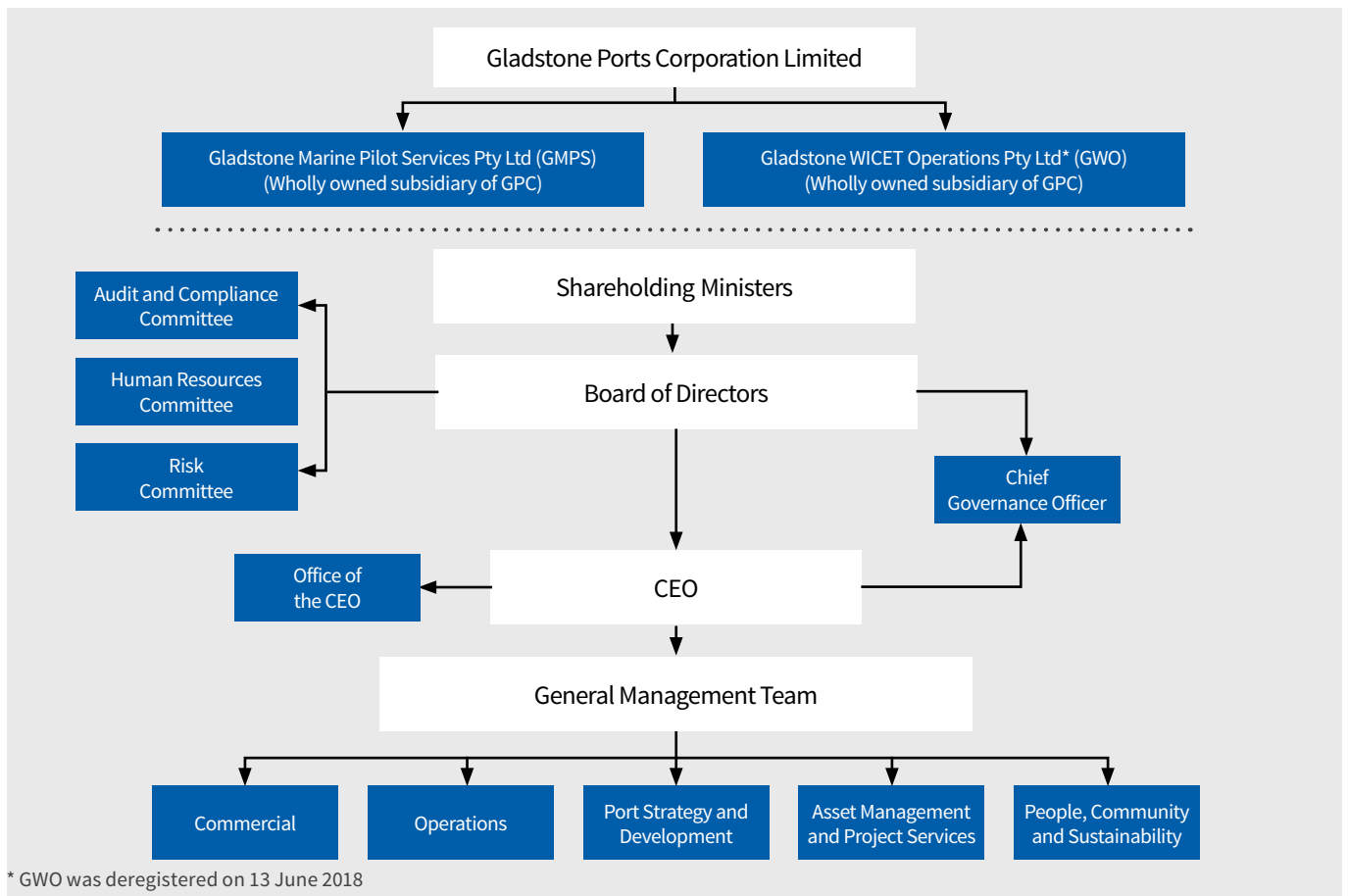


Table 4: Director's attendance at Board and Committee meetings

	Board (eligible to attend/attended) (8 held)	Audit and Compliance Committee (eligible to attend/attended) (4 held)	Human Resources Committee (eligible to attend/attended) (4 held)	Risk Committee (eligible to attend/attended) (4 held)
Leo Zussino	8/8	4/4	4/4 (Chair)	4/4
Grant Cassidy	8/8	4/4	N/A	4/4
Peter Corones AM	8/8	N/A	4/4	N/A
Gail Davidson	7/8	N/A	4/4	N/A
Peta Jamieson	7/8	N/A	3/4	4/4
Marita Corbett	7/8	3/4 (Chair)	N/A	4/4 (Chair)
Stewart Butel	6/6	3/3	N/A	2/2
Judy Reynolds	1/2	1/1	N/A	N/A

Principle 1:

Lay solid foundations for management and oversight

Our Board

Chairperson: Leo Zussino

Current Members: Grant Cassidy, Peter Corones, Gail Davidson, Peta Jamieson, Marita Corbett, Stewart Butel

Secretary: Sohana Maharaj (Chief Governance Officer)

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

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

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

Roles and responsibilities of the Board

The Board provides leadership and sets the strategic objectives of GPC. The Board assumes overall responsibility for corporate governance practices within GPC and monitors the performance of the corporation, its management and employees. The Board, in conjunction with the CEO, establishes and implements GPC's operational, financial and strategic direction as outlined in the one year (SCI 2018–2019), five year (Corporate Plan 2018–2023)

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.

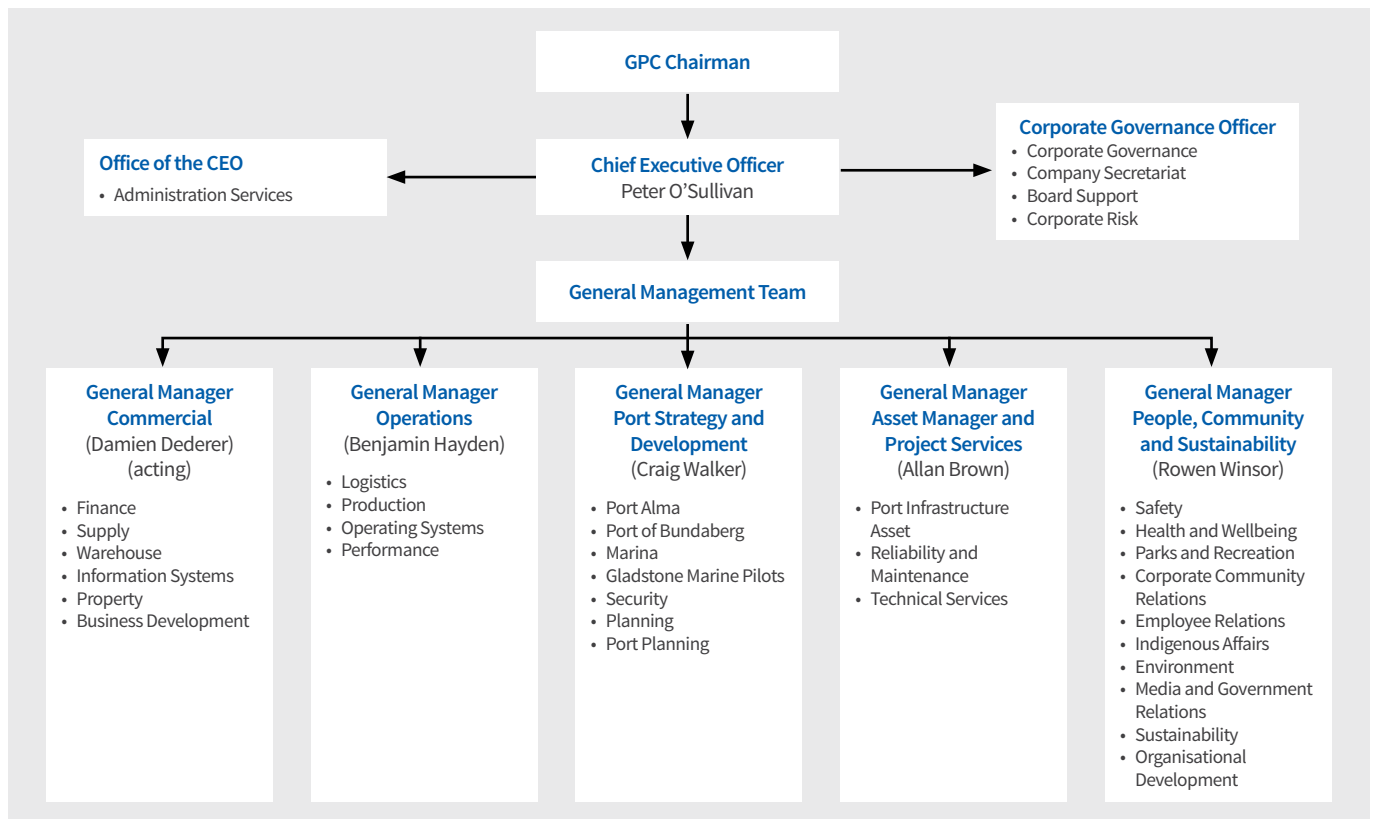
Directors are kept advised of relevant industry related seminars and conferences available to update their skills and knowledge. Directors are also encouraged to attend workshops and seminars as part of a continuing professional development policy to enable them to undertake their role effectively.

A total of eight Board meetings were held during the year. Details of each Director's attendance at Board and Committee meetings are provided in Table 4.

Our Organisation

The organisational structure, shown in Figure 13 is the framework within which GPC makes responsible, accountable decisions, supported by expert advice and the assurance provided by internal and external audit services. The CEO leads the management team and is responsible for GPC's organisational structure. The structure is approved by the Board. The CEO is directly responsible to the Board for the administration of the organisation. GPC's organisational functions and associated services are delivered through six departments (refer Figure 13).

Figure 13: Organisational structure as at 30 June 2018



Principle 2:

Structure the Board to add value

Board Meetings

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

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

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

Board committees

The Board may delegate its powers to a committee of Directors. GPC has three committees: the Audit and Compliance Committee, the Human Resources Committee and the Risk Committee. Each Committee comprises of four Directors. One Director on each committee is appointed Committee Chairperson 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 Board and Committee meeting. Directors absent themselves from meetings while any matters of potential conflict of interest are discussed. In accordance with its Charter, the Board (at least annually) ensures that the independence criterion as set out in the Charter is satisfied for each Director.

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

- a material professional advisor or consultant is one whose fees to GPC in a financial year exceed \$100,000

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

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

Gaining independent advice

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

Board performance review

The Board, as part of its governance process, has committed to ensuring a regular process of review is in place. The Chairman conducts a review of the skills around the Board table and identifies any skills that may be required in the future. The performance assessments focus on whether the objectives of the Board are being met in an effective manner. A report is provided to shareholding Ministers on the results of the evaluation. Whilst the Chairman does not himself have the right to appoint Directors, it is acknowledged that shareholding Ministers take skill requirements into account when appointing Directors. Performance of the Board, its Committees and individual Directors is reviewed and evaluated on a biennial basis. 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 2017/18 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.

Code of Conduct

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

Fraud and corruption prevention

Fraud and corruption prevention applies to all Directors and our employees. A policy was developed to assist management and employees in the discharge of their responsibilities by setting out the procedures for managing fraud and corruption. The Company Secretary is the Fraud Control Officer for the purposes of the policy. All incidences of theft and related activity are reported to the Audit and Compliance Committee by the Fraud Control Officer on a regular basis for consideration of fraud control initiatives. Online training is available to employees, who are also reminded of their obligations under this policy at the annual business update sessions.

Procedure on Public Interest Disclosure

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

A Public Interest Disclosure Procedure has been developed to encourage the reporting of PIDs, provide transparent and accessible reporting processes, and protect employees who make a PID. The Company Secretary is the PID Officer for the purposes of the procedure. All PIDs and related activities are reported to the Audit and Compliance Committee by the PID Officer on a regular basis for consideration. Ongoing awareness material is made available to employees, who are also reminded of their obligations under this procedure at the annual business update sessions, delivered by the CEO.

GPC's Whistleblower's reporting hotline

All suspected and actual misconduct and reprisal action must be reported in accordance with the PID procedure. Under GPC's Code of Conduct, all employees are required to report any reasonably based suspicion of theft, fraud, assault, corruption and/or official misconduct to their manager, another appropriate officer of GPC, the PID Officer, through GPC's confidential reporting Hotline (1800 063 408), or through the Crime and Corruption Commission at



www.ccc.qld.gov.au or on 1800 061 611.

While the GPC's Whistleblower's Reporting Hotline is intended primarily to be a service for employees, contractors and customers of GPC, the same reporting channel is available to the community, to raise issues and concerns. No calls to the Hotline will be dismissed on the basis of their source. The service is provided by Deloitte. Two misconduct matters were reported to the Hotline during the year. Both matters were investigated and finalised. Nil environmental reports were received during the year.

Principle 4:

Safeguard integrity in corporate reporting

Audit and Compliance Committee

Chairperson: Marita Corbett

Current Members: Leo Zussino, Grant Cassidy, Stewart Butel

Secretary: Sohana Maharaj (Chief Governance Officer)

The Committee is assisted by the CEO, Chief Governance Office and the Acting 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 2017/18, 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), engages the Queensland Audit Office as its external auditor. The Auditor-General of Queensland, an independent Officer of Parliament, is the external auditor of government public sector entities in Queensland. The independence of the position, mandated by law, means that the Auditor-General and staff of the QAO have unfettered access to government entities and can examine and report to Parliament on the efficiency and effectiveness of any aspect of public sector finances and administration.

QAO officers conduct regular reviews and assessments of GPC's internal control environment, including financial management. Implementation of the QAO's recommendations targeting improvements to GPC's financial and related processes and systems are closely monitored by the Audit and Compliance Committee and the management team. The Commercial department works closely with the QAO to ensure that audit activities are planned and prioritised.

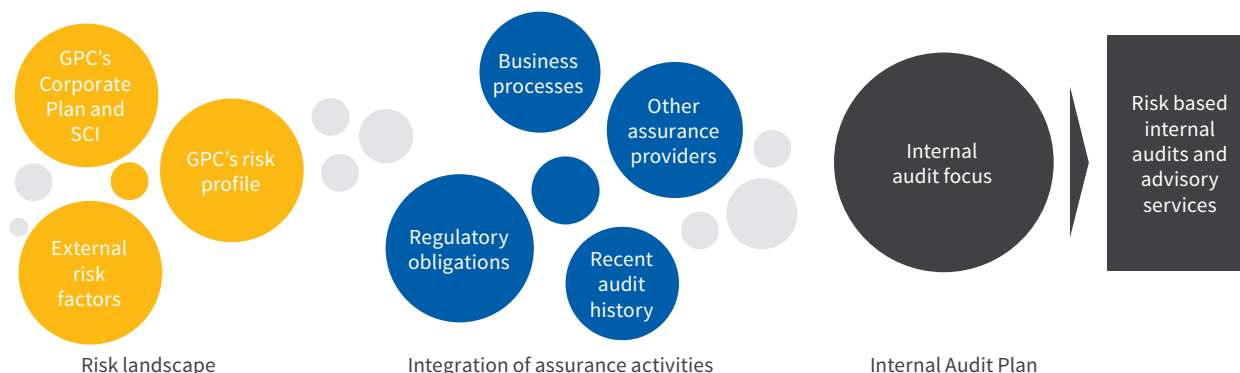
The QAO has conducted its annual independent assessment of GPC's finances and operations and concluded that the general purpose financial statements contained in this annual report present a true and fair view of GPC's financial position as at 30 June 2018 (refer to page 54).

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, using the process outlined in Figure 14.

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

Figure 14: Internal Audit planning process



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

- Strategic Internal Audit Plan 2018-2021
- Information and Records Management
- Revenue to Cash
- Operating and Capital Budgeting
- Procure to Pay
- Payroll
- Contractor Management
- Conflict of Interest Policy Compliance review
- QAO IT Follow Up
- Cybersecurity.

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 2017/18, the Board recommended to shareholders a dividend payment of 100% of net profit after tax, adjusted for any unrealised movements from the revaluation of non-current assets.

Records management

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

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

There were no directions issued by shareholding Ministers under the GOC Act for the 2017/18 financial year. There were no notifications issued by shareholding Ministers under the GOC Act for the 2017/18 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 on a monthly basis. In addition, the CEO regularly advises the shareholding Ministers' departments on developing projects and GPC's proposed actions. This is also

done through written briefings as required. GPC complied fully with all SCI requirements during 2017/18.

Principle 6:

Respect the rights of security holders

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

Principle 7:

Recognise and manage risk

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

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

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

Supervisors are required to ensure that as new risks are identified, or current risks are removed or escalated, Risk Registers are updated and that risks are communicated to their respective department heads.

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 Risk Management – Principles and Guidelines, and Principle 7 of the Queensland Government’s Corporate Governance Guidelines for Government Owned Corporations released February 2009. GPC is currently reviewing its risk management system for continuous improvement outcomes.

Risk Committee

Chairperson: Marita Corbett

Current Members: Leo Zussino, Grant Cassidy, Peta Jamieson, Stewart Butel

Secretary: Sohana Maharaj (Chief Governance Officer)

On 8 June 2017, the shareholding Ministers approved the establishment of a separate Risk Committee.

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

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
- and assessment of the likelihood of occurrence, severity of impact of those risks, and any mitigating measures affecting those risks
- of the responsibility for risk oversight and management of specific risks to ensure a common understanding of accountabilities and roles
- of the risk treatment and mitigation policies and procedures developed by management, including procedures for periodic and critical reporting of matters to the Board and the Committee
- management’s implementation of GPC’s risk treatment and mitigation policies and procedures, to assess compliance and effectiveness.

Principle 8:

Remunerate fairly and responsibly

Human Resources Committee

Chairperson: Leo Zussino

Current Members: Gail Davidson, Peta Jamieson, Peta Coronas AM

Secretary: Sohana Maharaj (Chief Governance Officer)

The Human Resources Committee is assisted and attended by the CEO, Acting Commercial General Manager, Chief Governance Officer and the People, Community and Sustainability 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 2017/18 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 2017/18 details of Directors’ remuneration are disclosed in the Notes to the Accounts in accordance with GOC remuneration disclosure requirements (see Note 23).

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.

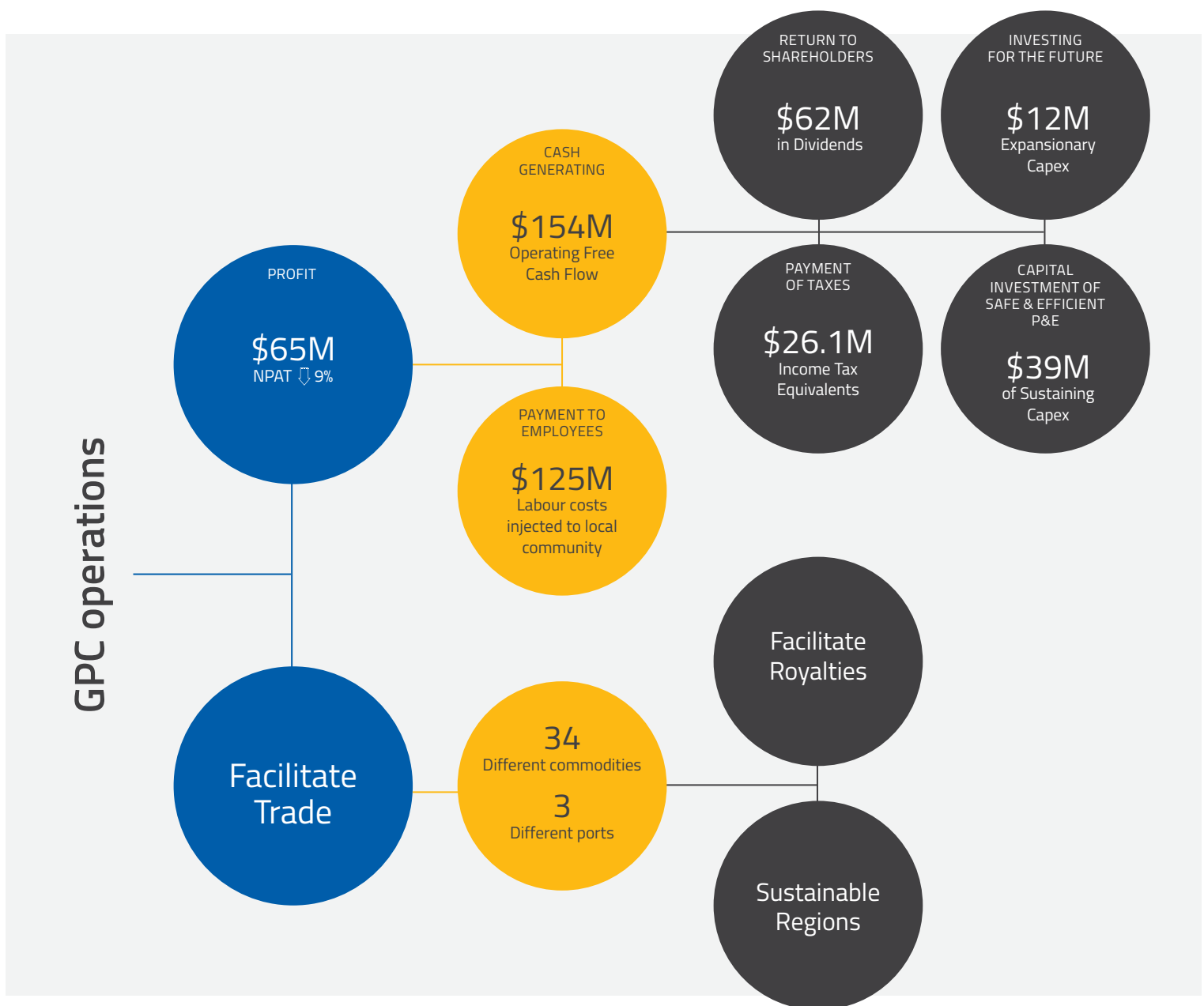
Proposed remuneration is reviewed and approved by the Board and shareholding Ministers are notified. Remuneration packages are constructed to attract, retain and motivate high quality senior executives to ensure operational effectiveness and efficiency. Senior Management’s remuneration and associated responsibilities are benchmarked against the market by an independent Human Resources consulting firm approved by Queensland Government. Details of Senior Management’s remuneration are disclosed in the Notes to the Accounts in accordance with GOC remuneration disclosure requirements (see Note 23).

Corporate entertainment

GPC did not incur any expenses in excess of \$5,000 for any event during 2017/18.

Financial overview

In reaction to flat tonnage throughputs and resulting flat trading revenue, GPC's prudent and proactive approach to its operating costs resulted in GPC continuing its strong financial performance in 2017/18, achieving a 1% increase in EBITDA from last year to \$208.3M.





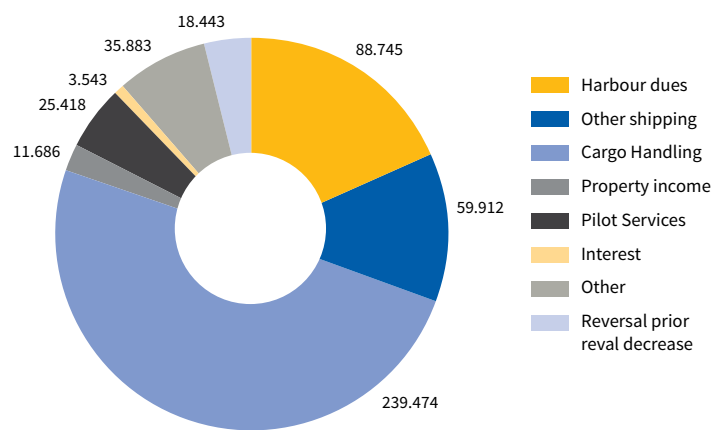
GPC's strategic future planning ensures effective management for the future.

The resulting NPAT however was 9% lower, predominantly as a result of increasing asset values from continued capital program additions and prior year revaluation increases. Also incorporated into this result is a \$15.4 million devaluation of our investment property portfolio, in line with the continuing broader downturn in the Gladstone commercial property sector, as well as the effect of asset revaluation increases.

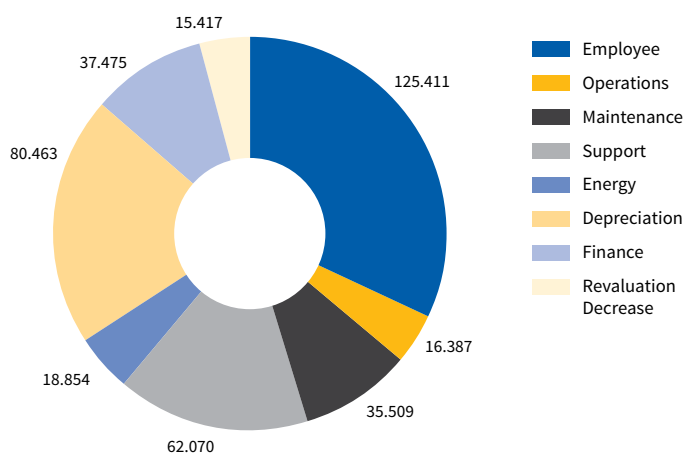
Value-focused project approval and project management processes have resulted in a net operating cash flow result, before dividends, of \$154.4 million, an increase of 23.6% from 2016/17. Short term liquid funds as at 30 June 2018 was \$200.3 million. This current position has resulted in minimised borrowings during the 2017/18 year as planned. Additionally, the current 5-year cash outlook is also free of the requirement for borrowings, as GPC focuses on facilitating growth and community oriented projects into the future.

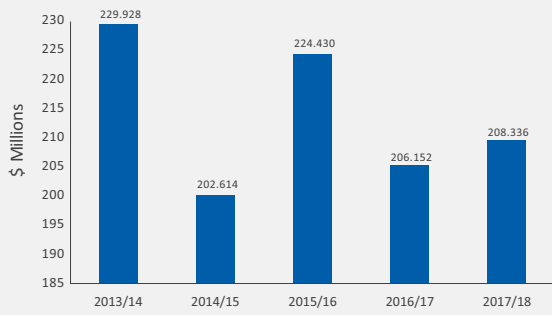
GPC has clear strategies to ensure its intergenerational assets are effectively managed in order to meet expectations of all stakeholders into the future. GPC's commercial framework is a key driver of its sustainable financial achievements, and allows GPC to facilitate strong economic performance for its shareholders in support of the State's wider benefits. GPC's business operations are segmented into two key fundamental financial contributors. Port operations incorporate the commercial use of the harbour channel and adjacent infrastructure (including ancillary activities such as provision of Marine Pilot transfers and wharf utilisation fees as well as Property Management activities). Port operations provided revenue for the 2018 year of \$219.1 million, consisting of channel revenue, recoverable revenue, property revenue and other sundry revenue. Cargo handling services, predominantly focused on the receipt and shiploading of coal at RGTCT, provided \$239.5 million in revenue for the year 2018. An additional contributor to EBIT is interest earned on cash held of \$3.5 million for the full year.

2017/18 Revenue \$Millions

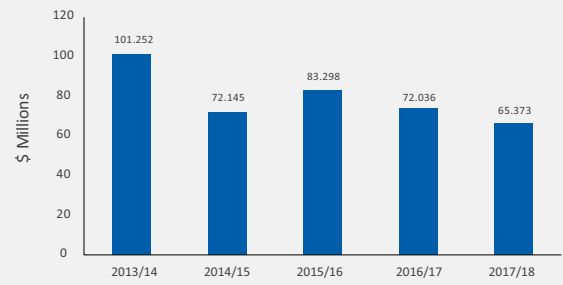


2017/18 Expenses \$Millions

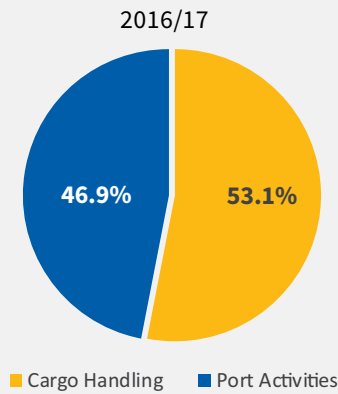




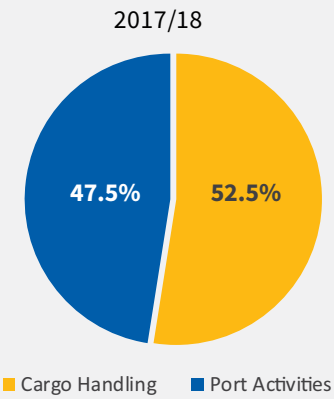
EBITDA



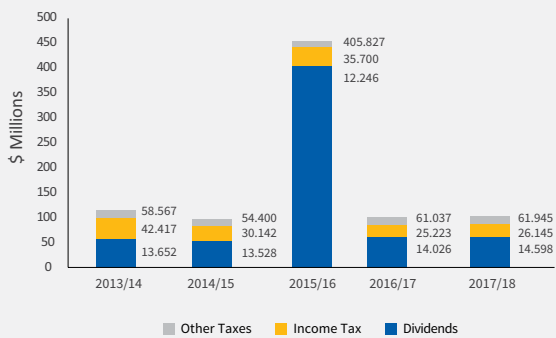
NPAT



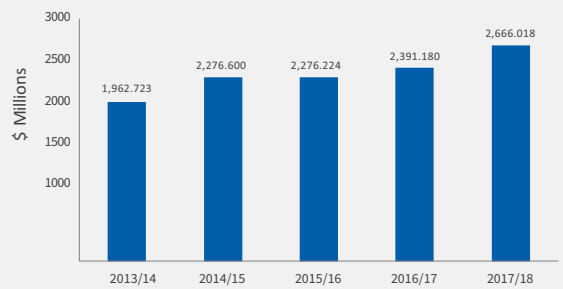
REVENUE CONTRIBUTION



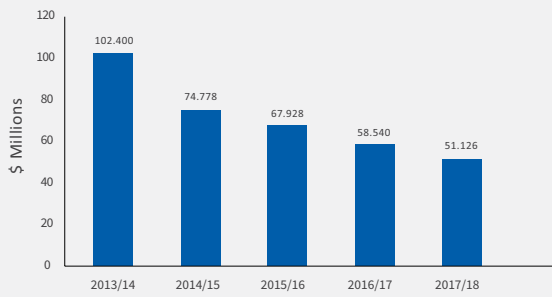
REVENUE CONTRIBUTION



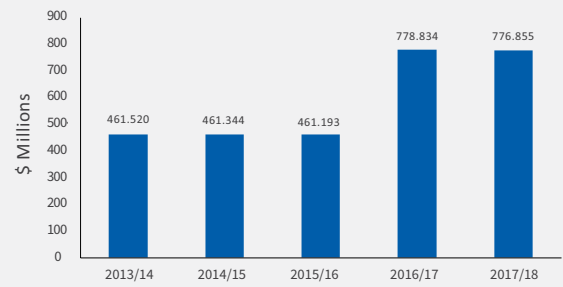
DIVIDENDS AND TAXES



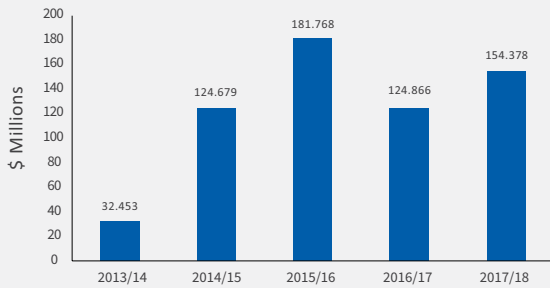
TOTAL ASSETS



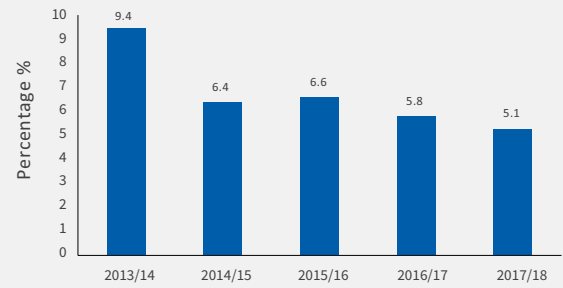
CAPITAL EXPENDITURE



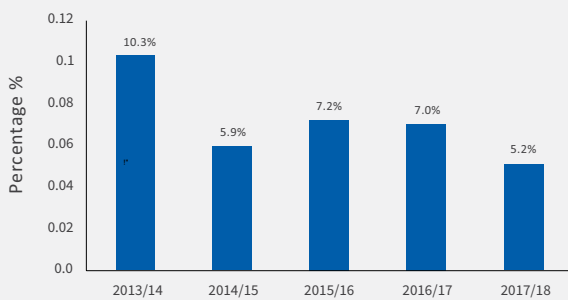
INTEREST BEARING LIABILITY



NET OPERATING CASHFLOW



RETURN ON ASSETS



RETURN ON EQUITY

Consolidated Annual Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



Gladstone Ports Corporation Limited

ACN 131 965 896 • ABN 96 263 788 242

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 statements of GPC for the year ended 30 June 2018 was authorised for issue to shareholding Ministers in accordance with a resolution of the Directors on 30 August 2018.

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Directors' Report

FOR THE YEAR ENDED 30 JUNE 2018

The Directors present their report together with the auditor's report and the consolidated financial statements of Gladstone Ports Corporation Limited (GPC), being Gladstone Ports Corporation Limited (the parent) and its controlled entities (Gladstone Marine Pilot Services Pty Ltd and Gladstone WICET Operations Pty Limited) for the year ended 30 June 2018.

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

In order to comply with the provisions of the *Corporations Act 2001* the Directors submit their report for the year ended 30 June 2018.

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 the Chairman of the GPC Board of Directors from 15 September 1990 until 30 June 1999 and was reappointed from 1 October 2015 until 30 September 2018. Leo is also the Chairman of the Human Resources Committee and a member of the Audit and Compliance Committee and the Risk Committee.

During the past 31 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 also serves as the Chairman of the Gladstone Development Board and interim CEO from July 2017 to 30 June 2018, and 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), Chairman of the Gladstone Port Authority (1990 to 1999) and was a Council Member of CQ University (1990 to 2001).

Peter Coronas AM

Peter Coronas was appointed as a Director on 1 July 1994 for two years. Peter's directorship was extended to 30 June 1999, where after he was reappointed for various periods from 1 July 1999 until 30 June 2003; reappointed from 1 July 2003 until 30 June 2005; reappointed from 1 July 2005 until 30 September 2007; reappointed from 1 October 2007 until 30 September 2009; reappointed from 1 October 2009 until 30 September 2012. Peter ceased as Director on 16 August 2012. Re-appointed from 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 41 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.

Directors' Report (continued)

Gail Davidson FAICD

Appointed from 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; reappointed 12 October 2017 to 30 September 2020. Gail is a member of the Human Resources Committee.

Gail has held management roles in a number of areas for over 41 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 27 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

Grant was appointed as a director from 1 October 2015 until 30 September 2018. Grant is a member of the Audit and Compliance Committee and the Risk Committee.

Grant has over 16 years' experience in the Central Queensland 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 previous 16 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 region's peak tourism and economic development organisation) and a former member of the Tourism Queensland Board. In the latter role, Grant 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 respectively the Chairman of the Capricorn Business Advisory Committee; the Regional Development Australia – Fitzroy and Central West Board, and the Salvation Army Rockhampton Red Shield Business Appeal Committee.

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

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

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

Marita Corbett BCom, CA

Appointed from 15 December 2016 until 30 September 2019. Marita is the Chair of the Risk Committee and the Audit and Compliance Committee.

Marita is a Chartered Accountant, Certified Internal Auditor and Certified in Risk Management Assurance. She has 27 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 Environment and Science, Chair of the Audit and Risk Committee for the Public Safety Business Agency, an Independent Member of the Audit Committee for the Queensland Parliamentary Service and a former Chair of the Risk Management Committee of the Crime and Misconduct Commission.

Directors' Report (continued)

Stewart Butel BSc, Graduate Diploma of Business Studies, GAICD

Appointed from 12 October 2017 until 30 September 2020. Stewart is a member of the Audit and Compliance Committee and the Risk Committee.

Stewart has over 40 years' experience in the Australian resources industry. He joined Wesfarmers Limited in June 2000, was appointed Managing Director of Wesfarmers Resources in September 2006 and successfully led the company until his retirement in August 2016. Stewart has a strong track record in the Queensland Resources industry, having been President of Queensland Resources Council (QRC), the peak industry body for the resources industry in Queensland, and awarded the QRC Medal in 2016 for services to the Queensland resources industry. He was also past Chairman of the Australian Coal Association, and its low emissions technology fund ACALET. Stewart has held past board positions with organisations such as the Minerals Council of Australia, the Chamber of Mines and Energy, Western Australia, and the ASX listed Duet Group. At present Stewart is a Non-Executive Director of the ASX listed Stanmore Coal Limited.

Previous Director

Judy Reynolds, BBus, CA, MAICD

Appointed from 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 was Chair of the Audit and Compliance Committee.

Chief Governance Officer and Company Secretary

Sohana Maharaj BA, LLB, MBA, MCIPS, MAICD

Sohana Maharaj was appointed as the Chief Governance Officer at GPC from 2 January 2018. Sohana serves as the Company Secretary to the Board and Committees and oversees enterprise risk management and corporate governance at the Corporation.

Sohana is an ex-litigation lawyer and a seasoned practitioner in enterprise risk, compliance, and corporate governance, with over 20 years of experience in governance and risk management in both the public and private sectors. In a previous role, Sohana was the Chief Operating Officer of Absa Brokers Pty Ltd (South Africa), a financial services provider within the Barclays Africa group.

Sohana is a member of the Chartered Institute of Procurement and Supply, Risk Management Institute of Australasia and a member of the Australian Institute of Company Directors.

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 \$65.373M (2017: \$72.036M) representing a decrease of 9.2% from the previous year. All profits are from continuing operations. The 2018 results included net revaluation increases of \$3.026M (2017: net revaluation increase of \$6.286M). This related to investment property write downs and reversal of previous write downs on assets revalued as part of the end of year valuation process.

Directors' Report (continued)

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:

	2018 \$'000	2017 \$'000
Dividends paid from prior year profits	61,037	279,233
Dividends paid from asset revaluation reserve	-	126,594
	Cents per share	Cents per share
Dividend per share	15.18	100.94

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 \$61.945M (15.41 cents per share).

Review of financial conditions and likely developments

Trade performance remained strong during 2017/18 despite challenging conditions. Together, the three port precincts handled more than 120.2Mt of product, nearly 1Mt less than last year's figures. The Port of Gladstone recorded a throughput of 119.4Mt led by coal, liquefied natural gas (LNG) and aluminium-related exports. 67.2Mt of coal exports were facilitated by the Port of Gladstone. This was below target due to a number of factors, including supply chain challenges and mine production issues. Curtis Island exports also continued to grow, with 20.3Mt of LNG transported to Asia. 565,637 tonnes of product was handled at the Port of Bundaberg during 2017/18 with increased silica sand and wood pellet exports setting the foundation for future growth at the port. Ammonium nitrate was the major driver of trade at the Port of Rockhampton.

Ordinary property revenue continued to decline (a decrease of 6.7%) in 2018 due to 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 potential growth of trade.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of Gladstone Ports Corporation Limited during the year ended 30 June 2018.

Environmental regulation

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation. Refer to comments under the section 'Our environment and sustainability' of the 2017/18 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.

Directors' Report (continued)

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 (8 held)	Audit and Compliance Committee (4 held)	Human Resources Committee (4 held)	Risk Committee (4 held)
Leo Zussino	8 (out of 8)	4 (out of 4)	4 (out of 4)	4 (out of 4)
Peter Corones AM	8 (out of 8)	**	4 (out of 4)	**
Gail Davidson	7 (out of 8)	**	4 (out of 4)	**
Grant Cassidy	8 (out of 8)	4 (out of 4)	**	4 (out of 4)
Peta Jamieson	7 (out of 8)	**	3 (out of 4)	4 (out of 4)
Marita Corbett	7 (out of 8)	3 (out of 4)	**	4 (out of 4)
Stewart Butel	6 (out of 6)	3 (out of 3)	**	2 (out of 2)
Judy Reynolds	1 (out of 2)	1 (out of 1)	**	**

** Not a member of the relevant committee

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:

Marita Corbett – Chair
Leo Zussino
Grant Cassidy
Stewart Butel

Human Resources Committee:

Leo Zussino – Chairman
Gail Davidson
Peter Corones AM
Peta Jamieson

Risk Committee:

Marita Corbett – Chair
Leo Zussino
Grant Cassidy
Peta Jamieson
Stewart Butel

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 23 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.

Directors' Report (continued)

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

Gladstone Ports Corporation (GPC) has been served on 27 February 2018 a Claim and Statement of Claim filed in the Supreme Court of Queensland on behalf of a 'Murphy Operator Pty Ltd' and others against GPC.

The claim is a representative class action on behalf of the following 4 categories of claimant: (1) commercial fishing group members; (2) fish processing group members; (3) fish selling group members; and (4) service group members. The claim arises from the conduct of the Fisherman's Landing Expansion Project and the Western Basin Dredging and Disposal Project.

GPC has engaged legal representatives to act on its behalf.

Subsequent events

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

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



Grant Cassidy
Acting Chairman
Dated: 30 August 2018

Auditor's Independence Declaration

To the Directors of Gladstone Ports Corporation Limited

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

Independence declaration

As lead auditor for the audit of Gladstone Ports Corporation Limited for the financial year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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



Vaughan Stemmett
as delegate of the Auditor-General

30 August 2018
Queensland Audit Office
Brisbane

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$'000	\$'000
Revenue from operations	7(a)	426,608	424,072
Other income	7(a)	37,907	32,192
Net profit on disposal of non-current assets		146	3,061
Reversal of impairments	12(c)	1,120	1,466
Reversal of prior revaluation decrease	12(c)	17,323	10,065
Total income		483,104	470,856
Employee benefits expenses		(125,411)	(124,300)
Operational expenses	7(b)	(132,820)	(133,742)
Depreciation/amortisation expenses	7(b)	(80,463)	(72,739)
Finance costs	7(b)	(37,475)	(37,571)
Fair value revaluation decrease of investment properties	12(c)	(15,417)	(5,245)
Profit before income tax		91,518	97,259
Income tax expense	8(a)	(26,145)	(25,223)
Profit for the year		65,373	72,036
Profit attributable to:		65,373	72,036
Owners of Gladstone Ports Corporation Limited			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation increase of property, plant and equipment and intangible assets	12(c)	255,810	113,340
Income tax relating to components of other comprehensive income	8(e)	(76,744)	(34,002)
Other comprehensive income for the year, net of income tax		179,066	79,338
Total comprehensive income for the year		244,439	151,374
Total comprehensive income for the year is attributable to:			
Owners of Gladstone Ports Corporation Limited		244,439	151,374

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2018

	Note	2018	2017
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	9	21,132	159,735
Cash advance facility	10	179,222	-
Trade and other receivables	11	82,061	80,115
Inventories		12,376	11,803
Prepayments		1,821	1,732
Derivative financial instruments		-	2,854
		296,612	256,239
Assets classified as held for sale		1,219	522
Total current assets		297,831	256,761
Non-current assets			
Trade and other receivable	11	916	1,493
Property, plant and equipment	12(a)	2,223,812	1,997,842
Deferred tax assets	8(d)	24,185	18,405
Intangible assets	13	35,132	25,780
Investment properties	14	84,142	90,899
Total non-current assets		2,368,187	2,134,419
Total assets		2,666,018	2,391,180
Liabilities			
Current liabilities			
Trade and other payables	15	55,908	59,547
Provisions	17	108,742	99,795
Income tax payable	8(c)	8,372	8,850
Derivative financial instruments		-	2,905
Total current liabilities		173,022	171,097
Non-current liabilities			
Trade and other payables	15	18,199	20,164
Borrowings	16	776,855	778,834
Provisions	17	36,060	25,307
Deferred tax liabilities	8(e)	411,445	327,835
Total non-current liabilities		1,242,559	1,152,140
Total liabilities		1,415,581	1,323,237
Net assets		1,250,437	1,067,943
Equity			
Issued capital	18	675,496	675,496
Asset revaluation reserve	18	560,465	381,411
Retained earnings		14,476	11,036
Total equity		1,250,437	1,067,943

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Issued capital	Asset revaluation reserve	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2016		675,496	302,110	-	977,606
Total comprehensive income attributable to owners of the parent					
Profit for the year		-	-	72,036	72,036
Other comprehensive income		-	79,338	-	79,338
Transfers within equity					
Disposal of revalued assets		-	(37)	37	-
Transactions with owners in their capacity as owners					
Dividends proposed	17	-	-	(61,037)	(61,037)
Closing balance as at 30 June 2017		675,496	381,411	11,036	1,067,943
Opening balance as at 1 July 2017		675,496	381,411	11,036	1,067,943
Total comprehensive income attributable to owners of the parent					
Profit for the year		-	-	65,373	65,373
Other comprehensive income		-	179,066	-	179,066
Transfers within equity					
Disposal of revalued assets		-	(12)	12	-
Transactions with owners in their capacity as owners					
Dividends provided for or paid	17	-	-	(61,945)	(61,945)
Closing balance as at 30 June 2018		675,496	560,465	14,476	1,250,437

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		509,280	469,886
Tax equivalents paid to Queensland Treasury		(25,536)	(29,801)
Net FBT, Fuel Tax Credit and GST paid to Australian Taxation Office (ATO)		(25,480)	(20,365)
Payments to suppliers		(145,734)	(136,606)
Employee related payments		(124,045)	(123,503)
Interest received		3,368	2,826
Interest paid		(29,420)	(31,048)
Other finance costs		(8,055)	(6,523)
Net cash inflows from operating activities	9(a)	154,378	124,866
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and investment properties		382	3,777
Purchase of property, plant and equipment		(37,032)	(46,655)
Purchase of intangibles		(14,093)	(11,885)
Advances to Queensland Treasury		(179,222)	-
Net cash (outflows) from investing activities		(229,965)	(54,763)
Net cash flows from financing activities			
Repayment of borrowings		(1,979)	-
Loan drawdowns		-	317,641
Dividends paid		(61,037)	(405,827)
Net cash (outflows) from financing activities		(63,016)	(88,186)
Net (decrease) in cash and cash equivalents		(138,603)	(18,083)
Cash and cash equivalents at beginning of the financial year		159,735	177,818
Cash and cash equivalents at the end of the financial year	9	21,132	159,735

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

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 Goonoon 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 24.

2. Basis of preparation

(1) Presentation

Historical cost convention

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

Functional and presentation currency

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

Rounding of amounts

The financial report is presented in Australian dollars and the company is of a kind referred to in ASIC legislative instrument 2016/191. Amounts in the financial statements and Directors' Report have been rounded to the nearest one thousand dollars, unless otherwise stated.

Foreign currency transactions and balances

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

2. Basis of preparation (continued)

(1) Presentation (continued)

Goods and services tax (GST)

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

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

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

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

(2) Basis of 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 2018 were authorised for issue in accordance with a resolution of the directors on 30 August 2018.

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 2018. Details are included in the table on the following page.

2. Basis of preparation (continued)

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

Title	Operative for reporting periods beginning on/after	Assessment
AASB 9: Financial Instruments	1 January 2018	Based on an analysis of the Group's financial assets and financial liabilities as at 30 June 2018 on the basis of the facts and circumstances that exist at that date, GPC does not anticipate that the application of AASB 9 will have a material impact on the consolidated financial position/performance.
AASB 15: Revenue from Contracts with Customers	1 January 2018	The Group plans to adopt AASB 15 using the modified retrospective method, with the effect of initially applying the standard recognised at the date of application (i.e. 1 July 2018). GPC have determined that the application of AASB 15 will not have a material impact on the consolidated financial position/performance.
AASB 16: Leases	1 January 2019	<p>As at 30 June 2018, the Group has non-cancellable operating lease commitments of approximately \$1.7M. AASB 16 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 21. A preliminary assessment indicates that these arrangements will meet the definition of a lease under AASB 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of AASB 16.</p> <p>The Group plans to adopt AASB 16 using the modified retrospective method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2019). GPC have determined that the application of AASB16 will not have a material impact on the consolidated financial position/performance.</p> <p>The company has identified the following classes of leases that are expected to be included in the Statement of Financial Position: sea bed leases that are held in perpetuity and office leases. A significant number of judgements are required in determining the value of the lease liability under the new standard including lease option periods, implied interest rates and variable lease payments. Based on current assumptions the company expects to include a lease liability and a corresponding right-of-use asset. Due to the significant amount of judgement involved, it is therefore not possible to estimate the amount of the right-of-use asset and lease liabilities that will have to be recognised on adoption of the new standard.</p>
AASBs 2014-2016 Cycle	1 January 2017	<p>The Group has applied the amendments to AASB 12 included in the Annual Improvements to AASBs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted.</p> <p>AASB 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of AASB 12 for such interests. The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.</p>

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 12(c)
Personal leave and long service leave provision	Note 17
Recovery of deferred tax assets	Note 8(d)
Estimation of useful lives of assets	Note 12(a)
Provision for impaired debts	Note 11

4. Interests in other entities

Details of the Group's subsidiaries as at 30 June 2018 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 2018	30 June 2017
Gladstone Marine Pilot Services Pty Ltd	Pilotage services	Australia	100%	100%
Gladstone WICET Operations Pty Ltd	Deregistered 13 June 2018	Australia	0%	100%

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

2018 Subsidiary	Total assets	Total liabilities	Total revenue	Profit/(loss) before tax
	\$'000	\$'000	\$'000	\$'000
Gladstone Marine Pilot Services Pty Ltd	4,078	4,078	20,664	-
Gladstone WICET Operations Pty Ltd	-	-	-	-

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	-	-	-	-

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.

	2018	2017
	\$'000	\$'000
<i>Financial position</i>		
Assets		
Current assets	297,833	256,740
Non-current assets	2,367,054	2,133,289
Total assets	2,664,887	2,390,029
Liabilities		
Current liabilities	172,863	170,900
Non-current liabilities	1,241,587	1,151,186
Total liabilities	1,414,450	1,322,086
Net assets	1,250,437	1,067,943
<i>Equity</i>		
Issued capital	675,496	675,496
Reserves	560,465	381,411
Retained earnings	14,476	11,036
Total equity	1,250,437	1,067,943
<i>Financial performance</i>		
Profit for the year	65,373	72,036
Other comprehensive income	179,066	79,338
Total comprehensive income	244,439	151,374
<i>Commitments for the acquisition of property, plant and equipment by the parent entity</i>		
Due not later than 1 year	13,997	15,680

As at 30 June 2018, the parent entity had contractual commitments for the acquisitions of property, plant and equipment totalling \$13,996,634 (2017: \$15,680,136). These commitments are not recognised as liabilities as the relevant assets have not yet been received.

The parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

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 Bundaberg and Port of Rockhampton.

7. Profit before income tax

(a) Revenue

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. 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 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.

Revenue for the rendering of a recoverable service is recognised upon the delivery of the service to the customers. Accrued revenue is recognised if the revenue has been earned but not yet invoiced.

	2018	2017
	\$'000	\$'000
Revenue		
Cargo handling charges	239,474	238,928
Harbour dues	88,745	85,197
Tonnage rates	51,857	52,876
Other shipping charges	8,054	8,574
Pilotage	25,418	23,933
Property revenue	11,686	12,524
Smallcraft services	1,374	2,040
Total	426,608	424,072
Other income		
Interest received	3,543	2,973
Recoverable works	31,559	25,722
Other	2,805	3,497
Total	37,907	32,192

7. Profit from operating activities (continued)

(b) Expenses

	Note	2018	2017
		\$'000	\$'000
Depreciation/amortisation expenses			
Property, plant and equipment	12(a)	75,721	67,703
Intangible assets	13	4,742	5,055
Investment properties	14	-	(19)
Total		80,463	72,739
Operational expenses			
Contractors		40,196	40,453
Services and consultants		12,015	11,272
Indirect taxes and government charges		6,699	7,079
Materials and supplies		15,054	16,018
Energy		18,854	18,239
Insurance		3,694	3,334
Lease payments		2,979	3,043
Bad debts		11,917	16,710
Rehabilitation provision		18,817	14,019
Other		2,595	3,575
Total		132,820	133,742
Finance costs			
Interest		29,490	31,050
Competitive neutrality fee		8,035	6,571
Financial instrument (profit)/loss		(50)	(50)
Total		37,475	37,571

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. No borrowing costs were capitalised in 2018 or 2017.

8. Income tax equivalent

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

Current tax - income tax equivalents

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

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

AASB112 Income Taxes uses a 'Balance Sheet approach' for calculating income tax balances. This approach recognises deferred tax balances when there is a difference between the carrying value of an asset or liability and its tax base. The differences are recognised at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted at the balance sheet date.

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

Offsetting deferred tax balances

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

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

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

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

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

Investment allowances and similar tax incentives

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

Tax consolidation

GPC and its wholly-owned 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.

8. Income tax equivalent (continued)

(a) Income tax expense

	2018	2017
	\$'000	\$'000
Profit before income tax	91,518	97,259
Prima facie tax at 30% (2017: 30%)	27,455	29,178
Non-deductible (revenue)/expenses	583	522
Research and development tax offset 2016	-	(2,013)
Research and development tax offset 2017	-	(1,580)
Research and development tax offset provision 2018	(1,866)	-
Prior year over provision	(27)	(884)
Income tax expense	26,145	25,223
Comprised of:		
Deferred tax asset	(5,780)	(4,395)
Deferred tax liability	6,866	(1,498)
Income tax payable	25,059	31,116
	26,145	25,223

(b) Amounts charged or credited directly to equity

	2018	2017
	\$'000	\$'000
<i>Deferred income tax related to items charged or credited directly to equity</i>		
Net gain on revaluation of property, plant and equipment	324,057	247,314
Deferred income tax reported in equity	324,057	247,314

(c) Income tax payable

	2018	2017
	\$'000	\$'000
Opening balance	8,850	7,535
Charged to income	25,059	31,116
Payments	(25,537)	(29,801)
Closing balance	8,372	8,850

8. Income tax equivalent (continued)

(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.

	2018	2017
	\$'000	\$'000
Long service leave	6,712	6,351
Sick leave	2,995	2,913
Annual leave	4,562	4,725
Accumulated time off	124	141
Public holidays	70	54
Provision for obsolete stock	18	3
Accrued expenses	34	23
Unrealised loss on financial instruments	-	15
Provision for rehabilitation	8,458	3,054
Provision for revenue received in advance	1,144	1,126
Doubtful debts	68	-
Closing balance	24,185	18,405

	2018	2017
	\$'000	\$'000
Opening balance	18,405	14,010
Amount credited to Statement of Profit or Loss and Other Comprehensive Income	5,780	4,395
Closing balance	24,185	18,405

(e) Deferred tax liability

	2018	2017
	\$'000	\$'000
Inventory	3,092	3,096
Accrued income	96	44
Property, plant and equipment	396,940	323,430
Deferred revenue	11,317	1,265
Closing balance	411,445	327,835

	2018	2017
	\$'000	\$'000
Opening balance	327,835	295,331
Amount charged to Statement of Profit and Loss and Other Comprehensive Income	6,866	(1,498)
Amount (charged)/credited direct to equity	76,744	34,002
Closing balance	411,445	327,835

9. Cash and cash equivalents

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 \$5,905,212 (2017: \$16,231,990) relates to LNG projects and Port Service Agreement retentions held, and may only be used in relation to these matters.

	2018	2017
	\$'000	\$'000
Cash at bank and on hand	21,132	39,575
Queensland Treasury Corporation – cash on call	-	120,160
Total	21,132	159,735

During the year, funds surplus to the Group's immediate requirements were required to be advanced to the Queensland General Government Sector via a dedicated cash management advances facility. This has resulted in a reduction in cash at bank at 30 June 2018.

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

	2018	2017
	\$'000	\$'000
Profit for the year after income tax	65,373	72,036
Depreciation/amortisation expense	80,463	72,739
Revaluation of non-current assets	(1,906)	(4,820)
Impairment reversal of non-current assets	(1,120)	(1,466)
Net profit or loss on sale of property, plant and equipment	(146)	(3,061)
Change in assets and liabilities		
(Increase)/decrease in receivables	(1,369)	(25,096)
(Increase)/decrease in other assets	2,765	(199)
Decrease/(increase) in inventories	(574)	1,364
(Increase) in deferred tax asset	(5,780)	(4,395)
Increase/(decrease) in trade and other payables	(5,604)	6,815
Increase/(decrease) in other liabilities	(2,905)	103
Increase in provisions	18,793	11,029
Increase/(decrease) in income tax payable	(478)	1,315
(Decrease)/increase in deferred tax liability	6,866	(1,498)
Net cash inflow from operating activities	154,378	124,866

10. Cash Advance Facility

Under the Queensland Government's cash management regime which became effective in the 2016/17 financial year, Government Owned Corporations (GOC's) advance all surplus cash to Queensland Treasury. Queensland Treasury pays interest on these advances at the Queensland Treasury Corporation (QTC) Cash Fund rate.

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

At 30 June 2018, the balance held in QTC Cash Advance Facility was \$179,221,635 (2017: \$nil).

11. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

	2018	2017
	\$'000	\$'000
Current		
Trade receivables	81,959	79,981
Less: provision for impairment	(226)	(14)
	81,733	79,967
Accrued interest	322	147
Other receivables	6	1
Total	82,061	80,115
Non-current		
Trade receivables	916	1,493
<i>Reconciliation of impaired debts:</i>		
	2018	2017
	\$'000	\$'000
Opening balance	14	13
Impaired debts written off	(11,704)	(16,734)
Movement in provision	11,916	16,735
Closing balance	226	14

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.

11. Trade and other receivables (continued)

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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

2018	Not due	Overdue < 1 year	Overdue 1-5 years	Overdue >5 years
	\$'000	\$'000	\$'000	\$'000
Debtor balance	81,348	1,855	-	-
Provision for impairment	-	(226)	-	-
-	81,348	1,629	-	-

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

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 66% (2017: 71%) 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 19(a) credit risk exposure for further information.

12. Property, plant and equipment

(a) Balances and reconciliations of carrying amount

2018	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 2017	114,591	43,783	728,839	216,123	334	145,601	663,843	402	84,326	1,997,842
WIP additions	-	-	-	-	-	-	-	-	37,026	37,026
Transfers (to)/from WIP	4,970	3,535	-	7,705	-	7,735	45,411	336	(69,692)	-
Disposals	-	-	-	-	-	(6)	(84)	(22)	-	(112)
Transfers (to)/from asset categories	43	(223)	(478)	17,747	737	(12,613)	(5,213)	-	-	-
Transfers (to)/from investment properties	(10,282)	-	-	-	-	-	-	-	-	(10,282)
Depreciation	-	(1,546)	(8,058)	(7,684)	(63)	(5,348)	(52,937)	(85)	-	(75,721)
Revaluations	11,307	8,301	41,607	43,633	332	25,329	144,507	43	-	275,059
Carrying amount at 30 June 2018	120,629	53,850	761,910	277,524	1,340	160,698	795,527	674	51,660	2,223,812
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	1,882,521
WIP additions	-	-	-	-	-	-	-	-	46,657	46,657
Transfers (to)/from WIP	5	808	702	341	-	8,707	35,046	67	(45,676)	-
Disposals	-	(35)	-	-	-	(39)	(358)	(51)	-	(483)
Transfers (to)/from asset categories	1,045	(941)	5	-	-	(87)	(28)	6	-	-
Transfers to assets held for sale	(55)	-	-	-	-	-	-	-	-	(55)
Transfers (to)/from investment properties	11,351	-	(2,076)	-	-	-	-	-	-	9,275
Depreciation	-	(1,486)	(9,285)	(6,440)	(9)	(5,078)	(45,332)	(73)	-	(67,703)
Revaluations	5,450	3,760	19,830	18,835	51	12,530	67,156	18	-	127,630
Carrying amount at 30 June 2017	114,591	43,783	728,839	216,123	334	145,601	663,843	402	84,326	1,997,842

12. Property, plant and equipment (continued)

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 or Loss and Other Comprehensive Income as incurred.

Depreciation

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

Buildings	2.50%–11.77%
Channels, swing basins and berth pockets	1.00%
Commercial wharves	2.22%–20.00%
Recreational and fishing wharves	2.50%–20.00%
Roads and services (structural improvements)	1.25%–15.40%
Plant	1.00%–33.00%
Furniture and fittings	4.00%–27.02%

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

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

Disposal

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

12. Property, plant and equipment (continued)

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

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

	2018 Net book value	2017 Net book value
	\$'000	\$'000
Land	71,962	72,362
Buildings	40,674	38,996
Channels, swing basins and berth pockets	125,190	126,957
Commercial wharves	190,134	174,513
Recreational and fishing wharves	940	377
Roads and services (structural improvements)	133,985	139,202
Plant	559,033	562,314
Furniture and fittings	645	416
Capital works in progress	51,660	84,326
Total	1,174,223	1,199,463

(c) Valuations

Measurement after recognition

Revaluation increments are credited to the asset revaluation reserve, net of tax, except to the extent that they reverse a revaluation decrement previously recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Revaluation decrements are recognised in profit or loss, except to the extent they offset a previous revaluation. 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 2018:

	Level 1	Level 2	Level 3	Fair value as at 30 June
	\$'000	\$'000	\$'000	\$'000
Land	-	-	120,629	120,629
Buildings	-	-	53,850	53,850
Channel, swing basins and berth pockets	-	-	761,910	761,910
Commercial wharves	-	-	277,524	277,524
Recreational and fishing wharves	-	-	1,340	1,340
Roads and services	-	-	160,698	160,698
Plant	-	-	795,527	795,527
Furniture and fittings	-	-	674	674
			2,172,152	2,172,152

12. Property, plant and equipment (continued)

(c) Valuations (continued)

There were no transfers between the levels during the year.

Sensitivity analysis was undertaken as follows:

Level 3 input	Fair Value output	Rate Used by Group
WACC rate 5.9% post tax	\$2.91B	\$2.34B
WACC rate 6.2% post tax	\$2.67B	\$2.34B
WACC rate 6.7% post tax	\$2.34B	\$2.34B

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

In estimating the fair value of an asset or 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 2018, management estimated the fair value of the Group's property, plant and equipment assets using an income approach based on a discounted cash flow (DCF) model. GPC revalues its PPE assets via an income approach annually.

Summary of key inputs and assumptions

The fair value of assets was obtained based upon projected revenue, capital and operating cash flows for the ten years ending 30 June 2028. Management judgement was applied to forecast future tonnages taking into account historical data where it exists. Management applied the following key assumptions:

- Key inputs within the model relating to capital and operating expenditure are derived from known and future planned capital and operating works that are aligned to the delivery of GPC's core strategic goals, asset management strategies and future strategic plans as well as the incorporation of recurring expenditure required to maintain effective business operations in line with known and anticipated operating parameters and conditions.
- Future growth rates are determined through detailed review of future macro-economic factors, and guidance provided through the Reserve Bank of Australia growth rate assumptions, namely CPI.
- Revenue forecast is based upon contractual arrangements where they exist or historic tonnage throughput.
- A terminal value was calculated based upon the assumption that the cash flows in year ten will continue indefinitely into the future. A CPI rate of 2.5% (2017: 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 6.7% (2017: 6.3%) 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.

12. Property, plant and equipment (continued)

(c) Valuations (continued)

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

The reconciliation of revaluations across each Consolidated Statement of Financial Position item is shown below:

	Note	2018	2017
		\$'000	\$'000
Valuation adjustment to Consolidated Statement of Financial Position			
Property, plant and equipment revaluations	12(a)	275,059	127,630
Assets held for sale revaluations		0	(136)
Investment property (revaluation decreases)	14	(16,223)	(7,868)
		258,836	119,626
Valuation adjustments to Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Reversal of impairment – Statement of Profit or Loss		1,120	1,466
Reversal of prior revaluation decreases of non-current assets – Statement of Profit or Loss		17,323	10,065
Revaluation decrease of investment properties – Statement of Profit or Loss		(15,417)	(5,245)
Revaluation of non-current assets – asset revaluation reserve		255,810	113,340
		258,836	119,626

13. Intangible assets

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

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

	Carrying amount at 1 July	WIP additions	Addition	Amortisation	Disposals	Carrying amount at 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Intangible assets	25,337	-	14,441	(4,742)	-	35,036
Capital WIP	443	14,094	(14,441)	-	-	96
	27,780	14,094	-	(4,742)	-	35,132

Reconciliation of the carrying amount for intangible assets at 30 June 2017:

	Carrying amount at 1 July	WIP additions	Addition	Amortisation	Disposals	Carrying amount at 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Intangible assets	16,263	-	14,310	(5,055)	(181)	25,337
Capital WIP	2,869	11,884	(14,310)	-	-	443
	19,132	11,884	-	(5,055)	(181)	25,780

14. Investment properties

Note	2018	2017
	\$'000	\$'000
	90,899	108,250
	6	-
12(a)	10,282	(9,275)
	(710)	(227)
12(c)	(16,223)	(7,868)
	(112)	-
7(b)	-	19
	84,142	90,899

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 2018 year, the fair value has been determined based on independent valuations by AON Valuation Services as at 30 April 2018, 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 2018. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

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

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

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

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

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

15. Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. Due to the short-term nature of trade and other payables, their carrying value is assumed to approximate to their fair value. The revenue received in advance relates to operating lease revenue on investment properties and revenue received in advance on recoverable works contracts. For more information on the Group's liquidity risk management process, refer to Note 19(c).

	2018	2017
	\$'000	\$'000
Current		
Trade creditors	31,947	41,550
Revenue received in advance	16,167	13,106
GST payable	4,773	2,389
Other	3,021	2,502
	55,908	59,547
Non-current		
Revenue received in advance	18,199	20,164

16. Borrowings

	Note	2018	2017
		\$'000	\$'000
Non-current			
Queensland Treasury Corporation loans	19(c)	776,855	778,834

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 \$776,855,410 is used for the Group's normal operations. This is unsecured. This loan is interest bearing with interest paid quarterly in arrears. The average interest rate for 2017/18 was 3.7%.

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.

	2018		2017	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Queensland Treasury Corporation loans	776,855	806,236	778,834	812,106

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

16. Borrowings (continued)

Reconciliation of liabilities arising from financing activities

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

Opening balance 1 July 2017 \$'000	Repayment of borrowings \$'000	Loan drawdowns \$'000	Other changes \$'000	Closing balance 30 June 2018 \$'000
778,834	(1,979)	-	-	776,855

17. 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.

	2018 \$'000	2017 \$'000
Current		
Employee benefits	34,540	34,430
Dividends	61,945	61,037
Rehabilitation	10,511	3,108
Other	1,746	1,220
Total	108,742	99,795
Non-current		
Employee benefits	13,670	12,848
Rehabilitation	22,390	12,459
Total	36,060	25,307

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 Milliman Group of 100 Discount Rate for this purpose.

(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.

17. Provisions (continued)

(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. The obligations are presented as current liabilities in the consolidated statement of financial position if the group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Superannuation

Superannuation is provided for on an incurred basis through the Statement of Profit or 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 AASB1049 *Whole of Government and General Government Sector Financial Reporting*.

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.

Dividend 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 2018 at 100% and 2017 at 100%. All dividends are unfranked. Dividends are declared after reporting date but before the financial statements are authorised for issue.

Rehabilitation

A provision for rehabilitation is recognised in relation to the obligations or undertakings for the Group associated with contractual agreements executed under the Western Basin Environmental Management Funding Agreement and LNG Commercial Offsets and relate to extinguishing the obligations of the agreements.

Provision movements

	Rehabilitation 2018	Rehabilitation 2017	Dividend 2018	Dividend 2017	Employee Benefits 2018	Employee Benefits 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current provision	10,511	3,108	61,945	61,037	34,540	34,430
Non-current provision	22,390	12,459	-	-	13,670	12,848
Closing balance of provision at 30 June	32,901	15,567	61,945	61,037	48,210	47,278
Opening balance of provision at 1 July	15,567	5,716	61,037	405,827	47,278	46,554
Payment of provisions	(1,483)	(5,036)	(61,037)	(405,827)	(21,199)	(18,271)
Movement in provision calculation	18,817	14,887	61,945	61,037	22,131	18,995
Closing balance of provision at 30 June	32,901	15,567	61,945	61,037	48,210	47,278

18. Equity

Issued Capital

Issued capital

Authorised to issue – ordinary shares

Issued – ordinary shares fully paid

2018	2017
No.	No.
1,000,000,000	1,000,000,000
402,066,818	402,066,818

Issued capital

2018	2017
\$'000	\$'000
675,496	675,496

The shares have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Group.

Asset Revaluation Surplus

Opening balances at 1 July

Revaluation – gross

Deferred tax

Disposal of revalued assets

Balance as at 30 June

2018	2017
\$'000	\$'000
381,411	302,110
12 (c) 255,810	113,340
(76,744)	(34,002)
(12)	(37)
560,465	381,411

19. Financial risk management

GPC has exposure to credit risk, foreign currency risk, liquidity risk, interest rate risk and capital management risk from its use of financial instruments. The Group's financial instruments comprise receivables, payables, borrowings, cash and cash equivalents and 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 Consolidated Statement of Financial Position and in Note 11 with the carrying amount stated net of any provision for impairment.

19. Financial risk management (continued)

(b) Market risk

(i) Foreign currency risk

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

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

As at 30 June 2018 the Group did not have any exposure to foreign currency. As at 30 June 2017 the Group had entered into one forward contract to purchase US dollars for a dozer purchased in December 2017.

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 2018.

(ii) Price risk

During 2017/18, the group had no significant exposure to price risk.

(iii) Interest rate risk exposure

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

At 30 June 2018 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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
+1% (100 basis points)	(625)	(778)	(625)	(778)
-1% (100 basis points)	674	778	674	778

(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 (2017: \$250,000). Loan facilities shown in Note 16 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 (2017: \$30,000,000) working capital facility provided through Queensland Treasury Corporation. This facility was not drawn upon during the financial year.

19. Financial risk management (continued)

(c) Liquidity risk (continued)

Maturity analysis of financial liabilities based upon management's expectations

Year ended 30 June 2018		Note	< 1 year	1 – 5 Years	> 5 years	Total
			\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Trade and other payables	15		55,908	7,860	10,339	74,107
Interest bearing loans and borrowings	16		-	-	776,855	776,855
Dividend provision	17		61,945	-	-	61,945
			117,853	7,860	787,194	912,907
Year ended 30 June 2017						
		Note	< 1 year	1 – 5 Years	> 5 years	Total
			\$'000	\$'000	\$'000	\$'000
Financial liabilities						
Trade and other payables	15		59,547	7,860	12,304	79,711
Interest bearing loans and borrowings	16		-	-	778,834	778,834
Dividend provision	17		61,037	-	-	61,037
			120,584	7,860	791,138	919,582

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 greater than one 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 (2017: \$30,000,000) of unused credit facilities available for use.

20. Capital management

Risk 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 2018 financial year equal to \$61.945M being 100% of adjusted profits after tax.

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 16 and equity comprising issued capital, reserves and retained earnings.

21. Commitments and contingencies

Operating lease commitments – Group as lessor

	2018	2017
	\$'000	\$'000
Operating lease revenue		
Due not later than one year	9,200	10,674
Due later than one year and not later than five years	23,171	27,035
Due later than five years	63,836	73,479
Total	96,207	111,188

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:

	2018	2017
	\$'000	\$'000
Due not later than one year	1,185	1,373
Due later than one year and not later than five years	525	707
Total	1,710	2,080

Capital expenditure commitments contracted but not provided for:

These commitments relate to expenditure on capital projects in progress

	2018	2017
	\$'000	\$'000
Due not later than one year	13,997	15,680

Contingent assets and liabilities

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

22. 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:

	2018	2017
	\$	\$
Remuneration	187,250	200,801

The estimated fee for 2018 is \$174,250 (2017: \$170,000).

23. Key management personnel disclosures

Directors (short-term and post-employment benefits)

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

Specified executives

The 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.

All senior executives' remuneration levels increase in line with the market assessments up to a maximum of 10% per annum where remuneration remains below the market median. Where remuneration is above market median annual increases are restricted to CPI increases. There are no at risk benefits to senior executives. Separation benefits, in the event of termination by the Group, other than for misconduct, are allowed for in the agreements. The Chief Executive Officer is entitled to three months' notice, or payment in lieu of notice as well as a separation payment of the lesser of 12 months' pay and the amount which would otherwise be paid between the determination date and the end of the contract term. Senior executives are entitled to four weeks' notice or payment in lieu. In the event of a position being made redundant the executive is entitled to eight weeks pay plus three weeks' pay for each year of service, up to a maximum of 52 weeks.

Short term employee expenses

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

Long term employee expenses

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

Post-employment expenses

This includes amounts expensed in respect of employer superannuation obligations.

Termination benefits

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

In accordance with Ministerial guidelines details of Directors and the senior executives of the entity with the greatest authority in office at 30 June 2018 are as follows:

23. Key management personnel disclosures (continued)

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			
2018			68	25	93
2017			53	35	88
Corones, P	1 October 2015	30 September 2018			
2018			49	5	54
2017			49	5	54
Davidson, G	12 October 2017	30 September 2020			
2018			31	21	52
2017			41	13	54
Cassidy, G	1 October 2015	30 September 2018			
2018			54	5	59
2017			49	5	54
Jamieson, P	1 October 2015	30 September 2018			
2018			54	5	59
2017			49	5	54
Corbett, M	15 December 2016	30 September 2019			
2018			56	5	61
2017			22	2	24
Butel, S	12 October 2017	30 September 2020			
2018			33	3	36
2017			-	-	-
Reynolds, J	2 October 2014	30 September 2017			
2018			17	2	19
2017			51	5	56
Skippen, H	12 December 2013	30 September 2016			
2018			-	-	-
2017			16	2	18
TOTAL 2018			362	71	433
TOTAL 2017			330	72	402

23. Key management personnel disclosures (continued)

Specified Executives	Short-term benefits					Total Expenses
	Monetary Expenses	Non-Monetary Expenses	Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	
Chief Executive Officer						
2018	533	-	10	96	-	639
2017	498	-	7	86	-	591
Commercial General Manager						
2018	405	22	(70)	68	-	425
2017	376	22	9	66	-	473
Asset Management and Project Services General Manager						
2018	306	21	9	62	-	398
2017	370	23	8	62	-	463
People, Community and Sustainability General Manager						
2018	244	28	5	33	-	310
2017	223	16	5	29	-	273
Port Strategy and Development General Manager ¹						
2018	254	-	5	22	-	281
2017	-	-	-	-	-	-
Operations General Manager ²						
2018	75	-	2	15	-	92
2017	-	-	-	-	-	-
Safety, Environment and Risk General Manager ³						
2018	158	7	-	15	154	334
2017	291	14	6	42	-	353
Port Planning and Development General Manager ⁴						
2018	567	15	-	25	166	773
2017	287	25	7	54	-	373
Marine Operations General Manager ⁵						
2018	-	-	-	-	-	-
2017	193	9	-	14	27	243
TOTAL 2018	2,542	93	(39)	336	320	3,252
TOTAL 2017	2,238	109	42	353	27	2,769

¹ Appointed 2 October 2017

⁴ Resigned 3 November 2017

² Appointed 5 March 2018

⁵ Terminated 13 January 2017

³ Resigned 30 September 2017

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

24. Related party transactions

(a) Parent entities

The parent entity within the Group is Gladstone Ports Corporation Limited. The ultimate Australian controlling entity is the State of Queensland which at 30 June 2018 owned 100% (2017: 100%) of the issued ordinary shares of Gladstone Ports Corporation Limited.

(b) Key management personnel

(i) Shareholding Ministers – GPC's shareholding Ministers are identified as part of GPC's key management personnel. For the 2017/18 reporting period, these Ministers are, or were:

- the Honourable Jackie Trad MP, Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships;
- the Honourable Mark Bailey MP, Minister for Transport and Main Roads;
- the Honourable Curtis Pitt MP, Treasurer and Minister for Trade and Investment (up to 11 December 2017); and
- the Honourable Dr Steven Miles MP, Acting Minister for Main Roads, Road Safety and Ports (from 10 August 2017 to 27 September 2017).

(ii) Compensation – Shareholding Ministers

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

(c) Transactions with 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.

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

Payments and commitments have been made to Sun-Coast Business Consultants, a trading entity of the Trustee for the Zussino Family Trust, which is related to the Chairman of GPC, Leo Zussino. Payments and commitments were in consideration for the provision of interim CEO services to Gladstone Development Board (GDB), undertaken during the 2016/17 and 2017/18 years. GPC contributed \$300,000 towards GDB in a joint funding arrangement with Gladstone Regional Council. These payments and commitments totalled \$204,840 (incurred 2016/17 \$4,800 – incurred 2017/18 \$200,040) which has been included in the total of sundry items in the table on the following page.

(d) 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.

24. Related party transaction (continued)

Revenue

Gladstone Ports Corporation Limited	2018	2017
	\$'000	\$'000
Pilot services	24,218	23,987
Other Revenue	1,002	2,235

Gladstone Marine Pilot Services Pty Ltd	2018	2017
	\$'000	\$'000
Provision of operating services	20,644	20,739

Expenses

Gladstone Ports Corporation Limited	2018	2017
	\$'000	\$'000
Provision of operating services	20,644	20,739
Dividend, income tax equivalent payments, payroll tax, land tax, competitive neutrality fees, QLeave, advances and rates	287,260	449,931
Interest	29,391	31,156
Superannuation	16,065	15,954
Audit and legal fees, permits, utilities, vehicle registrations, WorkCover and sundry items	19,415	7,603

Gladstone Marine Pilot Services Pty Ltd	2018	2017
	\$'000	\$'000
Superannuation	1,752	1,704
Payroll tax, permits, registrations, WorkCover and sundry items	1,344	759

Debtors

Gladstone Ports Corporation Limited	2018	2017
Agency	\$'000	\$'000
Maritime Safety Queensland	1,796	853
Other	(38)	(28)

Creditors

Gladstone Ports Corporation Limited	2018	2017
Agency	\$'000	\$'000
Queensland Treasury Corporation	776,855	778,834

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

Guarantees

No guarantees have been given or received.

25. Number of employees

2018	2017
No.	No.
728	725

Number of employees at year end (Full Time Equivalent)

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

2018	2017
\$'000	\$'000
109,581	103,567
3,010	4,011
9,206	7,611
12,216	11,622

Total salaries and wages paid or payable to all employees

Superannuation paid or payable for all employees

Defined benefit schemes

Accumulation schemes

26. Events occurring after reporting period

To date, except as detailed elsewhere in the financial statements no other events have occurred subsequent to balance date that materially impact on these financial statements.



Gladstone Ports Corporation

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 64 to 99 are in accordance with the Corporations Regulations 2001, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors



G Cassidy
Acting Chairman

Dated: 30 August 2018



M Corbett
Director

Dated: 30 August 2018

Independent Auditor's Report

To the Members of Gladstone Ports Corporation Limited

Report on the audit of the financial report

Opinion

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

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 30 June 2018, and their 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 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the 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 parent and 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 parent and 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.

Key audit matters

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

Valuation of property, plant and equipment

Refer to note 12 of the financial statements

Key audit matter	How my audit addressed the key audit matter
<p>Property, plant and equipment is reported at fair value and where applicable at cost. Approximately 98% of the property plant and equipment was valued at fair value which was determined using the income-based valuation model.</p> <p>The key assumptions used in the valuation model included:</p> <ul style="list-style-type: none"> Forecasting operating revenue Estimating future capital and operating costs Determining of terminal values The discount rate applied to future cashflows. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Obtaining an understanding of the discounted cash flow model, and assessing its design, integrity and appropriateness with reference to common industry practices Checking, on a sample basis, the accuracy and relevance of the input data used, including reconciling input data to supporting evidence such as approved budgets Performing a sensitivity analysis to establish that management's assumptions for fair value including cash flows, terminal values and discount rates are within a reasonable range of audit expectations for fair value Assessing the reasonableness of cash flow forecasts and terminal value estimates relative to board approved budgets, historical growth trends and other relevant internal and external evidence. The reasonableness of board approved budgets was assessed with reference to their historical accuracy and the budget preparation process Evaluating whether the discount rate applied was within a reasonable range, with reference to market data and industry research Challenging the reasonableness of key assumptions based on my knowledge of the entity and industry Verifying the mathematical accuracy of net present value calculations.

Useful lives estimated for depreciation expense

Refer to note 12 of the financial statements

Key audit matter	How my audit addressed the key audit matter
<p>The straight-line depreciation method used requires significant judgements for:</p> <ul style="list-style-type: none"> Identifying the significant parts of the supply system that have different useful lives Estimating the remaining useful lives of those significant parts. 	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Evaluating management's approach for identifying the parts of property, plant and equipment with different useful lives for reasonableness, having regard to recent replacement projects and long-term asset management plans Evaluating remaining useful life estimates for reasonableness with reference to historical disposal rates, condition assessments for older assets, and long-term asset management plans and budgets.

Other information

Other information comprises the information included in the group's annual report for the year ended 30 June 2018 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 parent's and 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 parent or 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 parent's and 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 parent's and 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 parent's or 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 parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

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



Vaughan Stemmett
as delegate of the Auditor-General

31 August 2018
Queensland Audit Office
Brisbane

Glossary of terms

ACCC	Australian Competition and Consumer Commission	HV	High voltage
AMPS	Asset Management and Project Services	ILUA	Indigenous Land Use Agreement
AMS	Asset Management System	Kt	Kilotonnes
APLNG	Australia Pacific LNG	kW	Kilowatt
ASX	Australian Securities Exchange	LAT	Lowest Astronomical Tide
B2B	Botanic to Bridge	LGAQ	Local Government Association Queensland
B2G	Brisbane to Gladstone	LMDMP	Long-term Maintenance Dredging Management Plans
CAT	Caterpillar	LNG	Liquefied Natural Gas
CCCSC	Capricornia Coal Chain Steering Committee	LPG	Liquefied Petroleum Gas
CEO	Chief Executive Officer	LTI	Lost Time Injuries
CQCN	Central Queensland Coal Network	LTIFR	Lost Time Injuries Frequency Rate
COM	Commercial	Mt	Million tonnes
CQPA	Central Queensland Port Authority	Mtpa	Million tonnes per annum
CVIP	Clinton Vessel Interaction Project	NPAT	Net Profit After Tax
DUKC	Dynamic Under-Keel Clearance	OPS	Operations
EA	Environmental Authority	PCCC	Port Curtis Coral Coast
EBIT	Earnings Before Interest and Tax	PC&S	People, Community and Sustainability
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation	PFAS	Per- and poly-fluoroalkyl substances
EEO	Equal Employment Opportunity	PPE	Personal Protective Equipment
EIS	Environmental Impact Statement	PS&D	Port Strategy and Development
EMS	Environmental Management System	QAL	Queensland Alumina Limited
ERMP	Ecosystem Research and Monitoring Program	QCLNG	Queensland Curtis LNG
FHA	Fish Habitat Area	QITRC	Quoin Island Turtle Rehabilitation Centre
FTE	Full Time Employee	QRC	Queensland Resources Council
GAGAL	Gladstone Area Group Apprentices Limited	RAP	Reconciliation Action Plan
GBR	Great Barrier Reef	RGTCT	RG Tanna Coal Terminal
GBRMPA	Great Barrier Reef Marine Park Authority	SCI	Statement of Corporate Intent
GBRWHA	Great Barrier Reef World Heritage Area	SDG	Sustainability Development Goals
GLNG	Gladstone LNG	SSM	Sustainable Sediment Management
GMPS	Gladstone Marine Pilot Services Pty Ltd	TEP	Transitional Environmental Program
GOC	Government Owned Corporation	TIFR	Total Injury Frequency Rate
GOC Act	<i>Government Owned Corporations Act 1993 (Qld)</i>	TSS	Total Suspended Solids
GPC	Gladstone Ports Corporation	WBDDP	Western Basin Dredging and Disposal Project
GWO	Gladstone WICET Operations Pty Ltd	WICET	Wiggins Island Coal Export Terminal Pty Ltd
Ha	Hectare		



Gladstone Ports Corporation

Growth, Prosperity, Community.

Gladstone Ports Corporation Limited

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