



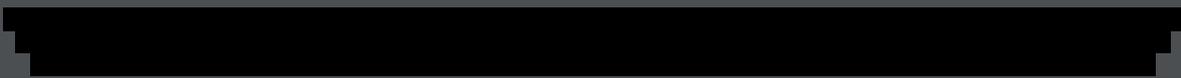
Gladstone Ports Corporation

*Growth. Prosperity. Community.*

# Statement of Corporate Intent

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2019 - 2020



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## Performance Agreement

This Statement of Corporate Intent (SCI) and all attachments are presented in accordance with Chapter 3, Part 8 of the *Government Owned Corporations Act 1993* (GOC Act).

In accordance with Chapter 1, Part 3, Section 7 of the GOC Act, the SCI represents a formal performance agreement between the Board of Gladstone Ports Corporation and its shareholding Ministers with respect to the financial and non-financial performance targets specified for the financial year. The SCI represents agreement to the major activities, objectives, policies, investments and borrowings of Gladstone Ports Corporation for 2019-20.

This SCI is consistent with Gladstone Ports Corporation's 2019 – 2024 Corporate Plan, submitted to shareholding Ministers and agreed in accordance with Chapter 3, Part 7 of the GOC Act.

In signing this document, the Board of Gladstone Ports Corporation undertakes to achieve the targets proposed in the SCI for 2019-20.

Major changes to key assumptions that underpin the performance outcomes detailed in this SCI, and which come to the Board's attention during the year, will be brought to the attention of shareholding Ministers. Any modifications to this Statement of Corporate Intent will be dealt with in accordance with the GOC Act.

This SCI is signed by the Chair on behalf of all the directors in accordance with a unanimous decision of the Board of Gladstone Ports Corporation.



The Hon Cameron Dick MP  
Treasurer and Minister for Infrastructure and Planning

11 September 2020

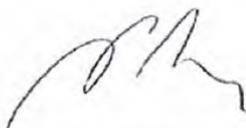
Date



The Hon Mark Bailey MP  
Minister for Transport and Main Roads

4/9/20

Date



Mr Peter Corones AM  
Chairman Gladstone Ports Corporation

26 June 2020

Date

## 1. Response to Shareholding Ministers Strategic Expectations

Gladstone Ports Corporation Limited (GPC) is a Government Owned Corporation (GOC) under the *Government Owned Corporations Act 1993* (GOC Act). Under Section 102 of the GOC Act, each GOC must prepare a Statement of Corporate Intent (SCI) for each financial year. The SCI outlines strategies that will be implemented in 2019–2020, forming part of the longer-term Corporate Plan which provides the five (5)-year strategic direction for achieving GPC’s vision over the period 2019-2024. GPC’s intentions for 2019-20 are captured under a key priorities architecture.

GPC’s eight (8) Strategic Priorities headline this Statement of Corporate Intent for 2019-2020:-

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

Each strategic priority is addressed by response intentions and outcome indicators for the Financial Year 2019-20:

Strategic Programs	Measure
<b>1. Zero Harm</b>	
Design and embed safety through the Safety Management Framework	Redesign of three (3) key components of the Safety Management Framework (Culture, Leadership & Systems)
Adopt high performance and accountability focus into GPC's staff capability	Revised Code of Conduct and Performance Management System to incorporate an accountability model.
Develop an environmental offset strategy and portfolio	Environmental offset policy developed for GPC and Federal and State agencies consulted
Implement a Corporate Governance Framework	Corporate Governance Framework implementation is 100% complete
Implement the revised Enterprise Risk Management Framework	Enterprise Risk Management Framework implementation is 100% complete
<b>2. Performance and Principle Focussed Culture</b>	
Corporate leadership development program - high performance	Leadership Development program implemented across Managers, Frontline and Emerging Leaders
Enterprise agreement (EA20) re-aligned and complete delivering phase 1 High Performance Enterprise	Development of a Strategic Workforce Framework including an approved six (6) year Employee Relations Strategy Project Management and Stakeholder Engagement Plans for EA 20 implemented EA2
<b>3. Customer experience</b>	
Lead and facilitate effective supply chain relationships and improvement initiatives - work beyond the Port boundaries	Supply chain capacity model completed and synchronised throughout GPC's business
Customer experience and engagement having deliberate accountability for staff roles in the Corporation	Customer and Stakeholder Engagement Framework is complete and implemented
<b>4. Port Waterways Management – Harbours and Channels</b>	
Introduce Port wide vetting for all commercial shipping	Vessel Vetting Implemented and operationalised
Establish an integrated Port Management Information System (PMIS) for all three port precincts	PMIS Phase 1 & 2 Complete (Dashboard - Vessels & Reporting)
Successful completion of the Gatcombe Golding Channel Duplication Environmental Impact Statement (EIS).	Channel Duplication Coordinator General Decision / EIS approvals received
Deliver the Clinton Vessel Interaction Project (CVIP)	CVIP approvals received and dredging works completed successfully
Successfully map path for establishment Targinnie Channel dredging	Targinnie and Fisherman's Landing precinct approvals complete and creation of a decision-making tool to guide approval processes
<b>5. Sustainability</b>	
Adopt GPC Sustainability Strategy "Pathway to a Sustainable Future" consistent with the United Nations 17 Sustainable Development Goals East Shores Stage 1B and Masterplan for future stages	Three (3) Year Sustainability Strategy approved and Year 1 plans implemented East Shores 1B construction complete and 100% economic review of Masterplan
<b>6. Economic Development</b>	
Adaptation program for alternate trades integrated into development plans, aligned to published Port Precinct Development Plans	Business Development Trade Adaptation Program 50% complete
Lead a regional economic coordination and marketing function beyond just the Port, with full stakeholder support	Gladstone Regional Economic Development Stakeholder Group operational.
Port of Gladstone's Land Use Plan	Port of Gladstone Land Use Plan Completed and Published
Auckland Point Cruise Terminal and East Shores precinct infrastructure to promote tourism in the region	Auckland Point Cruise Terminal Business Case, Tender Process complete with construction commenced
Finalise Cargo Handling and Port Services Agreements for Coal Trade, while setting the foundations for future negotiations	All Cargo Handling and Port Services Agreements complete and approved by shareholding Minister 10 Year Corporate Asset Management plan developed
Implement Sustainable Finance Management Strategy, including engagement with shareholding Ministers' departments on appropriate funding options and delivering increased financial returns	Financial model completed to support sustainable ports with capability at an investment grade credit rating
<b>7. Systems</b>	
Enhance the capabilities of existing enterprise platforms within the business through targeted strategic information systems (IS) projects.	Foundation platform for collaboration tools (PMIS), and cloud adoption in place
Successful delivery of human resources information system (HRIS) including review of business processes and education of employees to gain maximum system efficiencies	Phase 1 and 2 of HRIS implemented including analysis, detailed design, implementation and change management
Finalise scope and program priorities for IS projects in response to Cyber Security risks	Cyber Security improvement program commenced with policy refresh and tools upgrade implemented
<b>8. Intergenerational Planning</b>	
Alignment and support from Federal and State Governments for Development Precinct plans	Consultation and collaboration with Federal and State agencies for future planning completed
Publish the 50 Year Strategic Plan for all three (3) ports	Port of Bundaberg, Rockhampton and Gladstone Strategic Plan 100% complete and published GPC 50 Year Strategic Masterplan completed and published
Develop and implement an Asset Management System (AMS) aligned to ISO 55000	Complete Phase 1 of Asset Management System program including maturity audit and framework redesign

## 2. Key Performance Indicators

In accordance with section 119(3) of the GOC Act, the Board of GPC undertakes that the financial and non-financial targets in Sections 2.1, 2.2 and 2.3 and the financial statements in Section 8 will form the basis for assessment of quarterly outcomes as reported to shareholding Ministers.

### 2.1. Financial and non-financial KPIs

	Actual	Budget	Forecast	Budget
Financial	2017-18	2018-19	2018-19	2019-20
EBITDA	208,385	220,534	229,043	245,552
EBIT	129,043	132,892	133,167	139,465
NPAT	65,373	66,063	67,306	72,627
Tax Equivalent Payments	(26,146)	(28,313)	(28,845)	(31,126)
Dividend Provision	(61,945)	(66,063)	(67,306)	(72,627)
Return on Asset	5.1%	5.5%	5.0%	5.2%
EBIT Return on Operating Assets	6.0%	6.6%	5.9%	6.1%
Return on Equity	5.6%	6.2%	5.4%	5.8%
Current Ratio	1.73	1.24	1.71	1.22
Debt to Debt + Equity Ratio	38.3%	42.3%	38.3%	38.3%
Interest Cover	3.44	3.45	3.60	3.91
<b>Investment</b>				
Capital Expenditure (\$M)	(51,126)	(121,805)	(66,794)	(192,573)
Capital Expenditure pending SHM approval (as at May 2019)				(76,639)

The financial targets are affected by legacy contracts, which by their nature, were structured to reflect prior capital contributions or volume incentives. Examples are provided below:



In accordance with the above corporate and operational objectives, the GPC Board undertakes to achieve the following non-financial performance targets in 2019–20:

	Full Year	Q1	Q2	Q3	Q4
<b>Customers</b>					
Satisfaction - Net Promoter Score <sup>1</sup>	8	8	8	8	8
<b>RGTCT</b>					
Coal Loaded (t '000s)	62,000	15,500	15,500	15,500	15,500
Coal Unloaded (t '000s)	62,000	15,500	15,500	15,500	15,500
Shiploading Availability %	88.95	90.5	88.6	89.2	87.5
Unloading Availability %	94.675	94.5	95.6	92.9	95.7
<b>Environmental / Security / Safety</b>					
Environmental Authority Exceedances	<10	<2	<3	<3	<2
Number of Security Incidents Reported	0	0	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	0	0	0	0	0
Safety Interactions (Target 3000/year: 250/month)	3000	750	750	750	750
<b>People</b>					
Staff Turnover % (Voluntary Annualised)	5.50	1.38	1.38	1.38	1.36
Learning & Development Hrs/FTE	5.40	5.40	5.40	5.40	5.40

<sup>1</sup> Net Promoter Score (NPS) measures customer experience based on a question of level of satisfaction 0 (not satisfied) 10 (extremely satisfied).

	Full Year	Q1	Q2	Q3	Q4
<b>Operational 000s</b>					
Trade #	127,811	31,953	31,953	31,953	31,953
Port of Gladstone#	127,023	31,756	31,756	31,756	31,756
Port Alma#	203	51	51	51	51
Port of Bundaberg#	585	146	146	146	147

#Rounding

## 2.2. Tonnage throughput summary via wharf Centre

000s	2017-18 Actual	2018-19 Budget	2018-19 Forecast	2019-20 Budget	Qtr1 Sept	Qtr2 Dec	Qtr3 Mar	Qtr 4 Jun
RG Tanna Coal	57,446	63,600	60,300	62,000	15,500	15,500	15,500	15,500
Barney Point	104	210	210	210	53	53	53	53
Wiggins Island	9,713	11,000	11,000	11,900	2,975	2,975	2,975	2,975
Port Alma	255	203	255	203	51	51	51	51
Auckland Point 1	197	-	250	-	-	-	-	-
Auckland Point 2	162	231	231	210	53	53	53	53
Auckland Point 3	893	839	1,115	855	214	214	214	214
Auckland Point 4	665	595	500	618.03	155	155	155	155
Auckland Point Central	-	-	-	-	-	-	-	-
Fishermans 1 & 2	12,987	13,028	13,028	13,028	3,257	3,257	3,257	3,257
Fishermans 3	-	-	-	-	-	-	-	-
Fishermans 4	1,866	1,931	1,931	1,931	483	483	483	483
Fishermans 5	349	320	385	320	80	80	80	80
Fishermans Central	-	-	-	-	-	-	-	-
Boyne Wharf	596	636	480	636	159	159	159	159
South Trees	14,089	13,780	13,587	13,780	3,445	3,445	3,445	3,445
Bundaberg	566	619	670	585	146	146	146	146
Curtis Island Gas	20,321	20,959	20,960	21,535	5,384	5,384	5,384	5,384
<b>Total #</b>	<b>120,210</b>	<b>127,951</b>	<b>124,901</b>	<b>127,811</b>	<b>31,953</b>	<b>31,953</b>	<b>31,953</b>	<b>31,953</b>

# Rounding

## 2.3. Tonnage throughput summary by Cargo Type

000s	2017-18 Actual	2018-19 Budget	2018-19 Forecast	2019-20 Budget	Qtr1 Sept	Qtr2 Dec	Qtr3 Mar	Qtr 4 Jun
Alumina, Bauxite & Assoc	27,693	27,324	27,126	27,324	6,831	6,831	6,831	6,831
Containers	40	64	81	94	24	24	24	24
Magnesium	18	20	20	18	5	5	5	5
Misc. Products	1,368	951	1,399	971	243	243	243	243
Wood Products	46	422	200	455	114	114	114	114
Agricultural Seeds (Grain)	162	231	231	210	53	53	53	53
Petroleum Products	1,044	1,006	1,040	937	234	234	234	234
Cement	2,016	2,024	2,144	1,988	497	497	497	497
Coal	67,159	74,600	71,300	73,900	18,475	18,475	18,475	18,475
Sugar/Molasses	342	349	400	379	95	95	95	95
LNG	20,321	20,959	20,960	21,535	5,384	5,384	5,384	5,384
<b>Total #</b>	<b>120,210</b>	<b>127,951</b>	<b>124,901</b>	<b>127,811</b>	<b>31,953</b>	<b>31,953</b>	<b>31,953</b>	<b>31,953</b>

# Rounding



## 4. Capital Expenditure

Major Projects \$000s	2019/20 Budget	Total Project Budget	Board Approved	Shareholder Approved
<b>PORT SERVICES</b>				
1. East Shores Stage 1B	23,300	29,500	Y	N/A
2. Channel Duplication Investigations	770	20,000	Y	N/A
3. Clinton Vessel Interaction Project	76,639	76,639	N	N
<b>RG TANNA</b>				
4. SL1 Replacement - Execution	-	33,000	N	N
<b>AUCKLAND POINT</b>				
5. AP4 Expansion	8,355	25,285	Y	N
<b>TOTAL MAJOR PROJECTS OVER \$10M</b>	<b>109,064</b>	<b>184,424</b>		

### 1. East Shores Stage 1B

Second stage of the Auckland Creek and Flinders Parade foreshore redevelopment, known as East Shores. Land based works include a cruise arrival plaza (multi use facility to cater to the growing cruise industry in the region), waterfront café, outdoor cinema, amphitheatre, bootcamp, feature swing and landscaped parklands with barbecue facilities. The facilities to be open to the public prior to Easter 2020.

### 2. Channel Duplication Investigations

Environmental Impact Statement (EIS) has been prepared to assess the environmental, social, cultural heritage and economic impacts associated with the Port of Gladstone Gatcombe and Golding Cutting Channel Duplication Project (the Project). The EIS expiry remains at September 2019.

### 3. Clinton Vessel Interaction Project

Upon finalising business case, GPC will seek shareholding Minister approval, scheduled for August-September 2019. Early works are required to commence in accordance with current approval timeframes to meet dredging works plan over Qtr 3 and Qtr 2 FY20.

### 4. Shiploader 1 Replacement

At 40 years of age, SL1 is past its technical design life of 25 years and is not compliant with current Australian Standards. GPC will seek shareholding Minister prior to commencing the tendering process in February 2020 with project to be completed by Qtr 1 2024

### 5. Auckland Point 4 Expansion

Investment in Auckland Point #4 (AP4) has been cast as a high growth scenario. The investment in the wharf extension would only be required where trade demand supports a business case. GPC will seek SHM approval for a scenario based investment strategy supported by preliminary business case. The AP4 pavement and mooring dolphin investment collectively will trigger SHM notification and as such, notification will be provided in 2019 prior to commitment of expenditure relating to AP4 Pavement Stage 2.

## 5. Capital Structure

As an integral part of the financing of GPC, the overall debt will be managed to ensure that GPC maintains the appropriate credit or other rating as directed by shareholding Ministers.

### Weighted Average Cost of Capital (WACC)

GPC reviews its WACC on a regular basis as part of the financial reporting process. GPC's beta and optimal capital structure have been determined in consultation with shareholder representatives.

Separate WACCs may be calculated for those parts of GPC's operations that face materially differing business risk profiles.

### 5.1. Pricing

GPC collects revenue from its Cargo Handling and Port Management activities in addition to charges for the use of various infrastructure assets and its pricing strategy is reflected by:

Revenue is a combination of:

1. Long-term port user agreements (50 years);
2. Mid-term contractual agreements (5-25 years); and
3. General short-term use of infrastructure or other GPC owned assets and services.

GPC sources its revenue from:

1. Handling charges – for handling product, including unloading, storage, loading;
2. Harbour dues and tonnages – for use of harbour wharves and port infrastructure;
3. Other shipping services – such as water, mooring, brow hire, security;
4. Property leases;
5. Marine pilot services; and
6. Marina and small craft receipts, other general.

## 5.2. Borrowings

GPC will not be seeking any additional borrowings for 2019–20 and will meet its operational and capital requirements through cash reserves and/or equity. The Clinton Vessel Interaction Project will be largest impact to cash reserves and is budgeted at \$76M and requires shareholder approval.

GPC continues to have access to a long term and short-term funding facility with Queensland Treasury Corporation.

GPC will continue to engage with key stakeholders regarding appropriate debt levels and credit metrics.

## 6. Community Service Obligations

No Community Service obligations have been highlighted for GPC in 2019-20.

## 7. Statement of Compliance

GPC, including its subsidiary, will comply with all relevant policies and guidelines as issued by the shareholders and Government, and formal directions by the shareholders as received from time to time.

## 8. Financial Statements

### 8.1. Income Statement

\$000s	Actual	Budget	Forecast	Budget	Q1	Q2	Q3	Q4
	2017-18	2018-19	2018-19	2019-20	Sept	Dec	Mar	Jun
Cargo Handling	239,474	259,639	257,984	283,908	70,977	70,977	70,977	70,977
Shipping Services	32,627	31,420	33,908	34,373	8,593	8,593	8,593	8,593
Channel	140,601	146,215	145,005	149,951	37,488	37,488	37,488	37,488
Small craft Services	1,374	1,468	1,468	1,351	338	338	338	338
Property Revenue	12,532	10,755	11,360	11,098	2,775	2,775	2,775	2,775
Recoverable Work	31,558	695	15,047	546	136	136	136	136
Interest Revenue	3,543	2,753	4,203	4,175	1,044	1,044	1,044	1,044
Sundry revenue	2,805	5,063	3,154	13,940	3,485	3,485	3,485	3,485
Gain/Loss on Sale of FA	146	-	(86)	-	-	-	-	-
<b>Revenue</b>	<b>464,661</b>	<b>458,007</b>	<b>472,043</b>	<b>499,342</b>	<b>124,835</b>	<b>124,835</b>	<b>124,835</b>	<b>124,835</b>
Operations	(80,509)	(79,902)	(92,041)	(83,555)	(20,263)	(21,442)	(20,495)	(21,356)
Maintenance	(71,331)	(80,081)	(67,773)	(90,177)	(22,906)	(25,510)	(19,857)	(21,904)
Direct Overhead	(87,487)	(57,770)	(62,797)	(60,510)	(15,288)	(14,951)	(15,158)	(15,113)
Asset Re/Devaluations	1,906	-	-	-	-	-	-	-
Energy	(18,854)	(19,720)	(20,390)	(19,547)	(5,069)	(5,138)	(4,618)	(4,722)
<b>EBITDA</b>	<b>208,385</b>	<b>220,534</b>	<b>229,043</b>	<b>245,552</b>	<b>61,309</b>	<b>57,795</b>	<b>64,707</b>	<b>61,742</b>
Depreciation & Amortisation	(80,463)	(87,642)	(95,876)	(95,530)	(23,578)	(23,824)	(24,022)	(24,106)
Impairment	1,120	-	-	(10,557)	-	-	-	(10,557)
<b>EBIT</b>	<b>129,043</b>	<b>132,892</b>	<b>133,167</b>	<b>139,465</b>	<b>37,731</b>	<b>33,971</b>	<b>40,684</b>	<b>27,079</b>
Interest Expense	(37,525)	(38,516)	(37,016)	(35,712)	(8,928)	(8,928)	(8,928)	(8,928)
<b>PBT</b>	<b>91,518</b>	<b>94,376</b>	<b>96,151</b>	<b>103,753</b>	<b>28,803</b>	<b>25,043</b>	<b>31,756</b>	<b>18,151</b>
Income Tax	(26,146)	(28,313)	(28,845)	(31,126)	(7,781)	(7,781)	(7,781)	(7,781)
<b>PAT</b>	<b>65,373</b>	<b>66,063</b>	<b>67,306</b>	<b>72,627</b>	<b>21,022</b>	<b>17,261</b>	<b>23,975</b>	<b>10,369</b>

- Budget 2019-20 total revenue increases by 9.2% from the 2018-19 budget mainly due to increased coal revenue and tonnage uplift.
- Maintenance expenditure increases by 11% from 2018-19 budget [REDACTED]
- Sundry revenue in FY20 is higher [REDACTED]
- [REDACTED]
- Energy expense reduction due to forward procurement of electricity.
- Impairment expense in 2019-20 primarily due to the East Shores community parklands project.
- Budget 2019-20 interest expense reduces by 7% on budget 2018-19 [REDACTED]
- Depreciation expense increases 8% from 2018-19 budget however, is consistent with forecast due to revaluation effect.
- Direct overheads and operational expense generally in accordance with indices' movements
- The budgeted dividend return to shareholders increases by 9% from \$66,063M to \$72,627.

## 8.2. Balance Sheet

\$000s	Actual 2017-18	Budget 2018-19	Forecast 2018-19	Budget 2019-20	Q1 Sept	Q2 Dec	Q3 Mar	Q4 Jun
Cash and Cash Equivalents	200,354 <sup>1</sup>	150,609 <sup>1</sup>	30,959	30,512	30,848	30,736	30,624	30,512
Trade and Other Receivables	82,977	84,075	84,637	86,329	85,060	85,483	85,906	86,329
Inventories	12,377	12,160	12,562	12,751	12,610	12,657	12,704	12,751
Prepayments	1,822	2,080	1,996	2,170	2,040	2,083	2,127	2,170
Assets Classified as Held for Resale	1,219	522	1,219	1,219	1,219	1,219	1,219	1,219
Derivative Financial Instruments – Asset	0	2,855	0	0	0	0	0	0
Advances to Qld Treasury			213,274	131,190	196,785	174,920	153,055	131,190
<b>Current Assets</b>	<b>298,749</b>	<b>252,300</b>	<b>344,687</b>	<b>264,172</b>	<b>328,561</b>	<b>307,098</b>	<b>285,635</b>	<b>264,172</b>
PP&E and Intangibles	2,258,943	2,045,571	2,234,463	2,316,044	2,251,368	2,272,927	2,294,486	2,316,044
Deferred Tax Assets	84,142	90,625	82,265	81,536	81,347	81,410	81,473	81,536
Investment Properties	24,185	18,589	24,606	27,896	25,428	26,251	27,073	27,896
Finance Lease Asset	-	-	-	-	-	-	-	-
<b>Non-current Assets</b>	<b>2,367,270</b>	<b>2,154,785</b>	<b>2,341,334</b>	<b>2,425,476</b>	<b>2,358,143</b>	<b>2,380,588</b>	<b>2,403,032</b>	<b>2,425,476</b>
<b>Total Assets</b>	<b>2,666,019</b>	<b>2,407,086</b>	<b>2,686,021</b>	<b>2,689,648</b>	<b>2,686,705</b>	<b>2,687,686</b>	<b>2,688,667</b>	<b>2,689,648</b>
Trade and Other Payables - Current	(55,908)	(61,347)	(56,747)	(57,598)	(56,959)	(57,172)	(57,385)	(57,598)
Short-term Provisions - Employee	(34,540)	(33,282)	(32,670)	(33,950)	(32,826)	(33,201)	(33,575)	(33,950)
Short-term Provisions - Other	(12,258)	(4,328)	(12,258)	(12,258)	(12,258)	(12,258)	(12,258)	(12,258)
Short-term Provisions - Dividend	(61,945)	(66,063)	(67,306)	(72,627)	(68,636)	(69,966)	(71,297)	(72,627)
Income Tax Payable	(8,372)	(35,837)	(36,981)	(39,711)	(37,234)	(38,059)	(38,885)	(39,711)
Derivative Financial Instruments - Liability	0	(2,905)	0	0	0	0	0	0
Short-term Finance Lease Liability	-	-	-	-	-	-	-	-
<b>Current Liabilities</b>	<b>(173,022)</b>	<b>(203,763)</b>	<b>(205,961)</b>	<b>(216,143)</b>	<b>(207,913)</b>	<b>(210,656)</b>	<b>(213,400)</b>	<b>(216,143)</b>
Trade and Other Payables - Non-current	(18,199)	(15,613)	(15,833)	(13,538)	(15,259)	(14,685)	(14,112)	(13,538)
Long-term Provisions - Employee	(13,670)	(12,036)	(11,814)	(12,277)	(11,871)	(12,006)	(12,142)	(12,277)
Long-term Provisions - Other	(22,390)	(12,459)	(22,390)	(22,390)	(22,390)	(22,390)	(22,390)	(22,390)
Long-term Borrowings	(776,855)	(778,834)	(776,855)	(776,855)	(776,855)	(776,855)	(776,855)	(776,855)
Deferred Tax Liabilities	(411,445)	(316,438)	(403,429)	(398,708)	(402,679)	(401,355)	(400,031)	(398,708)
Long-term Finance Lease Liability	-	-	-	-	-	-	-	-
<b>Non-current Liabilities</b>	<b>(1,242,559)</b>	<b>(1,135,380)</b>	<b>(1,230,323)</b>	<b>(1,223,768)</b>	<b>(1,229,055)</b>	<b>(1,227,292)</b>	<b>(1,225,530)</b>	<b>(1,223,768)</b>
<b>Total Liabilities</b>	<b>(1,415,582)</b>	<b>(1,339,144)</b>	<b>(1,436,284)</b>	<b>(1,439,911)</b>	<b>(1,436,968)</b>	<b>(1,437,949)</b>	<b>(1,438,930)</b>	<b>(1,439,911)</b>
<b>Net Assets</b>	<b>1,250,437</b>	<b>1,067,942</b>	<b>1,249,737</b>	<b>1,249,737</b>	<b>1,249,737</b>	<b>1,249,737</b>	<b>1,249,737</b>	<b>1,249,737</b>
Issued Capital	675,496	675,496	675,496	675,496	675,496	675,496	675,496	675,496
Asset Revaluation Reserve	560,465	381,411	559,765	559,765	559,765	559,765	559,765	559,765
Retained Earnings	14,476	11,036	14,476	14,476	14,476	14,476	14,476	14,476
<b>Equity</b>	<b>1,250,437</b>	<b>1,067,942</b>	<b>1,249,737</b>	<b>1,249,737</b>	<b>1,249,737</b>	<b>1,249,737</b>	<b>1,249,737</b>	<b>1,249,737</b>

- <sup>1</sup> Under the Queensland Governments cash management regime, which became effective in the 2016/17 financial year, GOCs advance all surplus cash to Queensland Treasury.
- Queensland Treasury pays interest on these advances at the Queensland Treasury Corporate (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 assume to represent fair value.
- There is no requirement for additional borrowings during the year, there is also no loan pay down assumption incorporated.
- Material impact to Advances to Qld Treasury due to CVIP expenditure, pending shareholder approval.

### 8.3. Cash Flow Statement

\$000s	Actual	Budget	Forecast	Budget	Q1	Q2	Q3	Q4
	2017-18	2018-19	2018-19	2019-20	Sept	Dec	Mar	Jun
PAT	65,373	66,063	67,306	72,627	21,022	17,261	23,975	10,369
Depreciation and Amortisation	80,463	87,642	95,876	95,530	23,578	23,824	24,022	24,106
Asset Re/Devaluations	(1,906)	-	-	-	-	-	-	-
Impairment	(1,120)	-	-	10,557	-	-	-	10,557
Gain/Loss on Sale of FA	(146)	-	86	-	-	-	-	-
<b>Net Cash from Operations</b>	<b>142,663</b>	<b>153,705</b>	<b>163,268</b>	<b>178,714</b>	<b>44,599</b>	<b>41,085</b>	<b>47,997</b>	<b>45,032</b>
Movements in Receivables	(180,590)	(1,242)	(1,660)	(1,693)	(423)	(423)	(423)	(423)
Movements in Advances to Qld Treasury	-	-	(34,052)	87,460	21,865	21,865	21,865	21,865
Movements in Other Assets	2,765	(174)	(174)	(174)	(44)	(44)	(44)	(44)
Movements in Inventory	(574)	(180)	(186)	(188)	(47)	(47)	(47)	(47)
Movements in Deferred Tax Asset	(5,780)	(92)	(121)	(3,290)	(823)	(823)	(823)	(823)
Movements in Trade Creditors	(5,604)	(1,426)	(1,527)	(1,445)	(361)	(361)	(361)	(361)
Movements in Other Liabilities	(2,905)	-	-	-	-	-	-	-
Movements in Provisions	18,793	1,918	(3,726)	2,040	510	510	510	510
Movements in Income Tax	(478)	8,800	28,609	3,303	826	826	826	826
Movements in Deferred Tax Liability	6,866	(7,432)	(8,015)	(5,295)	(1,324)	(1,324)	(1,324)	(1,324)
<b>Net Operating Cashflows</b>	<b>(24,844)</b>	<b>153,876</b>	<b>142,416</b>	<b>259,432</b>	<b>64,779</b>	<b>61,265</b>	<b>68,177</b>	<b>65,212</b>
Property Plant & Equipment	(50,360)	(121,805)	(70,519)	(192,573)	(48,143)	(48,143)	(48,143)	(48,143)
Proceeds from Sale of Property, Plant & Equip	(383)	-	(86)	-	-	-	-	-
<b>Net Investing Cashflows</b>	<b>(50,743)</b>	<b>(121,805)</b>	<b>(70,605)</b>	<b>(192,573)</b>	<b>(48,143)</b>	<b>(48,143)</b>	<b>(48,143)</b>	<b>(48,143)</b>
New Loans	-	-	-	-	-	-	-	-
Repayment of Borrowings	(1,979)	-	-	-	-	-	-	-
Gain on Foreign Exchange	-	-	-	-	-	-	-	-
New Working Capital	-	-	-	-	-	-	-	-
Working Capital Repayments	-	-	-	-	-	-	-	-
Share Transactions	(0)	-	-	-	-	-	-	-
Dividends Paid	(61,037)	(53,620)	(61,945)	(67,306)	(16,826)	(16,826)	(16,826)	(16,826)
Finance Lease Repayment	-	-	-	-	-	-	-	-
<b>Net Financing Cashflows</b>	<b>(63,016)</b>	<b>(53,620)</b>	<b>(61,945)</b>	<b>(67,306)</b>	<b>(16,826)</b>	<b>(16,826)</b>	<b>(16,826)</b>	<b>(16,826)</b>
Miscellaneous	-	-	-	-	79	3,593	(3,319)	(354)
<b>Total Cash Movements</b>	<b>(138,603)</b>	<b>(21,549)</b>	<b>9,867</b>	<b>(447)</b>	<b>(112)</b>	<b>(112)</b>	<b>(112)</b>	<b>(112)</b>
Opening Cash and Cash Equivalents	159,735	172,158	21,132	30,959	30,959	30,848	30,736	30,624
Total Cash Movements	(138,603)	(21,549)	9,867	(447)	(112)	(112)	(112)	(112)
<b>Closing Cash and Cash Equivalents</b>	<b>21,132</b>	<b>150,609</b>	<b>30,999</b>	<b>30,512</b>	<b>30,848</b>	<b>30,736</b>	<b>30,624</b>	<b>30,512</b>

- GPC's Net Operating Cashflows remains consistent from 2018-19 forecast to 2019-20 year budget.

### 8.4. Financial Contributions: Major Business Divisions


## 9. Tables for Capital Expenditure for 2019-20

- Approved Board
- Approved SHM
- Not Approved Board
- Not Approved SHM

Project Details \$'000s	Prior Year Spend	19/20 Budget	Total Project Budget	Q1 Sept	Q2 Dec	Q3 Mar	Q4 Jun
<b>AUCKLAND POINT</b>							
■ AP1 Electrical Upgrade	■	■	■	■	■	■	
■ AP4 Container Pavement (behind Wharf) - Stage 1 <sup>1</sup>	■	■	■	■	■		
■ AP4 Container Pavement (behind Wharf) - Stage 2 <sup>1</sup>	■	■	■			■	■
■ AP4 Eastern Mooring Dolphin <sup>1</sup>	■	■	■	■	■		
<b>BARNEY POINT</b>							
■ BPT Loading Assets Life Extension for Multi Products 19/20	■	■	■		■	■	■
<b>BUNDABERG</b>							
■ Port of Bundaberg Roads (Newman Street)	■	■	■	■			
■ Port of Bundaberg Roads (Buss Street)	■	■	■	■	■		
<b>EARTHWORKS</b>							
■ Unit 322 (46 Tonne Excavator)	■	■	■	■			
■ Unit 321 (45 Tonne Excavator)	■	■	■	■			
■ Unit 307 (Front End Loader)	■	■	■	■		■	
<b>FINANCE</b>							
■ Strategic Feasibility Assessment and Project Contingency 19/20	■	■	■	■	■	■	■
<b>FISHERMANS LANDING</b>							
■ Construct Cell 1/2 Northern Services Corridor	■	■	■			■	■
<b>INFORMATION SYSTEMS</b>							
■ SCI19 Application Portfolio Rationalisation	■	■	■	■			
■ SCI19 Enterprise Data Management Tool	■	■	■	■	■	■	
■ SCI19 HRIS and Payroll Upgrade / Replacement	■	■	■	■	■		
■ SCI19 IS Infrastructure Lifecycle & Enhancement	■	■	■	■	■		
■ SCI19 Oracle JDE Upgrade	■	■	■	■	■		
■ SCI19 PMIS	■	■	■	■	■		
■ SCI19 Security Improvement Program	■	■	■	■	■		
■ SCI19 Standard Desktop Operating Environment Hardware	■	■	■	■			
■ SCI20 Backup Platform Lifecycle & Enhancement	■	■	■	■	■	■	■
■ SCI20 IS Infrastructure Lifecycle & Enhancement	■	■	■	■	■	■	■
■ SCI20 Oracle JDE Operational Sustainability	■	■	■	■	■	■	■
■ SCI20 Service Enhancement Program	■	■	■	■	■	■	■
<b>MARINA</b>							
■ Pontoon Piles Replacement 19/20	■	■	■	■	■		
■ Pontoon Piles Replacement - Auckland Creek 19/20	■	■	■			■	■
<b>PORT ALMA</b>							
■ Port Alma Boat Ramp	■	■	■	■			
■ Purchase of Freehold Land (Fisherman)	■	■	■	■	■		
<b>PORT SERVICES</b>							
■ Flinders Parade Road Improvements	■	■	■	■	■		
■ Maritime Interpretive Centre	■	■	■	■			
■ Pontoon - Yacht Club to O'Connell Wharf	■	■	■	■	■		
■ Marina Bulk Earthworks (East of Alf O'Rourke Dr) 19/20	■	■	■	■	■	■	■
■ East Shores Stage 1B	■	■	■	■	■		
■ Old Harbour Board Building Refurbishment (Flinders Parade)	■	■	■	■	■	■	
■ Auckland Hill Marina Viewing Platform	■	■	■	■	■		
■ Car & Boat Trailer Carpark VMR side of Alf O'Rourke Dr	■	■	■	■			
■ Channel Duplication Investigations	■	■	■	■	■	■	■
■ Clinton Vessel Interaction Project (Feasibility & Options)	■	■	■	■	■		
■ Dredging - Targinnie Channel EIS	■	■	■			■	■

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Project Details \$'000s	Prior Year Spend	19/20 Budget	Total Project Budget	Q1 Sept	Q2 Dec	Q3 Mar	Q4 Jun
<b>RG TANNA</b>							
■ Isolation of Medium Voltage Conveyor - CCSA Trial	■	■	■	■	■		
■ SL1 Life Extension - Stage 1	■	■	■	■			
■ Wharf Slurry System Upgrade - Stream 1 & 2 - Early Works	■	■	■	■			
■ Replacement Water Cart WC1000	■	■	■	■			
■ SL2 Mechanical Life Extension - Luffing System Upgrade	■	■	■	■			
■ Local Isolators for 5 Series Conveyors	■	■	■	■	■	■	■
■ SL2 Mechanical Life Extension - Shuttle and Long Travel Upgrades	■	■	■	■	■	■	■
■ SL3 Cabin Relocation & Control/Electrical - Execution	■	■	■	■	■	■	■
■ Wharf Slurry System Upgrade - Stream 1 & 2 - Tail End Execution	■	■	■	■	■	■	■
■ RGT Feasibilities	■	■	■	■			
■ CC1B Life Extension - Stage 2	■	■	■	■	■	■	■
■ Capacity Maximisation (SCI19)	■	■	■	■	■	■	
■ THCC1 Structural Life Extension	■	■	■			■	■
■ CC5 Life Extension - Stage 3	■	■	■	■			
■ CC1C Life Extension - Stage 1	■	■	■	■	■	■	■
■ RGT Wharf Berth 1&2 Mooring Hooks Upgrade	■	■	■	■	■		
■ RGT Environment Pit (Inside Loop)	■	■	■	■			
■ RGTCT Drain/Kerb Replacement 18/19	■	■	■	■			
■ CC6A Switchboard/MCC Replacement	■	■	■				
■ Light Tower Upgrades - Lights, Power, Controls - Stage 1	■	■	■	■			■
■ Main Sub HV Switchboard Upgrade - Stage 1 Detailed Design	■	■	■	■	■	■	■
■ Wharf Slurry System Upgrade - Stream 1 & 2 - Head End Execution	■	■	■			■	
■ SL2 Mechanical Life Extension - Long Travel Upgrades	■	■	■				
■ RGT Conveyor Guarding	■	■	■	■	■	■	■
■ Local Isolators for 3.3kV (6 Series)	■	■	■	■	■	■	■
■ RGT Shiploader Protective Coating Life Extension	■	■	■	■	■	■	■
■ CC1B Life Extension - Stage 3	■	■	■				
■ CAT Certified Rebuild SCI20	■	■	■		■		
■ CAT Certified Rebuild SCI20	■	■	■				
■ CAT Certified Rebuild SCI20	■	■	■				
■ Dozer Major Rebuilds SCI20	■	■	■	■	■	■	■
■ KPIs, Datawarehouse, Dashboards	■	■	■				
■ Stockpile Safety System (Remote operations )	■	■	■				
■ Traffic / Operational Control (Geofencing & Remote Enviro Controls)	■	■	■				
<b>SOUTH TREES</b>							
■ Concrete Causeway Repairs (QAL)	■	■	■			■	■
<b>Total Projects under \$500K</b>	■	■	■	■	■	■	■
<b>Pending SHM Approval</b>							
<b>PORT SERVICES</b>							
■ Clinton Vessel Interaction Project	■	■	■		■	■	
<b>RG TANNA</b>							
■ SL1 Replacement - Execution	■	■	■	■	■	■	■
<b>Total</b>	■	■	■	■	■	■	■

- <sup>1</sup> Investment in Auckland Point #4 (AP4) has been cast as a high growth scenario. The investment in the wharf extension would only be required where trade demand supports a business case. GPC will seek SHM approval for a scenario based investment strategy supported by preliminary business case. The AP4 pavement and mooring dolphin investment collectively will trigger SHM notification and as such, notification will be provided in 2019 prior to commitment of expenditure relating to AP4 Pavement Stage 2.

## 10. Sponsorship, Advertising, Corporate Entertainment & Donations Details

Consistent with the Corporate Entertainment and Hospitality Guidelines and GPC's Corporate Entertainment and Hospitality Policy, GPC has budgeted the following total amounts for Sponsorship, Advertising, Corporate Entertainment, Donations and Strategic Community and Stakeholder Engagement Activities in 2019-20.

Activity	Budget 2018-19	Forecast 2018-19	Budget 2019-20
Sponsorships	231,000	234,750	236,000
Advertising	81,020	79,721	80,500
Corporate Entertainment	8,270	12,850	9,420
Donations	10,000	10,000	10,000
Strategic Community and Stakeholder Engagement Activities <sup>1</sup>	300,500	287,930	352,332
<b>Total</b>	<b>630,790</b>	<b>625,251</b>	<b>688,252</b>

1. Includes Gladstone Healthy Harbour Partnership (GHHP), previously reported separately

### Sponsorship

Activity 1	Description / Benefit	Budget 2018-19	Forecast 2018-19	Budget 2019-20	Quarter 2019-20			
					Sept	Dec	Mar	Jun
GPC Bursary Program	The GPC School Bursary Program supports the academic development of local youth and is critical to ensuring continued prosperity in Central Queensland.	18,000	17,750	18,000	18,000	-	-	-
GPC Indigenous scholarships	The GPC indigenous scholarship program supports the academic development of local indigenous youth and is critical to ensuring continued prosperity in Central Queensland.	21,000	21,000	21,000	10,500	-	10,500	-
GPC Indigenous bursaries	The GPC Indigenous scholarship program supports the academic development of local indigenous youth and is critical to ensuring continued prosperity in Central Queensland.	10,000	14,000	15,000	-	15,000	-	-
GPC Family Fun Night – Gladstone Harbour Festival	The GPC Family Fun Night is a night of free family-friendly entertainment held on the GPC Gladstone Marina stage highlighting the Port's support of local community events.	31,000	31,750	32,000	-	-	32,000	-
Boyne Tannum Hookup	Three (3) day event promoting sustainable fishing and environment. Provides leverage opportunity for GPC to engage on Biodiversity Offset Strategy, environmental responsibility and capital projects.	10,000	15,000	15,000	-	-	15,000	-
Shorebird Monitoring Program	Monitoring enables the Port to assess the significance of the area for wader bird habitat and monitor the area set aside for wader birds in the future.	6,000	6,000	-	-	-	-	-
Gladstone Men's Shed	Facilitation of early childhood learning resources hand made by support network, Gladstone Men's Shed. Resources are donated to Kindergartens, day care and primary schools throughout the Gladstone region.	8,000	12,100	-	-	-	-	-
National Theatre for Children	Water Education & Awareness Program	-	26,500	-	-	-	-	-
International Legends of League	2018 Gladstone International Legends of League Match	-	9,000	-	-	-	-	-
Sailability Bundaberg	A non-profit organisation which provides social and recreational on the water sailing activities for people with disabilities.	-	10,000	-	-	-	-	-
Welcoming Intercultural Neighbours (WIN)	A non-for-profit organisation that supports and assists new residents and families from culturally diverse backgrounds within the Gladstone Region.	-	10,000	-	-	-	-	-
Capricorn Helicopter Rescue Service	2018 Sponsorship Hoist Training	-	10,000	-	-	-	-	-
Uncommitted pending Board approval	Applications received are approved by the Board in two rounds conducted annually.	120,000	12,619	130,000	32,500	32,500	32,500	32,500
<b>Total over \$5,000</b>		<b>224,000</b>	<b>195,719</b>	<b>231,000</b>	<b>61,000</b>	<b>47,500</b>	<b>90,000</b>	<b>32,500</b>
Other (total) below \$5,000		7,000	39,031	5,000	-	5,000	-	-
<b>TOTAL</b>		<b>231,000</b>	<b>234,750</b>	<b>236,000</b>	<b>61,000</b>	<b>52,500</b>	<b>90,000</b>	<b>32,500</b>
Recovered from 3rd Parties		-	-	-	-	-	-	-
<b>Net GPC Total (1)</b>		<b>231,000</b>	<b>234,750</b>	<b>236,000</b>	<b>61,000</b>	<b>52,500</b>	<b>90,000</b>	<b>32,500</b>

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Note: Sponsorship funds are allocated in two funding rounds per annum. This will result in a portion of the total funds being 'uncommitted' (see above table \$130,000) for a period of time. Sponsorships above \$10,000 are approved by the Board of Directors, with sponsorships under \$10,000 requiring CEO and Chairman approval. Sponsorships are evaluated on their merit against an established set of KPIs. Sponsorships are reported monthly to the Board and quarterly to shareholding Ministers.

### Advertising

Activity 2	Description / Benefit	Budget 2018-19	Forecast 2018-19	Budget 2019-20	Quarter 2019-20			
					Sept	Dec	Mar	Jun
GPC Port Talk community newsletter	Placement of GPC Port Talk community newsletter in Gladstone News (Full Page), Gladstone Observer (Full Page), News Mail (Full Page) and The Morning Bulletin (Half Page) (4 editions annually).	20,000	20,000	-	-	-	-	-
GPC Community Forums	Pre and Post Forum Placements in Gladstone News, Gladstone Observer, News Mail and The Morning Bulletin (1/4 page advertisement Pre-Forum & 1/2 page advertisement Post Forum).	-	-	12,400	3,100	3,100	3,100	3,100
Radio Advertising	Radio promotion of Community, Environmental and Port Operational information.	12,000	12,000	12,000	3,000	3,000	3,000	3,000
<b>Total over \$5,000</b>		<b>32,000</b>	<b>32,000</b>	<b>24,400</b>	<b>6,100</b>	<b>6,100</b>	<b>6,100</b>	<b>6,100</b>
Other (total) below \$5,000		49,020	47,721	56,100	14,025	14,025	14,025	14,025
<b>TOTAL</b>		<b>81,020</b>	<b>79,721</b>	<b>80,500</b>	<b>20,125</b>	<b>20,125</b>	<b>20,125</b>	<b>20,125</b>
Recovered from 3rd Parties		-	-	-	-	-	-	-
<b>Net GPC Total (2)</b>		<b>81,020</b>	<b>79,721</b>	<b>80,500</b>	<b>20,125</b>	<b>20,125</b>	<b>20,125</b>	<b>20,125</b>

### Entertainment

Activity 3	Description / Benefit	Budget 2018-19	Forecast 2018-19	Budget 2019-20	Quarter 2019-20			
					Sept	Dec	Mar	Jun
Event Over \$5,000		-	-	-	-	-	-	-
<b>Total over \$5,000</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other (total) below \$5,000		8,270	12,850	9,420	1,605	4,605	1,605	1,605
<b>TOTAL</b>		<b>8,270</b>	<b>12,850</b>	<b>9,420</b>	<b>1,605</b>	<b>4,605</b>	<b>1,605</b>	<b>1,605</b>
Recovered from 3rd Parties		-	-	-	-	-	-	-
<b>Net GPC Total (3)</b>		<b>8,270</b>	<b>12,850</b>	<b>9,420</b>	<b>1,605</b>	<b>4,605</b>	<b>1,605</b>	<b>1,605</b>

### Donations

Activity 4	Description / Benefit	Budget 2018-19	Forecast 2018-19	Budget 2019-20	Quarter 2019-20			
					Sept	Dec	Mar	Jun
Event Over \$5,000		-	-	-	-	-	-	-
<b>Total over \$5,000</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other (total) below \$5,000		10,000	10,000	10,000	2,500	2,500	2,500	2,500
<b>TOTAL</b>		<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>
Recovered from 3rd Parties		-	-	-	-	-	-	-
<b>Net GPC Total (4)</b>		<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>

### Strategic Community and Stakeholder Engagement

Activity 5	Description / Benefit	Budget 2018-19	Forecast 2018-19	Budget 2019-20	Quarter 2019-20			
					Sept	Dec	Mar	Jun
Commitment/ entity over \$5,000		-	-	-	-	-	-	-
Gladstone Area Promotions Board Membership	Tourism and economic development in Gladstone. Membership price fluctuation due to value add for GPC with introduction of cruise ship industry.	80,000	80,000	80,000	-	80,000	-	-
Bundaberg Region Futures Program	Tourism and economic development in Bundaberg	20,500	20,500	20,500	-	-	20,500	-
Botanic to Bridge Fun Run	To promote healthy living within the Gladstone community (net of sponsorship revenue and advertising)	100,000	87,430	151,832	151,832	-	-	-
GHHP	Program to measure the environmental health of the harbour	100,000	100,000	100,000	100,000	-	-	-
<b>Total over \$5,000</b>		<b>300,500</b>	<b>287,930</b>	<b>352,332</b>	<b>251,832</b>	<b>80,000</b>	<b>20,500</b>	<b>-</b>
Other (total) below \$5,000		-	-	-	-	-	-	-
<b>TOTAL</b>		<b>300,500</b>	<b>287,930</b>	<b>352,332</b>	<b>251,832</b>	<b>80,000</b>	<b>20,500</b>	<b>-</b>
Recovered from 3rd Parties		-	-	-	-	-	-	-
<b>Net GPC Total (5)</b>		<b>300,500</b>	<b>287,930</b>	<b>352,332</b>	<b>251,832</b>	<b>80,000</b>	<b>20,500</b>	<b>-</b>
<b>TOTAL (1)+(2)+(3)+(4)+(5)</b>		<b>630,790</b>	<b>625,251</b>	<b>688,252</b>	<b>337,062</b>	<b>159,730</b>	<b>134,730</b>	<b>56,730</b>

## Corporate Entertainment. Details of Total Budgeted Expenditure under \$5,000

Activity	Budget 2018-19	Forecast 2018-19	2018-19 Activities	Budget 2019-20	Quarter 2019-20			
					Sept	Dec	Mar	Jun
Staff Functions	1,000	1,716	6	2,000	500	500	500	500
Business Development	1,950	6,106	32	2,100	525	525	525	525
Stakeholder and Community Engagement	5,320	5,028	4	5,320	580	3,580	580	580
<b>Total</b>	<b>8,270</b>	<b>12,850</b>	<b>42</b>	<b>9,420</b>	<b>1,605</b>	<b>4,605</b>	<b>1,605</b>	<b>1,605</b>

## Botanic to Bridge – Major Event Summary

Description / Benefit	Budget 2018-19	Forecast 2018-19	Budget 2019-20	Quarter 2019-20			
				Sept	Dec	Mar	Jun
<b>Advertising</b>				-	-	-	-
Botanic to Bridge Fun Run 2018	15,575	15,340	-	-	-	-	-
Botanic to Bridge Fun Run 2019	-	-	20,000	20,000	-	-	-
<b>Total (1)</b>	<b>15,575</b>	<b>15,340</b>	<b>20,000</b>	<b>20,000</b>	-	-	-
<b>Donations</b>				-	-	-	-
Botanic to Bridge Fun Run 2018	47,000	42,624	-	-	-	-	-
Botanic to Bridge Fun Run 2019	-	-	48,000	48,000	-	-	-
<b>Total (2)</b>	<b>47,000</b>	<b>42,624</b>	<b>48,000</b>	<b>48,000</b>	-	-	-
<b>Sponsorships Received</b>				-	-	-	-
Botanic to Bridge Fun Run 2018	Sponsorships, Registrations, Merchandise	-134,840	-121,752	-	-	-	-
Botanic to Bridge Fun Run 2019	Sponsorships, Registrations, Merchandise	-	-	-137,688	-137,688	-	-
<b>Total (3)</b>		<b>-134,840</b>	<b>-121,752</b>	<b>-137,688</b>	<b>-137,688</b>	-	-
<b>Operating Expenditure</b>				-	-	-	-
Operating Expenditure 2018	To promote healthy living within the Gladstone community	172,265	151,218	-	-	-	-
Operating Expenditure 2019	To promote healthy living within the Gladstone community	-	-	221,520	221,520	-	-
<b>Total (4)</b>		<b>172,265</b>	<b>151,218</b>	<b>221,520</b>	<b>221,520</b>	-	-
<b>TOTAL (1)+(2)+(3)+(4)</b>		<b>100,000</b>	<b>87,430</b>	<b>151,832</b>	<b>151,832</b>	-	-

Note: The Botanic to Bridge (B2B) expenses should not be reviewed on a financial year basis as they straddle two (2) financial years and the timing for revenue and expenses may vary from year to year.

The B2B is a GPC sponsored community event that provides GPC with an opportunity to engage with its community, enhance its corporate reputation and reinforce its social license to operate. The inaugural event in 2010 was acclaimed by the community as a major success and this response continued in 2018 with 3,622 registrations.

In 2019-20, the B2B will celebrate the 10th year of the event.

## Botanic to Bridge – 2011-2019

Description / benefit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast
Operating Expenditure	454,146	374,094	354,744	251,577	180,627	180,496	167,937	170,966	166,558	241,520
Donations to schools and community	37,028	41,839	36,839	44,465	42,370	44,190	42,030	49,610	42,624	48,000
Less: Income generated	152,957	133,625	101,135	160,958	148,016	147,121	145,757	153,802	121,752	137,688
<b>Net Cost to GPC</b>	<b>338,217</b>	<b>282,308</b>	<b>290,448</b>	<b>135,084</b>	<b>74,981</b>	<b>77,565</b>	<b>64,210</b>	<b>66,774</b>	<b>87,430</b>	<b>151,832</b>

Note: Assumes targeted in-kind contributions, which have been deducted from operating expenditure

## 11. Appendix 1 Employment and Industrial Relations Plan

The Employment and Industrial Relations Plan aims to assist GPC in delivering the strategic direction by enhancing people capability and a cultural move towards high performance.

GPC is undertaking a cultural transformation journey in step with its vision, mission and guiding principles. This journey will require a shift of a deeply embedded workforce culture and leveraging people strategies of:

- Develop and execute a whole of business cultural improvement program that moves towards high performance and a principles-based organisational culture;
- Design, articulate and systemise the business operating model in order to achieve a cultural transformation;
- Align our values and guiding principles to ensure individually developed plans codify to the whole of business strategy;
- Enhance the capability and pride of our workforce and adopt a high performance and an accountability focus;
- Implement a corporate wide leadership development program that develops Managers, Frontline leaders and Emerging leaders;
- Design and implement a talent and succession planning framework with focused development on high potential and Emerging leaders;
- Ensure the safety and well-being of our employees, contractors and the community to achieve zero harm; and
- Broaden and deepen the 'diversity focus' integrated through GPC to include gender, ethnicity, background, disability, character and style.

GPC's human resources management practices will be compliant with legislative requirements, and aligned to operational and, regulatory environments.

### 11.1. Significant and Emerging Issues

GPC and its subsidiary company Gladstone Marine Pilotage Services (GMPS) are covered by three (3) Enterprise Agreements. These include the GPC Enterprise Agreement 2016; the Gladstone Marine Pilot Agreement 2017 and the Gladstone Pilot Transfer Crew Agreement 2017. All three (3) Enterprise Agreements include four (4) year terms and a number of productivity initiatives which are reported to the shareholding Ministers on a quarterly basis.

The GPC Enterprise Agreement 2016 (EA) includes four (4) Productivity Initiatives:

[REDACTED]

[REDACTED]

GPC will commence the process of preparing for negotiations with employees and unions to replace the GPC Enterprise Agreement 2016. Negotiations are to commence in early 2020, and to ensure GPC continues to meet shareholder, customer and community expectations, GPC will develop a six (6) year Employee Relations Plan, which will inform the strategy for the Enterprise Agreement 2020.

## 11.2. Remuneration Arrangements 2019-20

The Chief Executive Officer (CEO) and Senior Executives remuneration arrangements complies with Government's policies and expectations as advised by the shareholding Ministers.

Below are the current CEO and Senior Executive Remuneration:

CEO / Senior Executives	Base Salary <sup>1</sup>	Employer Superannuation Contributions <sup>2</sup>	Motor Vehicle <sup>3</sup>	Car park <sup>4</sup>	Other personal benefits <sup>5</sup>	Total Fixed Remuneration <sup>6</sup>
<b>Chief Executive Officer</b>	\$525,236	\$66,968	\$16,513	\$0	\$3,000	\$611,717
<b>Commercial General Manager</b>	\$353,298	\$33,563	\$11,039	\$0	\$2,200	\$400,100
<b>Asset Management &amp; Project Services General Manager</b>	\$351,911	\$33,432	\$0	\$0	\$1,650	\$386,993
<b>Port Strategy &amp; Development General Manager</b>	\$323,425	\$30,725	\$0	\$0	\$1,650	\$355,800
<b>Operations General Manager</b>	\$277,384	\$35,366	\$0	\$0	\$1,650	\$314,400
<b>People, Community &amp; Sustainability General Manager</b>	\$255,373	\$32,560	\$10,417	\$0	\$1,650	\$300,000

1. Includes salary sacrifice items plus cash salary.
2. Employer contributions to superannuation (other than by salary sacrifice).
3. Value of a motor vehicle for business and personal use (other than by salary sacrifice).
4. Value of car park if car park is a personal benefit to the Executive (other than by salary sacrifice).
5. Includes, but is not limited to, general/expense allowances, subscriptions, home telephone/communication expenses, FBT not elsewhere included, etc. (other than by salary sacrifice).
6. Sum of columns 1 to 5

### Gain Share Schemes and Performance Payments

GPC Executive Employment Contracts do not include a Gain Share Scheme.

### 11.3. Employment Conditions of GPC Employees

As a Government Owned Corporation covered by Federal industrial relations legislation, GPC will continue to meet its obligations consistent with the guidelines provided by the Queensland Government and under the *Fair Work Act 2009* (QLD).

██████████ Employees covered by an individual contract of employment include six (6) Executives roles. All other employees are covered by one (1) of the following Enterprise Agreements:

- Gladstone Ports Corporation Enterprise Agreement 2016 (AG2017/4271);
- Gladstone Marine Pilots Agreement 2017 (AG2018/1122); or
- Gladstone Pilot Transfer Crew Agreement 2017 (AG2018/1123).

#### **Gladstone Ports Corporation Enterprise Agreement 2016**

The Gladstone Ports Corporation Enterprise Agreement 2016, which is underpinned by the Modern Award and the Port Authorities Award 2010, was approved by Fair Work Australia on 27 November 2017 and has a nominal expiry date of 31 October 2020. The Agreement covers all employees directly employed by GPC as the parent company, and provides for a wage increase of 3.0% per annum paid at 1 November each year.

The Gladstone Ports Corporation Enterprise Agreement 2016 contains business-wide application contained in the head document, and specific conditions pertaining to the production, maintenance and clerical/administrative/professional workforces contained in the respective schedules to the Agreement. Work group specific conditions are permitted by the Agreement after approval by the majority of the workgroup and the representative union(s).

#### **Gladstone Marine Pilots Agreement 2017**

The Gladstone Marine Pilots Agreement 2017 covers all Marine Pilots employed under Gladstone Marine Pilot Services Pty Ltd (GMPS), a wholly owned subsidiary of GPC and has a nominal expiry date of 31 October 2021. The Agreement is award free and covered by a closed Agreement which does not incorporate the terms of any other Award or Industrial Agreement.

The Agreement provides for a salary increase of 3.0% per annum paid at 1 November each year until the Agreement expiration.

#### **Gladstone Pilot Transfer Crew Agreement 2017**

The Gladstone Pilot Transfer Crew Agreement 2017 covers all Pilot Transfer Crew employees (i.e. Coxswain, Pilot Vessel Master A/B, Assistant Senior Pilot Vessel Master and Senior Pilot Vessel Master) employed under Gladstone Marine Pilot Services Pty Ltd (GMPS), a wholly owned subsidiary of GPC and has a nominal expiry date of 31 October 2021. The Agreement is a closed Agreement, operating in conjunction and incorporating terms of the Port Authorities Award 2010.

The Agreement provides transfer crew employees a salary increase of 3.0% per annum paid at 1 November each year until the Agreement expiration.

## 11.4. GPC Workforce

GPC's workforce covered by an Enterprise Agreement:

Type	2017-18 Actual	2018-19 Forecast	2019-20 Budget
<b>TOTAL Senior Executive Employment Contract</b>	<b>6</b>	<b>6</b>	<b>6</b>
GPC Enterprise Agreement 2016			
Permanent Full Time	603 ^	600.3 ^	595.3^
Temporary Full Time	32	26	26
Permanent Part Time	16	11.79	11.79
Temporary Part Time	1	0.67	0.67
Apprentices	49	51	51
Trainees	9	10	10
Casual Employees	4.2	2.7	2.7
S457 Temporary Visa	-	-	-
<b>TOTAL GPC</b>	<b>714.2*</b>	<b>702.46*</b>	<b>697.46*</b>
Gladstone Marine Pilots Agreement 2017			
Permanent Full Time	32	32	32
Permanent Part Time	4	2	2
Casual Employees	-	-	-
<b>TOTAL GMPS Marine Pilots</b>	<b>36</b>	<b>34</b>	<b>34</b>
Gladstone Pilot Transfer Crew Agreement 2017			
Permanent Full Time	13	13.5	13.5
Permanent Part Time	1	0	0
Temporary Part Time	1	0	0
Casual Employees	2	3.2	3.2
<b>TOTAL GMPS Pilot Transfer Crew</b>	<b>17</b>	<b>16.7</b>	<b>16.7</b>
<b>TOTAL WORKFORCE</b>	<b>767.2</b>	<b>753.16</b>	<b>748.16</b>

## 11.5. Other Employment Conditions

The following work practices are also available to employees of GPC and its subsidiary GMPS and may provide employees with the opportunity to balance work, family and lifestyle:

Part-time arrangements	Employees may access part-time working arrangements where this meets both the needs of the employee and the business.
Flexible work hours	Employees may access flexibility in rostering and work hours to accommodate the needs of both employees and the business.
Reduced working year	No provision currently exists within the GPC or GMPS Agreements.
Paid maternity / paternity / adoption leave	Employees may for periods of paid and unpaid leave under the National Employment Standards and under their applicable Enterprise Agreement with 14 weeks paid maternity leave (on top of the Federal Government paid 18 weeks).
Job Share	Depending on their role, employees may access Job Sharing arrangements.
Study Leave	Employees may access paid time for study, residentials and exams.
Special leave	Employees may access special leave on compassionate grounds to attend to family matters.
Family Leave	Employees may access Family Leave to attend to family or personal circumstances.
Armed Forces Leave	Employees who are members of Defence Force Reserves are able to attend activities associated with their military service without loss of pay.
Emergency Services Leave	Employees who are volunteers of an emergency services organisation are able to attend activities associated with such services without loss of pay.

Domestic & Family Violence Leave	GPC provides up to 10 days per year non-cumulative paid special leave in order to address matters related to domestic and family violence. Further leave with or without pay may be granted if required.
Flexibility Clause	Gladstone Ports Corporation Enterprise Agreement 2016 (Clause 3.16) provides the opportunity for the parties to agree to more generous parental leave provisions than those provided for by the Agreement. Gladstone Marine Pilots Agreement 2017 (Clause 8.2) provides for flexibility arrangements, including flexible working arrangements for employees with parental responsibilities. Gladstone Pilot Transfer Crew Agreement 2017 (Clause 8.2) provides for flexibility arrangements, including flexible working arrangements for employees with parental responsibilities.

### 11.6. Redundancy Provisions

GPC is committed to the job security of its employees and any redundancy will be on a voluntary basis. Furthermore, and where positions become redundant, GPC is committed to taking all reasonable steps to determine suitable alternative employment for impacted employees within the business.

The Gladstone Ports Corporation Enterprise Agreement 2016, Gladstone Marine Pilots Agreement 2017 and Gladstone Pilot Transfer Crew Agreement 2017 provides specific redundancy provisions within. These provisions include redundancy payments comprised of a severance payment of eight (8) weeks' pay, plus three (3) weeks' pay for each year of service, up to a maximum of 78 weeks for GPC employees and Marine Pilots, 52 weeks for Pilot Transfer Crew employees, with a pro rata payment for any incomplete year of service.

### 11.7. Superannuation Arrangements

GPC has an approved superannuation Fund - the Trustee of the State Public Sector Superannuation Scheme (QSuper). All eligible employees that are covered by an Enterprise Agreement are required to become a member of the approved Fund.

Employees who are employed under an Enterprise Agreement must be a member of QSuper and be either part of the QSuper Accumulation Fund or Defined Benefits Fund. The QSuper Defined Benefits category was closed to new members from 12 November 2008. Therefore, the only QSuper category available to new employees is the Accumulation Fund and only those employees who had existing membership of the Defined Benefit category were permitted to remain in that fund.

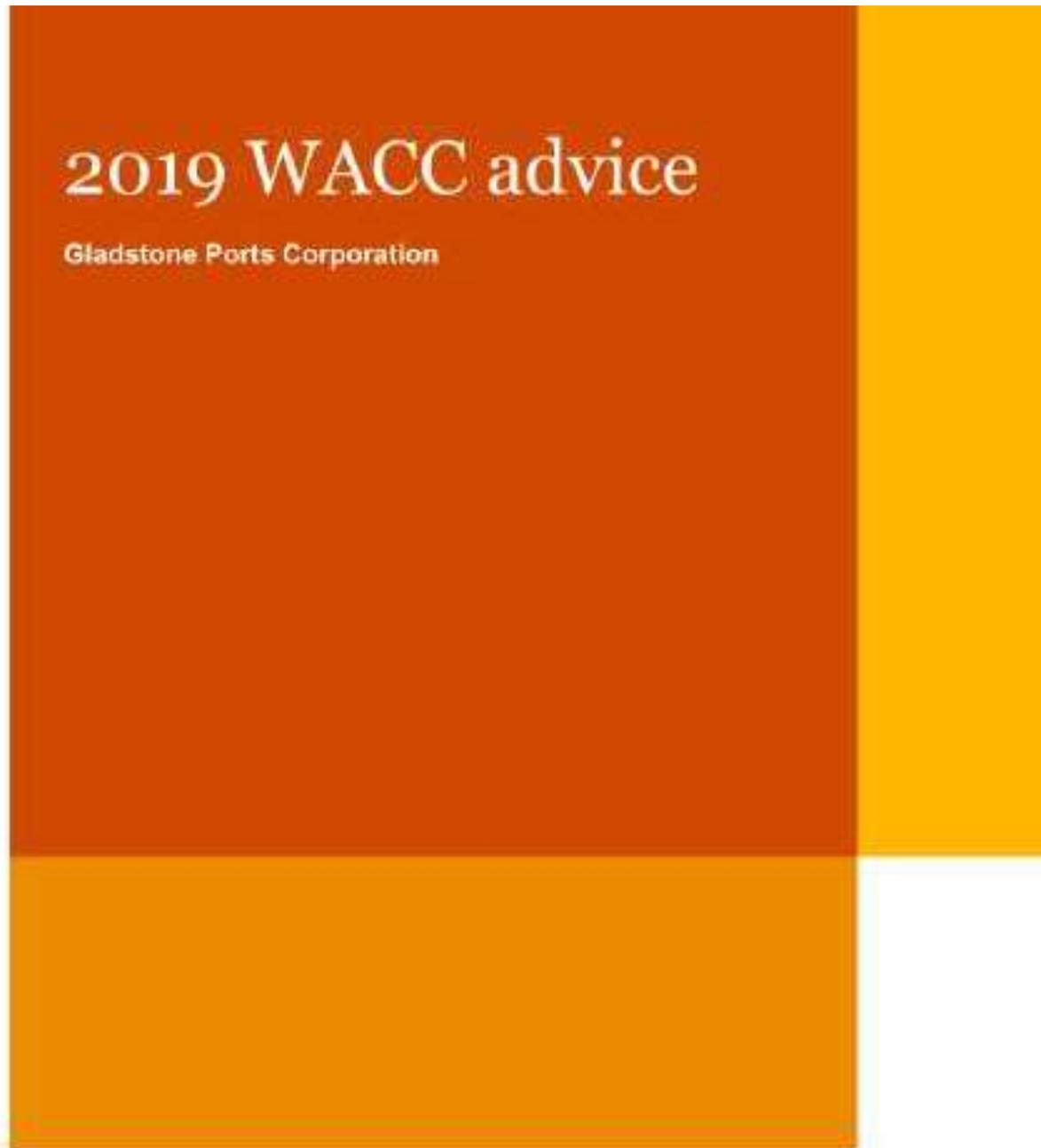
As at April 2019, the QSuper categories comprised GPC (and its' wholly owned subsidiary GMPS) employee members as follows:



### 11.8. Consultation

GPC has consulted with the Office of Industrial Relations (OIR), Shareholder and Structural Policy Division (SSPD), the Department of Transport and Main Roads (TMR) and employees in formulating this plan. Consideration of views, comments and suggestions has been afforded and where feasible incorporated within the plan. There were no significant items of disparity arising from consultation for consideration.

## 12. WACC Calculations



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## Key findings

In this report we have calculated a discount rate for Gladstone Ports Corporation (GPC) applying a Fair Value (FV) methodology and a Value in Use (VIU) methodology. In theory, the discount rate in each case should be the same. However, GPC, being a State-owned corporation and with certain policy obligations and contractual commitments, requires some specific consideration.

Further, the two sets of rates we have calculated are not directly comparable as they would be applied to different cash flow definitions.

We have estimated the VIU WACC having regard to Clause 3(g) of the Harbour Due Pricing Framework (HDPF) and Clause 3.1(i) of the Coal Terminal Pricing Framework, which govern the pricing arrangements between GPC and the major users of the port. The objective of these frameworks is to allow GPC to earn a commercial rate of return on the value of its investment in existing and future assets, and these clauses provide specific direction as to how each parameter of the WACC should be estimated.

Consistent with these clauses, we have estimated the VIU WACC having regard to the Cost of Capital principles published by the former Office of Government Owned Corporations (OGOC), a unit within Queensland Treasury. For comparison purposes, we have also calculated a VIU WACC rate using the WACC estimation methodology adopted by the Queensland Competition Authority (QCA), acknowledging that the QCA regulates certain other infrastructure facilities which broadly share some commercial, operational and risk characteristics with GPC.

This advice on discount rates should not be considered in isolation from the cash flows the rates will be applied to. We recommend that, once the cash flows the rates are to be applied to are developed, consideration is given to the relative outcomes which result from application of the discount rates, so the reasonableness of such outcomes can be considered.

### FV WACC rate

We estimate the FV WACC for GPC to be between [REDACTED] expressed as a nominal, post-tax value. We acknowledge that our 'mid-point' is not the mathematical mid-point of the range but does reflect the rate based on the approximate mid-point of the range of assumptions adopted. It reflects the fact the relationship between the high and low assumptions is not always linear. This discount rate would be applied to nominal post-tax cash flows which are not adjusted for the impact of imputation. This rate is suitable for use in impairment testing using the FV approach, and is appropriate to adopt as a hurdle rate for considering projects GPC may undertake. In Appendix B we present the results of sensitivity analysis applying different parameter values, including variations to the asset beta, equity market risk premium, gamma and gearing.

### VIU WACC rates

The VIU WACC is appropriate to adopt for pricing calculations under GPC's key commercial frameworks, as well as for impairment testing under the VIU methodology. We estimate the WACC for GPC using the OGOC methodology to be [REDACTED], using the QCA methodology. Both these rates should be applied to post-tax nominal cash flows that have been adjusted for imputation. However, the definition of the cash flows varies between the QCA and OGOC approaches, meaning that these rates are not directly comparable.

The equivalent nominal, pre-tax rate is [REDACTED] which is the rate applied within GPC's harbour and coal terminal pricing frameworks.

## 13. Glossary

AMSA	Australian Maritime Safety Authority
BOM	Business Operating Model
Bt	Billion tonnes
BUG	Blackwater User Group
CETOA	Coal Export Terminal Operators Association
CHA	Cargo Handling Agreement
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPI	Consumer Price Index
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
CVIP	Clinton Vessel Interaction Project
dwt	Deadweight tonnage
E7	Emerging Seven – a group emerging economies China, India, Brazil, Mexico, Russia, Indonesia and Turkey
EA	Enterprise Agreement
EBIT	Earnings Before Interest and Taxation
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation
EIS	Environmental Impact Statement
ERP	Enterprise Resource Planning
G7	Group of Seven – a group consisting of Canada, France, Germany, Italy, Japan, the United Kingdom
GBR	Great Barrier Reef
GDP	Gross Domestic Product
GOC	Government Owned Corporation
GOC Act	Government Owned Corporation Act
GPC	Gladstone Ports Corporation
GST	Goods and Services Tax
HRIS	Human Resources Information Systems
IMO	International Maritime Organisation
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas
M	Metres
MSQ	Maritime Safety Queensland
Mt	Million tonnes
Mtpa	Million tonnes per annum
MUG	Moura User Group
NPAT	Net Profit After Tax
OECD	Organisation for Economic Co-operation and Development
PAT	Profit After Tax
PBT	Profit Before Tax
PMIS	Port Management Information System
Ports Queensland Ports Bill 2014	Priority Ports
PSA	Port Services Agreement
PwC	PricewaterhouseCoopers
QCA	Queensland Competition Authority
QPA	Queensland Ports Association
QTC	Queensland Treasury Corporation
RG TCT	RG Tanna Coal Terminal
SCI	Statement of Corporate Intent
SDGs	Sustainable Development Goals
SHM	shareholding Ministers
SME	Subject Matter Experts
SPD	Sustainable Ports Development Act 2015
SSPD	Shareholder and Structural Policy Division
TEU	Twenty foot equivalent units
TMR	Department of Transport and Main Roads
UN	United Nations
US	United States
WICET	Wiggins Island Coal Export Terminal