



Gladstone Ports Corporation

Growth, Prosperity, Community.



2015-
2016

ANNUAL REPORT

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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). This Annual Report is a summary of the operations, activities and financial position of our three ports – Port of Gladstone, Port of Rockhampton and Port of Bundaberg as at 30 June 2016.

It provides qualitative and quantitative information that enables us to compare our performance in 2015–16 against the performance benchmarks we have set for ourselves and against the performance levels achieved by peers. It demonstrates the commitment to our mission to responsibly manage, develop and operate port facilities and services for the sustainable economic growth and social prosperity of our region, Queensland and Australia. It also reflects the progress made toward our vision to be the most respected Ports Corporation in the nation.

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

Please see the back cover for contact details.



Front cover:

- 1** Port of Gladstone is a world class commercial harbour that welcomes vessels like this LNG carrier from around the world
- 2** Port of Gladstone is a sustainable fishing harbour for commercial and recreational fishers alike
- 3** We have a supportive community who benefit from the community infrastructure and parklands we provide and maintain

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

Highlights and Challenges

Pilot and tugs guide a LNG vessel through the port's waters and out to open sea

Highlights

- › EBIT 7% over target
- › Record tonnage throughput of 116.7Mt
- › Closure of Barney Point Terminal to coal in line with community expectations
- › Maintained ISO 14001:2004 Environmental accreditation
- › Maintained AS 4801 accredited Safety Management System
- › Commenced cruise ship visits to the Port of Gladstone

Challenges

- › Developing and leveraging new business opportunities with a changing financial profile
- › Driving business sustainability and adapting to new environmental standards under the *Sustainable Ports Development Act 2015*
- › Downturn in resources industries

Future Focus

- › Improving safety
- › Implementing port vessel management and scheduling system
- › Delivering the offset commitments of the Western Basin Dredging and Disposal Project (WBDDP)
- › Commence design and finalise funding options for East Shores Stage 1b

/ Five year performance /

Indicators	2011-12	2012-13	2013-14	2014-15	2015-16	% Change 2014-15 to 2015-16	Target	% Variance Actual to Target
Tonnage throughput (Mt)	84.5	85.8	98.3	100.0	116.7	16.7	114.7	1.7
Lost Time Injury Frequency Rate (LTIFR)	2.7	2.0	4.2	4.6	7.0	53.0	0.0	N/A
Total number of injuries	109.0	107.0	84.0	61.0	86.0	41.0	0.0	N/A
Environmental exceedances	117.0	43.0	26.0	8.0	5.0	37.5	25.0	12.5
Total revenue (\$M)	841.1	889.2	691.2	453.0	478.9	5.7	454.7	5.3
Earnings Before Interest and Tax (EBIT) (\$M)	135.0	137.7	177.9	134.7	150.0	11.3	140.2	7.0
Total assets (\$M)	1,815.8	1,810.6	1,962.7	2,276.6	2,276.2	0.0	1,978.4	15.1
Return on assets (%)	7.4	7.6	9.4	6.4	6.6	3.7	7.1	-7.0
Capital investment (\$M)	69.5	168.4	104.2	74.8	67.9	-9.2	98.1	-30.8
Dividends (\$M)	48.1	57.4	58.6	54.4	405.8	646.0	59.9	577.6
Taxes paid to all taxing authorities (\$M) ex-GST	42.7	34.1	38.4	42.7	47.9	12.3	44.3	8.2

This Table represents key financial and non-financial performance indicators for the past five years. Targets are set annually in our Statement of Corporate Intent (SCI)(page 4). Commentary on our performance is provided in the Financial Overview (page 63) and further information is available in the Financial Statements (page 69).



Port Profile

Port of Gladstone supports international trade and local recreational pursuits

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.

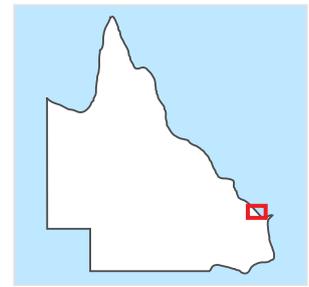
The Port of Gladstone commenced operation in 1914 with a modest throughput of 7,000 tonnes (t). In 2015-16 it is one of three ports under the control of GPC. This year we achieved another record throughput, 116.7Mt:

- › Port of Gladstone (116.0Mt)
- › Port of Rockhampton (0.2Mt)
- › Port of Bundaberg (0.5Mt).

Across these ports we handle the export of resources from Central Queensland and finished products from local industries and the import of raw materials used by businesses locally and nationally. We have a workforce of 749 management, trade, technical and administrative positions who support our operations.

Among Australian port corporations, we are unique as we are not only a landlord port corporation, but also own and operate cargo handling facilities within the Port of Gladstone. This includes the world's fourth largest coal export terminal (by volume), RG Tanna Coal Terminal (RGCT).

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



Legend (all maps):

- Port Limits
- GBRMPA Limits
- ∞ GBRMPA
- World Heritage Area Limits
- World Heritage Area

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.

Six main berth centres – 21 wharves:

- 1 RGTCT – four wharves GPC owned and operated
- 2 Barney Point Terminal – one wharf GPC owned and operated
- 3 Auckland Point – four wharves GPC owned and operated by others
- 4 Fisherman’s Landing – four wharves operated by multiple companies
- 5 South Trees – two wharves operated by Queensland Alumina Limited (QAL)
- 6 Boyne Wharf – one wharf operated by Boyne Smelters

Curtis Island LNG Precinct – three wharves, separately owned and operated by three LNG proponents:

- 7 Australia Pacific LNG (APLNG)
- 8 Queensland Curtis LNG (QCLNG)
- 9 Gladstone LNG (GLNG)

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

- 10 Wiggins Island Coal Terminal (WICT)



Port of Rockhampton

Located 43km south-east of Rockhampton, and within the Fitzroy River delta, the Port of Rockhampton covers 5,812ha of land.

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



Port of Bundaberg

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

Two main wharves:

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



Summary of Statement of Corporate Intent

Stock piles at RGCT silhouetted at sunset

Summary of Statement of Corporate Intent

The SCI represents our commitment to our shareholding Ministers. It outlines the strategies that will be implemented in a given year to support our contribution to the Queensland economy.

The SCI complements the longer term 5-year and 50-year strategic plans that provide further strategic direction for achieving the Corporate Vision.

The full SCI and strategic plans are available at: www.gpcl.com.au/development/strategy-and-planning 

The SCI section outlines our performance against the targets set in 2014-15 for 2015-16, and the targets set this year for 2016-17.

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

	On Target		Completed
	Reviewing		Exceeded
	Commenced		Delayed

Earthworks to facilitate future port expansion on reclaimed land at Fisherman's Landing



/ 2015-16 Major Initiatives /

BUSINESS

- Facilitate new port industry and infrastructure strategies and plans ▷

- Continue assessments of the Port of Gladstone's shipping capacity and focus on effective and efficient use of key areas such as tugs, pilots, tidal flexibility ▷

- Commence and complete a new Port vessel management and scheduling system, in conjunction with key stakeholders ▷

- Complete necessary approvals for a five year maritime security plan for the Port of Gladstone ▷

- Undertake strategic reviews of the ports of Rockhampton and Bundaberg to maximise the potential of the existing port areas. Development of these non-Priority Port Development Areas will be limited over the next decade ▷

- Engagement in the investigation into a potential new State Development Area around the Port of Bundaberg ▷

/ 2015-16 Major Initiatives /

ENVIRONMENT

- Maintain ISO 14001:2004 Environmental Standard accreditation ■

- Progress improvement projects for wharf spillage, dust management and stormwater management ▶

- Deliver the offset commitments required by approvals for the WBDDP ▶

/ 2016-17 Major Initiatives /

BUSINESS

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

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

- Complete Clinton Vessel Interaction Project solution selection and commence project

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

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

/ 2016-17 Major Initiatives /

ENVIRONMENT

- Maintain ISO 14001-2004 Environmental Standard accreditation

- Deliver the offset commitments required by approvals for the WBDDP

As part of our offset commitments surveys of the dolphin population in Port Curtis and Port of Rockhampton were undertaken during the year



/ 2015-16 Major Initiatives /

INFRASTRUCTURE

Following the adoption of the Reef 2050 Long-Term Sustainability Plan and the draft Sustainable Ports Development Bill 2015, GPC will develop, in conjunction with the Queensland Government, a master plan for the Port of Gladstone ▷

Develop asset management systems to ensure assets are managed across their life cycle and aligned with future needs of the business ▷

Prepare for closure of Barney Point Terminal to coal operations and review options for future use ▷

Finalise and submit the EIS for the Channel Duplication project ▷

Commence planning for the Clinton Vessel Interaction project ▷

/ 2015-16 Major Initiatives /

PEOPLE

Target zero lost time injuries and a minimum of 20% reduction in the total number of injuries ▷

Maintain an AS 4801 accredited Safety Management System ■

Complete the productivity initiatives stipulated in the GPC EA 2012 and commence the new enterprise agreement (2016) negotiations ●

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

/ 2016-17 Major Initiatives /

INFRASTRUCTURE

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

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

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

Continue Environmental Impact Statement (EIS) process for the development of Gladstone's outer channels

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

Commence development of a "whole of life" approach for Port based assets through the expansion of the Asset Database

/ 2016-17 Major Initiatives /

PEOPLE

Target zero lost time injuries

Maintain an AS 4801 accredited Safety Management System

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

Complete the 2016 Enterprise Bargaining Agreement

We will work as one to improve our safety culture, and keep ourselves and our workmates safe



/ 2015-16 Major Initiatives /

COMMUNITY

Ensure valued contributions to the communities in which we operate through an effective CIP 

Develop and implement a process for the Indigenous Land Use Agreement (ILUA) and Reconciliation Action Plan (RAP) 2015-2018 to ensure sustainable contributions to the local Indigenous community 

/ 2015-16 Major Initiatives /

CORPORATE GOVERNANCE

Develop the CIS to provide a more rigorous framework for evaluating and managing new capital investments (target completion date is December 2015) 

Develop a records management framework which includes effective and efficient distribution, storage, access, retention, disposal and publication of information 

Revise and implement risk mitigation, business continuity, and crisis management procedures and policy 

/ 2015-16 Major Initiatives /

FINANCE

Achieve after tax profit of \$74.9M 

Provide a dividend of \$59.9M 

Achieve 7.1% Earnings Before Interest and Tax (EBIT) return on assets 

Finalise outstanding Port Services Agreements 

/ 2016-17 Major Initiatives /

COMMUNITY

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

Continue implementation of sustainable processes for the ILUA and RAP

/ 2016-17 Major Initiatives /

CORPORATE GOVERNANCE

Develop a records management framework which includes effective and efficient distribution, storage, access, retention, disposal and publication of information

Revise and implement risk mitigation, business continuity, and crisis management procedures and policy

/ 2016-17 Major Initiatives /

FINANCE

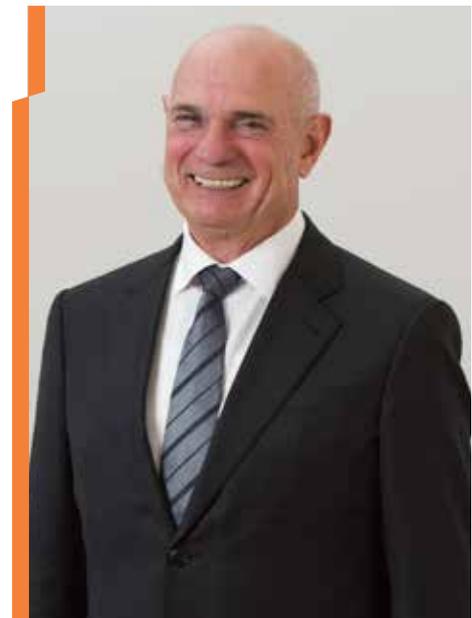
Achieve after tax profit of \$50.0M

Provide a dividend of \$50.0M

Achieve 5.9% EBIT return on assets

Chairman's Review

Chairman,
Leo
Zussino



The 2015-16 financial year has seen new port trade records broken, record revenue from GPC's operations and record profits due to the commencement of LNG exports and WICT.

GPC's port trade rose 16% to 116.7Mt, revenue reached \$478.9M and GPC's EBIT was \$150M.

LNG exports exceeded 12Mt, a figure expected to almost double when all production trains on Curtis Island come on line by December 2016.

WICT achieved almost 8Mt of exports in its first full year of operation. The coal handling task at the terminal passed from GPC to WICET in 2016 in line with an agreement struck with the previous Queensland Government.

A positive community outcome from the commencement of WICET's operations was the cessation of coal exports from the inner city Barney Point Terminal in May 2016 in line with GPC's 2008 commitment to the Gladstone community.

On a non-industrial note, the Port of Gladstone was thrilled to host the commencement of regular cruise ship visits this year making good use of the multi-award winning facilities at Auckland East Shores.

It is also pleasing to record the comprehensive independent Gladstone Healthy Harbour Partnership Report Card 2015 gave all commercial operating areas of Gladstone harbour a "good" environmental health rating. These findings are supported by the record commercial mud crab and banana prawn harvests from Gladstone harbour in 2014 and 2015.

While expanding new trade has contributed positively to GPC's annual results, a number of significant challenges were confronted in the 2015-16 financial year.

Coal exporters have been facing the worst industry conditions for decades due to low prices and a stubbornly high exchange rate. Also, an oversupply of steel in China has significantly dampened the predicted rise in metallurgical coal exports to India. Indian industry has taken advantage of cheap Chinese steel dampening their demand for Indian steel.

GPC is committed to helping our coal exporters through this industry slump. Terminal charges have been reduced during 2015-16 with another reduction planned for 2016-17.

Further, GPC is working closely with all partners in the coal supply chain to continue to improve efficiency and reduce costs.

Challenges have also been faced on Gladstone Harbour. The finite capacity that exists within the shipping channel at various stages of the tide and the rapid growth of piloted vessel movements in Gladstone Harbour from 3,544 (3,641 pilot acts) to 3,586 (4,206 pilot acts) over the past year has placed pressure on ship scheduling and vessel movement control. The GPC Board has implemented a Gladstone Shipping Channel Capacity Utilisation project to ensure the efficient movement of vessels

within Gladstone Harbour in future years.

On the operations side of GPC business, GPC Directors have expressed serious concern with respect to the deterioration in safety outcomes within our operating sites. The Board is working closely with management to ensure the appropriate programs are adopted and resources allocated to quickly reverse this negative trend.

Unfortunately, the massive investment in resource industries that has driven major port development and a rapid growth in exports over the past six years, has subsided. The prospect for new major resource investment in the short term is negligible.

GPC has turned its focus to assisting in the establishment of new small industry and trade such as the Knauf plasterboard factory at Port of Bundaberg, live cattle exports through the Port of Rockhampton, and attracting a range of minor agribusiness and mineral exports through Barney Point Terminal .

The GPC Board is also very focused during this time of quiet local business conditions on ensuring local participation in GPC's activities is maximised.

To attract large-scale industrial and manufacturing investment in the Gladstone Region GPC has joined with the Gladstone Regional Council to fund the re-establishment of the Gladstone Economic and Industry Development Board. The new Board should commence operations by the end of 2016.

On the community front, GPC expects to finalise funding for East Shores Stage 1b with the LNG industry in the near future and is seeking to complete construction of the Interpretative Centre, the waterfront café, a renewed Patsy Lee Place fishing platform and an amphitheatre by the

end of 2017. Planning will also commence for the future commercial development of East Shores from O'Connell Wharf to Welby Creek and beyond.

In October 2015, the GPC Board was reconstituted. For the first time in the 102-year history of the Gladstone Port, the majority of Board Directors are female - a significant milestone. New Directors Peta Jamieson from Bundaberg and Grant Cassidy from Rockhampton were appointed along with Peter Corones AM and myself. We joined Gail Davidson, Judy Reynolds and Helen Skippen on the new Board.

On behalf of the GPC Board I wish to acknowledge the contribution of outgoing Chairman, Mark Brodie and Directors Chris Greig, Bill Moorhead and Chris Ward. I also wish to thank Craig Doyle who served as the Chief Executive Officer from September 2013 to January 2016 during an incredibly busy time of port development.

As always the staff of the Gladstone Ports Corporation continue to show their loyalty and dedication to the goal of developing and operating our ports to ensure the continued growth and prosperity of our Region, our State and our Nation. They are the backbone of the success of the GPC.

Finally, on behalf of the GPC Board and management I thank our shareholding ministers, the Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport, the Hon. Curtis Pitt MP, and the Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply, the Hon. Mark Bailey MP, for their ongoing support of the port.

Leo Zussino
Chairman



A supportive community - GPC's East Shores Parkland



Chief Executive Officer's Review

CEO,
Peter
O'Sullivan



I am pleased to have been appointed Chief Executive Officer of GPC. It provides an opportunity for me to renew my ties with the organisation and the community, and contribute positively to the port's future.

Overall, total trade through our ports increased to 116.7Mt, up more than 16Mt on 2014-15. This is, in part, the result of implementation of our product diversity strategy, which we will continue to build on in coming years. Trade through GPC's three ports, Gladstone, Rockhampton, and Bundaberg, now involves more than thirty different products being exported to more than forty different countries.

Despite market pressures in the coal industry, and lower tonnages over GPC wharves (down 4Mt) total coal exports through the port were up 3.6Mt on 2015-16. This reflects closure of Barney Point Terminal to coal and WICT coming on line with an initial throughput of nearly 8Mt; we look forward to their continued growth.

We continued to support our coal customers to achieve best outcomes. This saw our blending capability used more,

stockpiles reorganised and terminal fees reduced; 2017 will see a further reduction in these charges.

LNG sites came on line for their first full year and shipped in excess of 12Mt, a figure forecast to double in 2016-17. Container trade continued to grow, with 10,900 containers handled through Gladstone and Rockhampton ports. Woodchip processing recommenced through Auckland Point, with four vessels and 112,000t of cargo processed since January. Auckland Point also welcomed its first cruise ship, the result of two years planning, and the start we believe of a strong industry opportunity, not only for the port but also for the local community.

Trade diversity is key to our future, and we are working with various shipping lines and agents to identify and capitalise on market opportunities. With the re-establishment of the Gladstone Economic and Industry Development Board we will have a partner to work with in pursuit of new major industries to benefit our local area.

As we continue to seek diversification opportunities, we will also target industries that we can work with

proactively to aid their establishment. An example is the Knauf Plasterboard factory at Port of Bundaberg, which laid the foundations for its manufacturing facility this year. Knauf will initially import 120,000t of gypsum from Thailand and provide employment for 70 people. Port of Bundaberg trade diversified during the year, commencing the export of wood pellets and conducting trial exports of silica sand to Asia. The latter has the potential for 150,000tpa with the opportunity for further growth.

GPC is also concentrating on working with a group of investors and in

In comparison to 2014-15, there were 565 more Pilot acts this year due to increased vessel movements



cooperation with Sugar Terminals Queensland to develop another world-class marina offering tourism, lifestyle and leisure opportunities in Bundaberg.

Port of Rockhampton has been recognised as ideal for live cattle exports due to the size of vessels this trade uses. In readiness for future growth we are working with various proponents, and are upgrading facilities and making them available for customer use.

The closure of Barney Point Terminal to coal has not only fulfilled a commitment to the local community, but has provided opportunities to reorganise the products we handle and grow opportunities for new industries. Barney Point Terminal is currently being refurbished and plans being laid for a

multi-cargo terminal. Future growth for Gladstone which Barney Point Terminal will likely support includes exports of cotton, mung beans, chickpeas and sorghum as well as magnesia and recycled oil.

Increased growth, means more vessels in the port. Our marine pilots undertook 4,206 pilot acts, up from 3,641 acts in 2014-15, safely guiding thousands of ships to and from their berths.

Increased growth also means increased vessel interactions. This year we undertook studies to see how we

could minimise these interactions on the RGCT berths. Options under consideration included changes to mooring systems for vessels at berth and increasing the separation of the vessels through dredging that widens the Clinton Channel or deepens the Clinton Bypass Channel. Any mitigation approach adopted will be in line with the Master Plan for the Priority Port of Gladstone.

We have also been working with Maritime Safety Queensland on scheduling and scheduling rules; and we

have looked at how we might improve channel efficiencies, modelling channel capacity and reconsidering port use rules. At all times the safe management of vessels has been paramount.

Much work has been done this year to develop a Master Plan for Gladstone as a Priority Port under the *Sustainable Ports Development Act 2015* (the Act). The Master Plan will consider our growth opportunities and influence the approach to development within our marine precinct, the State Development



LNG exports continued to increase in 2015-16



Cement products are loaded at Fisherman's Landing

Area and Strategic Port Land. The Master Plan sets an expectation for cooperation between government agencies in respect to port land and corridors for transport. It is expected to be finalised in the coming year. The Master Plan must be adopted prior to any further capital dredging for future development.

Prior to the enactment of the Act we had commenced work on an EIS for the duplication of the Gatcombe and Golding Channels designed to support future growth of the port. The Act has necessitated a delay in delivery of the EIS, which was required to ensure that we addressed all of its requirements. The EIS will also address the Reef 2050 Long-Term Sustainability Plan.

The last 12 months saw GPC perform above target in its financial performance. With revenue in excess of \$475M, GPC was able to provide a 100% dividend of \$90.8M to the State Government, along with a special dividend of \$315M. GPC will increase borrowings to cover the special dividend payment. The focus in the coming year will be on constraining costs to assist the coal industry and other customers.

Disturbingly, injury rates rose significantly this year. As the year

progressed, and the number continued higher, work to improve our safety outcomes was at the core of the operational changes instigated. GPC as a team is participating in a new safety program 'Switched On'. This program aims to change the way we think about safety, making it naturally part of everything we do. Switched On aims to make everyone a safety leader; it is a cultural change and one that I trust everyone at GPC will embrace for the

benefit of employees and the organisation.

Supporting this, programs such as the Safe Spine Program are ongoing, and our Health Monitoring Program examines the long term risk to our employees from the dust and vibration they encounter in their jobs, and is used to improve health outcomes over time.

I look forward to achieving much improved results and moving toward zero harm outcomes for all our employees.



We are proactive in our environmental approach

An exercise warm-up before work starts is one component of the Safe Spine Program



Our environmental outcomes continued to improve and we are becoming less reactive and more proactive in our environmental approach. We achieved a marked improvement in the area of stormwater discharges and air emission, and continue to locate and eliminate sources of contamination that might affect GPC land.

During 2015-16, we maintained our ISO 14001:2004 Environmental Standard accreditation. The coming year will see us work toward achieving the new standard (ISO 14001:2015) whilst maintaining ongoing accreditation.

We were pleased to achieve a 'good' report card, the first issued by Gladstone Healthy Harbour Partnership (GHHP) since dredging in the Western Basin was completed. This reflected excellent results for water and coral. It also showed that sea grasses were continuing to recover; attributing these impacts to natural events such as floods rather than port activities.

A cornerstone of our mission is maintaining a healthy harbour. We will continue to ensure that while we focus on growth and diversification, we are mindful of maintaining a sustainable environment

and minimising community concerns.

GPC continued its involvement in community support ventures. Our flagship East Shores development is moving toward Stage 1b, having received two industry awards this year for its first stage. Ongoing cruise ship arrivals have also provided a benefit for locals, with bustling markets set up in the East Shores precinct to meet the thousands of visitors these ships bring to town.

I would like to express my thanks to our workforce for their continued efforts toward ensuring GPC maintains its

high standards in the key areas of client service, productivity, environment and community sustainability. I look forward to working with them to improve our safety outcomes. I also look forward to working with the Board, my management team and our Community in the coming year.

Peter O'Sullivan
Chief Executive Officer



East Shores is widely used by our community



Trade Diversity

*Cruise ship berthing at
Auckland Point 1
(photo courtesy of GAPDL)*

Outcomes 2015-16

- › Total throughput of 116.7Mt (2014-15: 100.0Mt)
- › Throughput of 516Kt at Port of Bundaberg (2014-15: 489Kt)
- › 227Kt at Port of Rockhampton (2014-15: 234Kt)
- › 115.9Mt at Port of Gladstone (2014-15: 99.2Mt)
- › Arrival of first passenger ship MV Pacific Dawn into Port of Gladstone

Strong Port Throughput

Across our three ports, Gladstone, Bundaberg, and Rockhampton, there are 25 operating berths. GPC owns and / or operates 16 berths.

Coal accounts for 61.8% of port throughput, followed by alumina at 23.0%, LNG currently 10.4%, and a variety of other products including cement, petroleum, grain, sugar and general trade making up the balance.

In 2015-16 the combined throughput for our three ports totalled 116.7Mt, increasing 16.7% above the 2014-15 achievement of 100.0Mt. The total number of cargo vessels visiting the region was 1,856

compared to 1,648 the previous year, an increase of 12.6%.

This increase can be attributed to the sustained demand for coal, combined with the ramp up of liquefied natural gas. The alumina industry also achieved increased tonnages through their QAL and Rio Tinto Alcan Yarwun facilities.

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

Throughput at Port of Rockhampton totalled 227Kt, a slight decrease compared to the previous year's total of 234Kt. This decrease was influenced by

declines in construction cargo, petroleum, salt and tallow, however there were increases in the number of containers, a 46.4% increase in explosives and 35.5% increase in ammonium nitrate.

The Port of Bundaberg has two main wharves primarily servicing sugar, molasses, wood pellets and silica sand.

The combined tonnages from both wharves produced a total throughput of 516Kt for the financial year 2015-16, an increase of 5.5% on the previous year. Port of Bundaberg saw a slight decrease in tonnes for molasses, however this decrease was offset by the commencement of the silica sand exports.

Coal

In 2015-16 the coal industry accounted for 61.8% of the port's total throughput, with total exports of 72.2Mt, compared to 68.6Mt exported in 2014-15.

Despite having processed record coal shipments in the Port of Gladstone in 2015-16, this year our coal customers were met with an increasingly difficult market due to global influences.

Whilst there has been pressure on the coal market, GPC remains positive that thermal and metallurgical coal will remain stable into the future. The tonnage throughput for 2016-17 by RGCT will be largely dependent on our coal customers' ability to

Table 1: Trade breakdown

Wharf Centre	Major Products	2014-15	2015-16	Difference (%)		Vessel Nos
Tonnage Throughput – Port of Gladstone						
RG Tanna Coal Terminal	Coal	64,395,516	62,553,327	-2.9%	▼	637
Barney Point Terminal	Coal Nickel Ore	3,707,827 50,010	1,629,024 -	-56.1% -100.0%	▼ ▼	27 -
Auckland Point 1	Calcite, Wood Chip, General Cargo	244,642	531,745	117.4%	▲	16
Auckland Point 2	Grain	145,537	89,159	-38.7%	▼	4
Auckland Point 3	Petroleum, LP Gas, General Cargo	998,192	895,250	-10.3%	▼	95
Auckland Point 4	Breakbulk, Containers, General Cargo	425,440	485,571	14.1%	▲	51
Boyne Smelter	Alumina Petroleum Coke Liquid Pitch	408,102 208,876 42,584	416,547 196,308 53,906	2.1% -6.0% 26.6%	▲ ▼ ▲	24 15 13
South Trees East	Alumina Caustic Soda Petroleum Products	2,569,926 996,566 145,189	2,703,064 1,135,946 155,116	5.2% 14.0% 6.8%	▲ ▲ ▲	78 28 6
South Trees West	Bauxite	9,658,340	10,210,204	5.7%	▲	151
Fisherman's Landing 1 & 2	Bauxite Alumina Caustic Soda Alumina Hydrate	7,470,618 2,663,397 866,225 93,571	8,581,831 2,841,504 909,375 334,000	14.9% 6.7% 5.0% 256.9%	▲ ▲ ▲ ▲	124 71 20 14
Fisherman's Landing 4	Cement Products	1,697,551	1,769,070	4.2%	▲	88
Fisherman's Landing 5	Liquid Ammonia Caustic Soda Sulphuric Acid	178,463 177,701 36,484	170,235 147,448 35,044	-4.6% -17.0% -3.9%	▼ ▼ ▼	27 5 6
QCLNG	LNG	1,611,103	7,973,760	394.9%	▲	121
APLNG	LNG	-	1,768,959	100.0%	▲	27
GLNG	LNG	-	2,409,818	100.0%	▲	39
Curtis Island	Construction Material	33,349	-	-100.0%	▼	-
WICT	Coal	461,447	7,986,490	1,630.7%	▲	76
Wiggins Island	Construction Material	1,548	-	-100.0%	▼	-
Total Port of Gladstone		99,288,204	115,982,701	16.8%	▲	1,763
Tonnage Throughput – Port of Rockhampton						
Berths 1 & 2	Ammonium Nitrate Explosives Containers General Cargo Tallow Salt	57,402 7,766 956 - 3,880 75,123	77,769 11,371 2,407 3,194 3,092 52,190	35.5% 46.4% 151.8% 100.0% -20.3% -30.5%	▲ ▲ ▲ ▲ ▼ ▼	52
Berth 3	Tallow Petroleum Products	25,644 63,545	22,756 54,489	-11.30% -14.35%	▼ ▲	15
Total Port of Rockhampton		234,316	227,268	-3.0%	▼	67
Tonnage Throughput – Port of Bundaberg						
John T Fisher Wharf	Bulk Liquids – Molasses	60,934	24,915	-59.1%	▼	3
Sir Thomas Hiley Wharf	Sugar Wood Pellets Silica Sand	375,810 52,608 -	446,471 24,138 20,556	18.8% -54.1% 100.0%	▲ ▼ ▲	18 3 2
Total Port of Bundaberg		489,352	516,080	5.5%	▲	26
OVERALL TOTAL TONNAGE		100,011,872	116,726,049	16.7%	▲	1,856

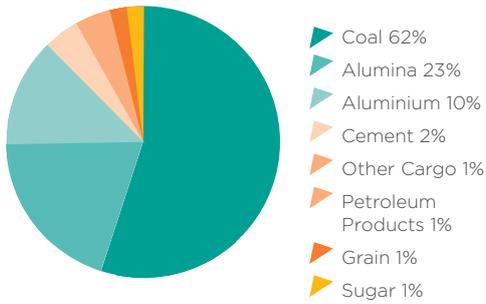


Figure 1: Product by industry

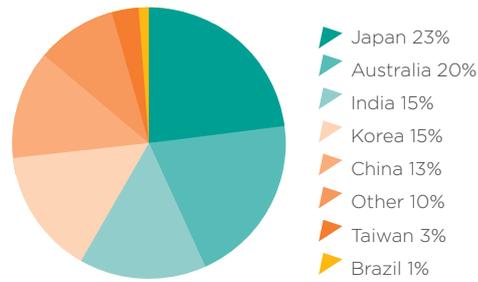


Figure 2: Export destinations

respond to extreme market pressures. We anticipate 2016-17 will be equally as difficult for the coal industry however we are again targeting record coal shipments through the port. We will support this outcome through our continued commitment to working with our customers and other stakeholder to maximise supply chain performance.

In August 2015 GPC formally announced its closure of the Barney Point Coal Terminal. The closure of this terminal to coal operations in June 2016 is consistent with the long term strategic plan endorsed by the GPC Board of Directors and the Queensland Government. Planning is underway for the Barney Point Terminal to be converted to cater for the export of other agricultural and dry bulk products and potentially, liquid bulk products.

LNG Exports Increase

QGC began exporting in January 2015, GLNG and APLNG commenced exports in September 2015 and January 2016 respectively. LNG exports totalled 12.2Mt in 2015-16, compared to 1.6Mt for the last 6 months of 2014-15. The LNG trade is forecast to grow significantly in 2016-17 with all LNG proponents ramping up their exports as additional trains come on line. Forecast 2016-17 export tonnage for LNG is 15.8Mt.

Bulk Liquids (Other than LNG)

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

Petroleum trade imports decreased from the previous year's levels of 1.1Mt to 851kt in 2015-16, a 26.2% decrease as a consequence of reduced construction activity in Gladstone.

Sulphuric Acid increased by 23.7% in 2015-16 compared to the 2014-15. Caustic soda imports increased by 7.5% due to the growth in the alumina trade.

In general, other wet bulk products remained largely unchanged for the period.

Dry Bulk (Other than Coal)

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

In 2015-16 total shipments for alumina increased by 5.9% and the industry maintained its position as our second largest export trade (23.0%). Bauxite through the Port of Gladstone resulted in a record



Logs are one of the products shipped through Auckland Point

tonnage import of 18.8Mt through the QAL and Rio Tinto Alcan Yarwun facilities, an increase of 9.7% compared to the 2014-15 achievement of 17.1Mt.

Cement products at Fisherman's Landing 4 increased by 6.0% to 1.8Mt. Auckland Point 1 commenced woodchip exports of 112Kt however, we saw grain products at Auckland Point 2 decrease significantly by 38.7%, due to seasonal influences with a total throughput of 89Kt, compared to 145Kt in 2014-15.

The Port of Bundaberg commenced exporting silica sand and wood pellets, both being new trade opportunities for the region. Sugar exports increased by 18.8%, largely due to the clearing of stocks that were unable to be moved during the recovery of the channel from prior flood impacts.

Other dry bulk throughput across the three ports remained relatively the same and reflective of the current market challenges industries are facing.

We anticipate that dry bulk cargo trade may increase over the coming financial year with the development of potential new trade.

General Cargo

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

LNG from the plants on Curtis Island is just one of over 30 products that pass through our ports



In 2015-16 general cargo throughput was 509Kt, a significant increase compared to the 94Kt in 2014-15. This increase was a result of log exports. Scrap metal exports for 2015-16 decreased 45.8% to 38Kt.

The Port of Rockhampton saw ammonium nitrate increase by 35.5% to 77.7Kt as well as a 46.4% increase in explosives to 11.3Kt.

Container Trade

Container throughput in the Port of Gladstone and Rockhampton reduced slightly in 2015-16 to 9,343 containers, a 15.8% decrease from 2014-15 on the back of reduced construction activity.

GPC is anticipating a gradual improvement in container trade, particularly in the agricultural grains sector.

Port Trade Growth

Over 30 products pass through GPC's three ports, and are exported to over 40 countries. The major products being coal, alumina, bauxite, cement and LNG.

GPC continues to work with representatives from new and potential industries to diversify our trade opportunities.

In 2015-16 we worked closely with regional customers to facilitate the growth of Gladstone's bulk and containerised trade through Auckland Point Terminal #4 and the Barney Point Terminal. Predictions for continued growth in Gladstone are favorable with potential opportunities to export cotton, chickpeas, mung beans, sorghum, recycled oil and magnesia.



From the air the progress of remediation works at Barney Point can be clearly seen

Figure 3: Trading with the World



EXPORT PRODUCTS (TONNES)			
* Alumina	5,544,568	● Calcite	171,750
✕ Alumina Hydrate	334,000	☾ Caustic Soda	1,204
◆ Aluminium	416,547	▲ Cement	822,923
⊙ Break Bulk -		▲ Cement Clinker	674,495
Ammonium Nitrate*	3,609	◆ Coal	72,168,841
● Bulk Sugar***	446,471	■ Containers**	90,138
● Calcined Magnesia	11,477	○ Deadburned Magnesia	9,001
● Electrofused Magnesia	1,433	● Fly Ash	239,653
✕ General Cargo	469,252	* Grain - Chick Peas	21,799
* Grain - Sorghum	67,360	● Ilmenite	10,880
● Limestone	31,999	● LNG	12,152,537
✕ Scrap Metal	38,084	● Silica Sand***	20,556
● Tallow*	25,848	● Wood Pellets***	24,138
● Woodchip	112,210		

EXPORTS BY COUNTRY OF DESTINATION 2015-16			
01 Australia	02 Argentina	03 Bahrain	04 Bangladesh
05 Belgium	06 Brazil	07 Canada	08 Chile
09 China	10 Egypt	11 Fiji	12 France
14 Hong Kong	15 India	16 Indonesia	17 Italy
18 Japan	19 Jordan	20 Korea	21 Kuwait
22 Malaysia	23 Mexico	24 Netherlands	25 New Caledonia
26 New Zealand	27 Oman	28 Pakistan	29 Papua New Guinea
30 Philippines	31 Qatar	32 Russian Federation	34 Singapore
37 Sri Lanka	39 Taiwan	40 Thailand	41 Turkey
42 United Arab Emirates	43 United Kingdom	44 United States	45 Vietnam

IMPORT PRODUCTS (TONNES)			
⊙ Bauxite	18,792,035	✕ General Cargo**	40,514
⊙ Break Bulk -		▲ Gypsum	59,249
Ammonium Nitrate*	67,454	✕ LP Gas	8,689
☾ Caustic Soda	2,191,565	● Liquid Ammonia	170,235
■ Containers**	15,479	● Liquid Pitch	53,906
● Magnetite	45,135	● Molasses***	24,915
● Petroleum -		● Petroleum Products	997,999
Bio Fuels Products*	54,489	● Salt*	52,190
● Petroleum Coke	196,308	● Sulphuric Acid	45,114

IMPORTS BY COUNTRY OF ORIGIN 2015-16			
08 Chile	09 China	12 Germany	15 India
16 Indonesia	18 Japan	20 Korea	22 Malaysia
29 Papua New Guinea	30 Philippines	32 Russian Federation	33 Saudi Arabia
34 Singapore	35 Solomon Islands	36 Spain	38 Sweden
39 Taiwan	43 United Kingdom	44 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.

2,000 passengers visited Gladstone in on board the Pacific Jewel, the second cruise ship to visit in March 2016



These initiatives will assist in increasing GPC's bulk and containerised trade throughput and will see us strengthen our position as one of Australia's leading ports.

In 2015-16 the Port of Bundaberg welcomed two new customers with the commencement of wood pellet exports by Altus Renewables Limited and the trial export of silica sand by Earth Commodities.

Construction of the Knauf Plasterboard manufacturing facility commenced in early 2016. Knauf will create some 70, direct, permanent jobs in the area and will potentially be a catalyst for new businesses in areas such as fertilisers, agriculture and construction.

We are investigating the option for an import / export conveyor to the wharf which will assist with improved product loading / unloading.

The Port of Rockhampton is investigating opportunities for live cattle exports, minerals expansion and increased ammonium nitrate shipments.

Gladstone's First Cruise Ship

In March 2016 Gladstone Port welcomed its first cruise ship the "Pacific Dawn" through Auckland Point Terminal #1, which brought with it over 2,000 passengers to our region. In 2015-16 GPC had four cruise ships visit the region, with seven scheduled for 2016-17.

We have been working closely with the GRC and their subsidiary

company GAPDL to assist evolving tourism within the region and to ensure the visit for cruise ships passengers is an enjoyable experience. Market stalls are setup at the entry to the port's East Shores area and various tours are offered, ranging across the region from Rockhampton to the town of 1770 and westward.

The Auckland Point Terminal #1 will remain as GPC's designated cruise ship terminal, with enhancements predicted for the area. In addition to Carnival, other potential cruise liners have expressed interest in visiting the Gladstone region.

Outlook

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

By working with industry representatives and local, state and federal governments we will facilitate new opportunities and continue to increase and diversify trade through all of our ports.

We will continue to work with industry and government to diversify trade through all our ports





Cargo Handling Operations

Although throughput was slower, we still handled 64.2Mt of coal over GPC wharves

Outcomes
2015-16

- › Processed 64.2Mt of coal and 283Kt of woodchip and calcite
- › A number of large environmental projects completed, including upgrades to RGCT's stormwater management system
- › Complete significant refurbishment of structures at RGCT
- › Installation of new operator cabin and upgraded operating system on Shiploader 2, improving its safe, reliable operation
- › Installation of new operational systems such as the dozer telemetry system
- › The closure of Barney Point Terminal to coal operations

Coal Operations Slowed

In 2015-16 the coal market remained depressed. Unloading 7,822 trains and loading 664 coal vessels, we processed 64.2Mt, through GPC's coal terminals, finishing the year below plan and down 4.0Mt from 2014-15.

The continuing coal market slump presented challenges for our coal customers, and throughout the year we worked with them to achieve best outcomes. This saw RGCT's blending capability increasingly used.

RGCT can blend up to five different coal types into a single cargo.

Over recent years the blending of coal types has increased by 16% as customers work together to meet the market demand for more specific coal blends.

Market conditions affecting our customers also resulted in changes that required the reorganisation of stockpiles at RGCT.

Although reorganisation presented operational challenges, the close cooperation of those involved resulted in a successful transition.

This change positions us to realise opportunities for the mutual benefit of GPC and the customer group. With the commencement of WICT operations, our team worked closely with customers and rail service providers through the Capricornia Coal Chain Steering Committee (CCCSC) to incorporate the new terminal into the system.

Coal operations at the Barney Point Terminal ceased during the year. Work to remediate the terminal from coal to a multi-commodity terminal commenced. This will result in changes at Auckland Point.

Auckland Point 1 & 2

We recommended the processing of woodchip through Auckland Point 1 this year, with the first woodchip vessel sailing in January 2016. Over the following months we processed three woodchip vessels carrying an overall total of 112,210t of cargo.

Calcite operations at Auckland Point 1 continued throughout the year, and we loaded vessels with close to 172,000t of calcite. Grain continued as the major product handled through Auckland Point 2.

The process for testing safety switches was significantly improved this year



With the closure of coal operations at the Barney Point Terminal, the processing of non-coal bulk products is to shift from Auckland Point 1 to the Barney Point Terminal.

Work commenced during the year to explore options for reconfiguring Barney Point to enable the storage and processing of multiple products through the facility.

In 2016-17, plans for Barney Point will be finalised and the transition of products from Auckland Point to Barney Point is expected to occur during the second half of the year.

Work will now be undertaken to explore options for Auckland Point 1 after the transfer of bulk products to Barney Point. This includes consideration of options related to the cruise ship industry.

Improving Safety

Safe Spine Program

While safety is a priority for all GPC employees, the work of the cargo handling team makes them more susceptible to particular injury types. Sprain and strain injuries remain

a challenge for our operations teams due to the nature of materials handling. To prevent and reduce these injuries we have continued bedding down the Safe Spine Program.

Working with our Safe Spine support provider, a number of work groups have customised their shift start and body reset activities for the specific nature of their work. We are further refining specific programs for work groups and increasing the skills and knowledge of our employees so they can better manage the risk of short- and long-term musculoskeletal injuries.

Health Monitoring

GPC has programs in place to monitor the risk to the long-term health of our employees, including monitoring the impact of vibration and dust on them. In 2015-16, we partnered with an expert service

provider in this field to review our approach to monitoring dust and vibration to gain greater insights into the risks to our employees. This input has been used to develop the next round of monitoring which will be conducted in 2016-17.

Statutory Electrical Testing Process Improvement

The Port of Gladstone operation has over 4,800 electrical safety switches commonly referred to as residual current devices (RCDs). GPC has a statutory obligation to test these safety switches regularly to ensure they are operating correctly.

To improve the efficiency and accuracy of this statutory testing, a site-wide audit was conducted to identify each safety switch, attach a unique bar code and include it in a test group. Using

smart technology, GPC can now download an RCD's information, conduct the testing by scanning the unique bar code and following the on-screen prompts, and then upload the test data back into the master system.

Compared with the previous paper-based system, this has not only increased efficiency and resulted in a much higher level of compliance, but it has also reduced the risks associated with using portable electrical appliances in the field.

A new dual fuel bay was installed this year at RGTCT



Maintaining Our Environment

Ensuring RGTCT's long-term viability includes continually improving the terminal's environmental performance. The upgrade of key assets is essential in meeting this challenge. For Cargo Handling Operations our slurry system, fuel bays and stormwater discharge were a key focus in 2015-16.

RGTCT Wharf Slurry Systems

These systems capture, process and transport coal spillage from the wharf back to land. The upgrade of the slurry system on the RGTCT Wharf's third conveyor stream was completed this year and work commenced on the design for upgrades to the system on streams 1 and 2. The detail design of the system for streams 1 and 2 will be completed during 2016-17 with these systems to be upgraded during 2017-18.

RGTCT Fuel Bay Upgrades

RGTCT's large mobile equipment fleet is serviced through a series of fuel bays located around the terminal. These fuel bays were determined to no longer meet the environmental standards expected by GPC, resulting in a program of works to rationalise and upgrade them.

In 2015-16, we commenced Stage 2 of a four-stage program designed to eliminate incidents associated with the uncontrolled release of fuel during refuelling. This was progressed during the year with the installation of a new dual fuel bay. The upcoming removal of two old bays will complete the Stage 2 works.

During the year, approval for Stage 3 was received. This stage will include the construction of another new dual fuel bay and decommissioning of two old fuel bays.

Stormwater Management

In recent years we have been actively working to improve the management of the stormwater systems at our two coal terminals. This work is largely focused on our stormwater dams (discharge ponds) but has also involved the control and reduction of sediment run off within our terminals. In 2015-16, further work was completed that increased the size of the dams and improved the decant systems on the main dams.

Work is now complete on Discharge Point (DP) 2, DP3, DP5 and DP4's staging pond. Work to increase the capacity and efficiency of DP1 and DP4 will continue throughout 2016-17.

To reduce the amount of sediment runoff from non-sealed areas around our terminals, areas of highest risk are being resurfaced with material less prone to erosion. With the physical expansion and improvement work largely complete, we are now revising the operational procedures associated with managing the



At Barney Point work continues to remediate the site and prepare it for bulk goods other than coal

The dozer rebuild team have introduced safer and more productive ways to complete rebuilds



stormwater systems. A team is systematically working through old procedures, revising them and developing new procedures to reflect changes to the system. Work in both of these areas will continue throughout 2016-17.

Improving Asset Management

The development of our Asset Management System continued through 2015-16 with a number of new standards and procedures, such as our Project Management process. In 2016-17, we aim to complete the development and implementation of our revised Shutdown Management process and Technical Services and Maintenance work management systems, and commence 'life cycle' costing models for critical assets.

Work to review and optimise our Preventive Maintenance (PM) activities at RGTCT also continued throughout 2015-16. This work has resulted in more than 2,500 PMs now being managed through the JD Edwards Asset Maintenance Module. Future plans are to use this PM completion data to inform the continuous improvement cycle and help develop Life Cycle models for all key assets.

With the installation of the telemetry system on all CAT D11 Dozers at RGTCT during the year, our maintenance teams can now monitor in real time, the health and position of all the dozers around the terminal. Information such as operating hours, fuel usage, and alarms are

recorded and displayed on screens within the maintenance workshop and operations control room. The information captured in the system can be replayed, enabling events and equipment condition to be tracked and reviewed over time

Dozer Rebuild Improvement Project

GPC owns and maintains 23 D11 Dozers at RGTCT; this is one of the largest D11 Dozer Fleets in the Southern Hemisphere.

Increased coal throughput and blending in recent years identified a need to improve the rebuild process and led to us initiating a Dozer Maintenance Improvement Project.

Our dozer rebuild team have now developed safer and more productive ways to complete the rebuilds that reduce by 25% the average number of shifts required for each overhaul.

The team have also designed and engineered some leading edge equipment, the equivalent of which is not currently available on the market. After the prototype made by the GPC team was designed, engineered and tested, the equipment is now being manufactured.

The team also implemented a number of changes, such as a dedicated work bay with customised tooling setup, that not only improved their efficiency in completing the work but also improved the quality control and testing following major overhauls.



Real time tracking of each dozer's location and health enables its condition to be monitored over time

Shiploader Life Renewal

RGTCT has three shiploaders, two of which are due for major life renewal work on their structural, mechanical and electrical systems.

During 2015-16, major work was undertaken on Shiploader No. 2, which included refurbishing the physical structure and upgrading the electrical and control systems. The work also included a major technological and operational change when the operator's cabin was relocated from the shiploader's boom and onto its portal frame. This resulted in a significant improvement in operator safety and ergonomics.

The new shiploader design significantly improves operator safety and ergonomics



The relocation of the cabin required the introduction of new technology, including thermal / optical cameras and laser measurement systems. The development of new systems using these technologies not only assists the operator but also improves safety for the operator and the machine.

In 2016-17, further work will be undertaken on Shiploader No. 2, including implementing an improved system for accessing the telescopic chute and upgrades to the maintenance platform. Life renewal work on Shiploader No. 1 will also commence.

Refurbishing Our Infrastructure

2015-16 saw significant progress made to refurbish the structures at RGTCT, the largest being the CC1A gantry conveyor structural life extension project. The work continued throughout the entire year and will continue throughout 2016-17. The access systems used on CC1A have been designed and enhanced throughout the project.

Other significant structural projects completed in 2015-16 include Berth 1 rail and supporting structures, THCC18B Tower, THCC5 Tower and CC6 conveyor.

Commencing in 2015-16 are works on the CC1B and CC1C gantries. This will include the addition of trestles to both gantries as structural extensions over the next few years.

Process Control System Upgrade

Stage 7 of the project to systematically replace redundant control systems across RGTCT was completed this year. This project is replacing the redundant systems and selected electrical equipment, and extending it so that it is better able to analyse and control the terminal's performance. The project is nearing its final stage.

In 2015-16, the team completed a further reclaim tunnel and Sample Plant No. 1, and commenced upgrades to the unloading systems.

In 2016-17, the team's focus will be on upgrades to unloading routes, Dumpstations 1 and 2, and Sample Plant No. 2. The detailed design for the upgrade of Shiploader No. 1 will also be completed.



CC1A Gantry with access platforms and trolley



CC1A Gantry access from the platforms under the belt

A number of applications are under development and on show at the Day of Operations control centre



Control Room Upgrade

The unloading system at RGTCT includes three streams, each with its own control room. Two of the three control rooms, Dumpstations 1 and 2, are of an age and standard that no longer fits with GPC's safety and ergonomic standards. During 2016-17, the control systems associated with these Dumpstations will be upgraded, providing an opportunity to redesign the associated control rooms. Rather than build or modify multiple facilities, a new control room has been designed that integrates the controls for all three Dumpstations. The new control room, which is currently under construction, will include modern ergonomic design and equipment.

Improving Our Operational Systems

Work continues on developing a new operational database and applications that link all parts of our supply chain to improve efficiency. Applications cover planning, live train movements, dozer movements, stockpile management and shiploading activities.

Dozer operators have not missed out on the technology revolution with dozer dashboards replaced with touch panels, digital dials and a web browser displaying the dozer position relative to objects and other dozers. The web browser is also used to display train and shiploading applications to better inform operators.

Inside the cabin of a dozer with new touch panels



Looking Ahead

In 2016-17, our target is the safe processing of 66.5Mt of coal and 380kt of other bulk products through GPC's bulk handling terminals.

The coming year will also see us establish the Barney Point Terminal as a multi-commodity facility.

The multi-year Control System Upgrade program will be completed.

The year will also see completion of further Health, Safety and Environment improvement projects.



Marine Operations

More than 1,800 cargo vessels visited our three ports this year

Outcomes
2015-16

- › Successful Annual Audit by the Regional Harbour Master
- › Zero serious shipping incidents
- › Two LNG Module 4 training courses completed, providing seven additional LNG trained pilots
- › Specification for pilot launch fleet replacement project prepared
- › Specification for helicopter marine pilot transfer contract renewal prepared
- › Pilot Positioning Units (PPU) upgrade introducing Qastor Connect service

Providing Pilotage Services

Gladstone Marine Pilot Services (GMPS) provides pilots for all vessels over 50m long visiting any of our three ports, Port of Gladstone, Port of Bundaberg and Port of Rockhampton. This service is provided 24 hours a day 365 days of the year. In 2015-16 we piloted 3,586 vessels (2014-15: 3,544), which required 4,206 pilot acts (2014-15: 3,641) as some vessels, the LNG carriers in particular, require two pilots.

A highlight of the year was the arrival in Gladstone of the first cruise ship to visit the port, the MV Pacific Dawn. This safe arrival involved planning and preparation by our Commercial Department and GMPS pilots who visited the vessel in Brisbane to complete the detailed arrival plan.

Pilots are transported to and from ships either by helicopter or by one of GMPS' four specialised pilot transfer launches. These small transfer launches can operate at high speed in all weather conditions

to safely deliver the pilot alongside the pilot ladder to access the ship.

Within the Helicopter Marine Pilot Transfer (HMPT) we are reviewing the upgrades to boarding and landing operations to bring greater safety and efficiency to pilotage operations.

Safe and Efficient Scheduling

In 2015-16, we continued to address the key challenge of maximising

the throughput of our shipping channels without affecting safety. We have been working closely with Maritime Safety Queensland (MSQ) and all other stakeholders, including Smit Lamnalco (towage operator) and wharf centre operators to make sure the port channels are working as efficiently as possible.

The optimisation process means making sure that all vessels that visit our ports are scheduled as safely and efficiently as possible taking into consideration the

Our pilots ensure safe passage for the ships that visit our ports



draft, speed and size – often up to 300m long, 50m wide (and carrying cargo close to 100,000t) the number of tugs required, the number of pilots, how they board the vessel (by helicopter or pilot transfer launch) and also the tidal and weather conditions at the time of the movement.

We continue to research new information technology systems to introduce that can monitor, measure and manage water space efficiency. A significant upgrade to the PPU used by all our pilots was introduced this year.

LNG Operations

LNG carriers are now a regular sight in the Port of Gladstone and will become even more frequent callers as the Curtis Island

LNG facilities ramp up. LNG carriers are large vessels, approximately 270m long and 45m wide, which due to their relatively shallow draft of 11.0m can arrive and depart the port at any state of the tide.

To ensure the maximum safety of these vessels four tugs are used for the journey through the port. Two tugs, known as escort tugs, are attached at the Fairway Buoy, and two additional tugs are secured in the harbour to assist with the safe berthing of the vessel. Similarly on departure four tugs assist with leaving the berth and the two escort tugs remain attached all the way out to the Fairway Buoy.

Five new escort tugs have been brought into the port to provide the escort towage services.

Looking Ahead

The focus in the coming year for Marine Operations is to continue the safe and efficient operation of the marine water space asset in conjunction with key stakeholders MSQ and the port trade partners. The introduction of a Port Marine Information System (PMIS) will be a priority to allow improvements to be monitored, measured and reported.

GMPS can look forward to the construction of a new pilot launch, and the development of the HMPT service.

Technology will play a greater role in safe marine operations as more and more ships will transfer to Electronic Chart Display and Information System (ECDIS).



Port Security

Gated access controls provide security for our port precincts

Outcomes
2015-16

- › Achieved a reduction in the number of reportable security events reported to the Office of Transport Security from 9 in 2014-15 to 7 in 2015-16
- › New security gates, CCTV and card access control system enhanced the existing security infrastructure at Port of Rockhampton
- › Finalised rationalisation of security infrastructure at Port Central, including the installation of new fencing and 29 additional CCTV
- › Implemented on-water security patrols of the LNG facilities' Waterside Restricted Zones enabling GPC to meet security obligations within the restricted zone
- › Security controls introduced to ensure people and vehicle movements associated with passenger ship operations complied with maritime security legislation

Maintaining Port Security

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

Breaches fall into two categories:

- › Incidents are the most serious breaches and relate to situations where there is a real or potential threat of unlawful interference with maritime transport

and offshore facilities and the threat is, or is likely to be, a terrorist attack (refer Table 2).

- › Events captures all other non-compliance issues. At GPC these events typically involve unauthorised access to security regulated areas. For example, ship crew attempting to walk through port areas to visit the town, or small vessels encroaching within water side restricted zones around our wharfs (refer Table 2).

Close liaison with the Office of Transport Security, emergency services and port users has helped to

safeguard our ports from terrorism and acts of unlawful interference. The creation of a number of smaller industry working groups that complement the larger Port Security Committee meetings have helped to increase and foster effective communication between GPC, port users and other stakeholders.

Security exercises and drills, development of maritime security training and increased security awareness throughout the port have enabled maritime security zones to be monitored more effectively. Expansion of

the CCTV infrastructure, the addition of camera monitoring and gated access controls have provided increased layers of security.

Upgrades to security control systems at Port of Rockhampton, Port of Bundaberg and Gladstone's Port Central were completed during the year.

Growth within the port along with changes to maritime security legislation required the development, approval and implementation of amendments to the Gladstone, Rockhampton and Bundaberg Maritime Security Plans.

Table 2: Security events and incidents.

	2011-12	2012-13	2013-14	2014-15	2015-16
Security Incidents	0	0	0	0	0
Security Events	2	17	6	9	7

Variations to the Gladstone Maritime Security Plan were also made as part of a comprehensive approach to the security of the Waterside Restricted Zone at the Curtis Island LNG facilities.

The arrival of the first cruise ship at Auckland Point 1 in March 2016 required a collaborative and coordinated approach from all stakeholders. The success of the operation was achieved by working closely with the Office of Transport Security, the Passenger Liner Operator, tenants at Port Central and the Gladstone community.

Looking Ahead

An expansion in the CCTV infrastructure planned for 2016-17 will improve the effectiveness of monitoring the security restricted zones within port areas. We will continue to work in partnership with our contracted security provider, the passenger liner operator and the three LNG facilities to improve the effectiveness of controls within our security restricted zones.

Changes to legislation and the need for efficient operating practices will require full revisions of the Port of Gladstone and Port of Rockhampton Maritime Security Plans. We will continue to work closely with the Office of Transport Security, LNG proponents and other Port Users to develop strong security outcomes that meet our legislative obligations and ensure these plans are approved for the coming five years.

Security drills increase awareness throughout the port





Strategic Port Development

We are working on solutions to minimise the effects of vessel interactions

Outcomes 2015-16

- › Progressed planning for the future change of use to Barney Point and Auckland Point
- › Continued work on the Master Plan for Gladstone as a Priority Port
- › EIS approach adapted to reflect changes to the Dredging Strategy required by the *Sustainable Ports Development Act 2015*
- › Commenced studies to develop mitigations for increasing vessel interactions within the Gladstone Port area

Barney Point from Coal to Bulk Products

GPC had previously made an undertaking to cease operation of Barney Point as a coal terminal following the commencement of WICT operations. In May 2016, the last shipment of coal was made from the terminal.

Following this shipment, the task of remediating the site commenced with the removal of remnant coal from the stockpile base and from the drainage systems.

In the lead up to this closure, work commenced on the planning for the operation of the terminal into the future. The

valuable infrastructure of the stockyard and wharf presented an opportunity to transfer bulk products operations from Auckland Point to Barney Point, and provide new options for the use of Auckland Point.

The acceptance of products, other than coal, needed to address the impacts on the adjoining community. During the coming year, development will be progressed to handle clean bulk products, such as woodchip and calcite. The stockpiles will be covered as required to reduce the risk of dust migrating from the Barney Point site.

Auckland Point Gateway to Gladstone

Following the commencement of the visits by cruise ships to Gladstone (see page 19) Auckland Point 1 has been viewed as the entry point to the city. This provided a new vision for Auckland Point's future. Planning has commenced to determine how the wharf might best be used, with investigations to identify how we can better cater for future cruise ships. This planning is considering how the parklands at East Shores might be extended to improve the accessibility of visitors to the Gladstone Community. In 2016-17 planning will be finalised and funding approval will be reviewed.

Studying Vessel Interactions

The commencement of operations at the WICT has introduced interaction between vessels leaving this terminal and vessels at berth at RGTCT. While these interactions can be controlled, they have introduced operational inefficiencies for both coal terminals.

Understanding that as coal exports grow in the future these interactions will also increase, this year we continued studies to discover methods by which the interaction forces can be reduced. The options have included changes to the mooring system for the vessels at berth and increasing the

separation of the vessels through dredging that widens the Clinton Channel or deepens the Clinton Bypass Channel.

These studies will be continued during 2016-17 to ensure the most practical solution is achieved and that the mitigation approach adopted is in line with the Master Plan for the Priority Port of Gladstone and associated approvals.

New Act Leads to Master Planning

Following a request from UNESCO, the Australian Government assessed the Great Barrier Reef with the intent to develop a strategic plan for sustainable development that would protect the region's outstanding universal values. From this review, the Reef 2050 Long-Term Sustainability Plan was developed.

The *Sustainable Ports Development Act 2015*, enacted by Queensland Parliament in November 2015, has significant implications for the development of ports within the Great Barrier Reef World Heritage Area. The Act nominated four

Priority Ports, including the Port of Gladstone. A Master Plan is being developed with the Queensland Government for the Priority Port of Gladstone. This will influence the overall coordination of development within the plan's marine precinct, the State Development Area and Strategic Port Land.

The Master Plan must be adopted prior to any further capital dredging for future development.

EIS Continues

An EIS had been initiated prior to the Act's enactment. The EIS for the duplication of the Gatcombe and Golding Channels was prepared to support our planning for future growth of the port. With the change in the dredging strategy required by the Act, it has been necessary to review how the work may be executed.

During 2015-16, the focus of the EIS has been on the collection of baseline environmental data to allow the existing environment to be assessed. This assessment will make it possible for us to anticipate the impact on the environment and methods by which the impacts may be mitigated.

The development of the EIS will continue during 2016-17 with the intent that it will be finalised in that period.

While the delivery of the EIS has been delayed, the need to develop the port's channels in the near term has also reduced. This is primarily due to slower growth in the coal industry that has reduced the number of large coal carriers to be accommodated.

Progress on completion of the EIS has been adapted to address issues raised within the

Reef 2050 Long-Term Sustainability Plan and the changes of policy from the State and Federal governments. The EIS is scheduled to be submitted in mid-2017.

Looking Ahead

One of the critical issues requiring GPC's attention in the coming year is the finalisation of the Port of Gladstone Master Plan and Port Overlay.

Following the completion of this plan, it will be necessary to revisit the strategic plans for the port.

At the Port of Bundaberg GPC will be engaging with the State Government on further developments in the region.

We will continue working with Government to develop a Master Plan for the Priority Port of Gladstone





Environment and Sustainability

GPC funds the Department of Environment and Heritage Protection's turtle monitoring

Outcomes
2015-16

- › ISO 14001:2004 Environmental Standard accreditation was maintained
- › Reduction in complaints and reportable incidents
- › Active participation in the management of Port Curtis Integrated Monitoring Program (PCIMP) and GHHP
- › Wharf spillage, Fuel Bay and stormwater management improvement projects have progressed
- › Offset commitments and other obligations for the WBDDP continue to be delivered
- › The installation of new monitoring equipment in stormwater ponds and three wharves along the length of the harbour

Environmental Management System

Our robust Environmental Management System (EMS) ensures our environmental impacts are being managed today and underpins our commitment to the future. It is certified to ISO 14001:2004 by independent auditors and demonstrates ongoing systems compliance and continuous improvements. GPC is

transitioning to the new version of the Standard ISO 14001:2015 which has been designed to keep consistency and align with different management systems. Another key change is the move toward risk based environmental management. Under this Standard, GPC will need to demonstrate all potential impacts to customers, the community, and the environment, are identified, assessed, managed and monitored.

Improving Our Environmental Performance

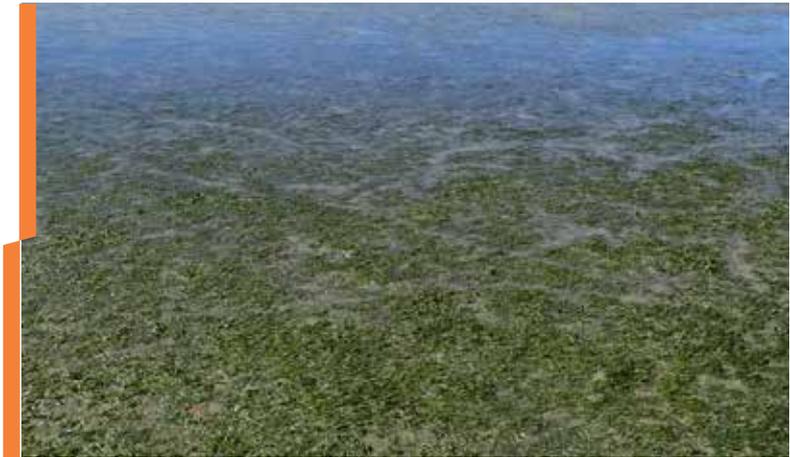
GPC's activities are governed by legislative obligations, and customer and community expectations. We use our EMS to ensure compliance and to drive improvements leading to better environmental performance. Figure 4 shows a marked improvement in our ability to manage stormwater discharges and air emission.

An emerging focus is identifying and eliminating sources of potential contaminants that may have an adverse effect on GPC land.

Transitional Environmental Program

In December 2014, GPC completed an environmental evaluation at RGTCT. Following this, we progressed into a Transitional Environmental Program (TEP) to undertake infrastructure upgrades

Assessment of dugong feeding trails (right) provides information on how dugong use these seagrass habitats and how long it takes to recover



designed to bring the site into compliance with the Environment Authority's (EA) requirements.

This will see the upgrade of five existing stormwater catchments on site to reduce sediment loads. Performance monitoring allows us to test the system and make improvements prior to the TEP's completion.

Management procedures and maintenance regimens are also being reviewed and developed. Once works are completed in November 2017, RGTCT's stormwater system will be fully compliant with EA standards and ensure future releases do not cause environmental harm.

Partnerships

Community of Ports - Benchmarking Stormwater and Dust

The Community of Ports comprises coal terminal operators from the east coast of Australia. In 2015-16, the group facilitated benchmarking studies for stormwater and dust to assist in determining

good practice and assess member performance.

Port Curtis Integrated Monitoring Program Inc.

GPC is a sponsoring member of the PCIMP. PCIMP has 14 stakeholder organisations who support mid- to far-field ambient monitoring in Port Curtis, measuring water and sediment quality. PCIMP data forms the key water and sediment quality component in the GHHP Report Card.

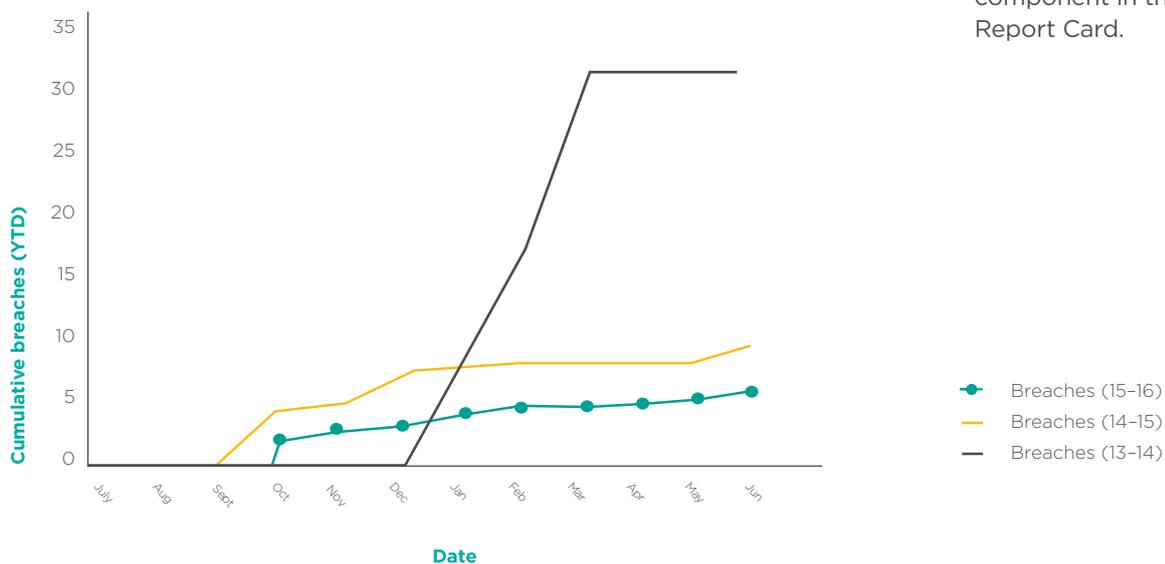
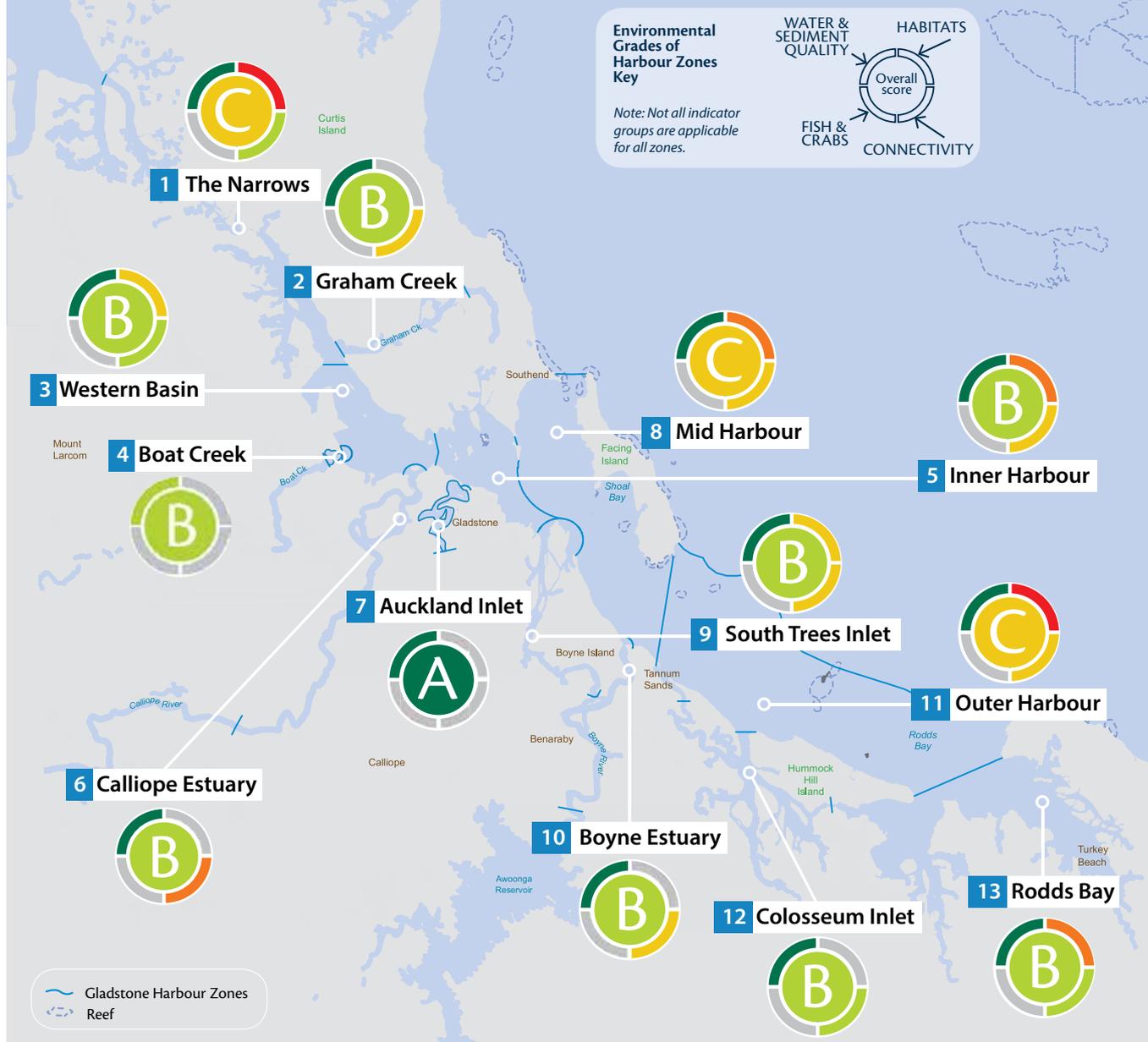


Figure 4: Compliance trend over the last three years showing significant improvement in 2015-16

Environmental Grades of Harbour Zones



Grading, Confidence & Trends

Grades for this report card were calculated using 27 indicators derived from 78 different measures of the environmental, social, economic and cultural health of Gladstone Harbour. The components and indicator groups were graded A, B, C, D or E, based on the aggregated scores of the measures specific to each component.

Confidence levels for the component grades were measured on a three point scale from low to high. Confidence levels were established to reflect scientific confidence in the calculated grades. These confidence levels can be affected by the appropriateness, availability, adequacy and completeness of indicators used and quality of monitoring data.

The grades for the Social and Economic components were compared to those in the 2014 Pilot Report Card. Environmental and cultural components in 2015 cannot be compared to the 2014 results. (Refer to Key Observation 2).

Grading system

- A** Very good (0.85-1.00)
- B** Good (0.65-0.84)
- C** Satisfactory (0.50-0.64)
- D** Poor (0.25-0.49)
- E** Very poor (0.00-0.24)
- Data not available

Confidence



Trends

(from 2014 Pilot to 2015)



improved



declined



unchanged

Healthy Harbour, Healthy Future

Figure 5: Excerpt from the GHHP Report Card, further information is available at <http://ghhp.org.au/report-cards/2015>

Gladstone Healthy Harbour Partnership

The GHHP is a consortium of 26 partners (including GPC) who represent government, industry, research groups and the community. This year, GHHP released its first annual report card on the state of Gladstone Harbour. The environmental gradings in the report card are presented in Figure 5 (an excerpt from the report) and explained in the following section.

Interpreting the Report Card

Water and sediment quality results across the harbour were very good, exceeding the relevant environmental guidelines at all locations. Nutrient inputs in some parts of the harbour are the focus of further work by GHHP.

In this first report, habitat scores were based only on an assessment of seagrass and coral habitats. Habitat scores ranged from poor to very poor, however ongoing monitoring and investigations have shown that variability in the state of seagrass and coral habitats is largely driven by climate and weather influences.

Gladstone Harbour and its surrounds support a flourishing commercial and recreational fishery



Sustainable Fisheries

A GPC strategic goal is to operate a commercially viable harbour without compromising the sustainability of the environment. Gladstone Harbour and its surrounding environment continues to support a flourishing commercial and recreational fishery.

From 2010 to 2015, the commercial catch of three key species has been fairly consistent with a spike in barramundi following the 2011 overflow of barramundi into Port Curtis from Lake Awoonga and reduction in prawn catches in 2012 (refer Figure 6).

Seagrass

A long term seagrass monitoring program, funded by GPC, is being undertaken by James Cook University. The 2015 report showed that the condition of seagrass in Port Curtis / Rodd's Bay was poor. In some zones such as the Narrows and Western Basin seagrass was in better condition with

expansion of meadow area reported. James Cook University believes the main reason for the decline is sustained high temperatures during the previous year's growing season as well as exposure-related stress from high day time tidal exposure at the start of the 2015 growing season. The Pelican Banks seagrass meadow was in the poorest condition seen for some time but the presence of plenty of viable seed suggest a very good chance of recovery.

Turtle Monitoring

GPC continues to fund turtle monitoring work undertaken by the Department of Environment and Heritage Protection. This year the focus was a turtle nesting census along the Woongarra Coast, including the significant loggerhead turtle beach at Mon Repos. During the nesting season, 1 green nesting female, 7 flatback and 387 loggerhead turtles were recorded in this area. The monitoring showed that only

65% of flatback turtle eggs developing into hatchlings and just 48.3% of these successfully emerged from undisturbed nests. The data continues to show a stable breeding population with no discernible long-term trends.

Supporting New Research

In 2015, GPC supported James Cook, Griffith, and Deakin universities, and the Department of Environment and Heritage Protection in seeking funding from the Australia Research Council to develop decision making tools that will help to minimise impacts from port development and dredging in the Great Barrier Reef on seagrass and other species reliant on seagrass. This application was successful. The research outcomes will provide managers with the knowledge and tools to mitigate / manage impacts from port and coastal development. As a partner, GPC's role will be verifying the research outputs are



Figure 6: Total Catch of Three Key Species in the Gladstone Region (Grid S30) from 2010 to 2015
Sourced from the Department of Agriculture and Fisheries QFISH system 8 July 2016

suitable for industry uptake and use.

WBDDP Obligations

GPC has ongoing compliance obligations related to the WBDDP which include:

- Monitoring the condition of the mangroves behind the Western Basin Reclamation Area biannually. Recent monitoring confirmed that the mangrove communities were stable and that the relatively dense canopy, low leaf litter, abundant crabs and presence of seedlings was indicative of a healthy community. According to State Government guidelines, the overall condition of mangrove vegetation can be classified as 'fair' to 'good'.
- Acid Sulphate Soil Management – Groundwater levels continue to stabilise at the Western Basin Reclamation Area. No fluctuations in water quality trends have been observed during

the three years of monitoring.

Reports assessing both compliance and performance with conditions of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) approval are submitted to the Department of Environment annually. Similar to previous reports, in 2015 no issues were observed. WBDDP conditions remain valid until 2030.

Delivering Offset Obligations

The WBDDP approvals included significant offset obligations. Progress on delivery of these commitments is as follows:

Ecosystem Research and Monitoring Program (ERMP)

Significant progress was made on a number of ERMP projects including turtle and dugong tagging, turtle nesting censuses, dugong feeding trail

assessments, dolphin, shorebird, and tidal wetland monitoring and seagrass seed bank density and viability studies, as well as turtle population and health assessments.

During the year, 1 dugong, 11 nesting flatback and 16 foraging green turtles were fitted with satellite tags to track their movements. Information from these tags provides a better understanding of how these animals use the waters of Port Curtis.

Surveys of nesting flatback turtles were completed on Peak, Avoid and Curtis Islands. During the 2015–16 census period on the 3 islands, 207, 90 and 44 flatback turtles, respectively, were recorded nesting over a 2-week period. Dugong feeding trail assessments at seagrass meadows on Pelican Banks, Wiggins Island, South Trees and Rodds Bay were undertaken during the year. These assessments provide information

on how dugongs use seagrass habitats over time and inform us of the timescale that seagrass takes to recover from these feeding disturbances. Dugong feeding activity was observed at all locations.

In a project aimed at increasing our understanding of the status of the Australian humpback and snubfin dolphins, boat-based surveys of the dolphin population in Port Curtis and Port of Rockhampton were undertaken during the year; a total of 90 Australian humpback dolphins and 71 snubfin dolphins were recorded.

The 2016 summer migratory shorebirds survey was carried out in February. Across Port Curtis, Port of Rockhampton and Rodds Bay, 157 shorebird roosts and 11,574 migratory shorebirds (consisting of 20 species) were observed. Significant progress was made on

Turtle tagging is a project under the ERMP



a study to understand the ecological impact of port development on migratory shorebird populations. This included mapping the number of migratory shorebirds currently using the Port Curtis and Port of Rockhampton regions, quantifying the availability of their prey and the amount of suitable habitat to support them, and identifying priority areas for management.

Further work continued on monitoring the survival and recovery of tidal wetlands in Port Curtis and Port of Rockhampton with aerial and boat-based surveys of the shoreline undertaken. These surveys provided valuable information on the processes influencing mangrove tidal wetlands.

Biodiversity Offset Strategy

GPC has purchased a property at Keppel Sands, preserving it for conservation. This

property is adjacent to a regional park and the Cawarral Creek Declared Fish Habitat Area. GPC will hand it over to the Queensland Department of National Parks, Sport and Racing who will include it in the existing Keppel Sands Regional Park.

To meet offset obligations, GPC provided funding to the Gladstone Area Water Board and the Quoin Island Turtle Rehabilitation Centre to assist in the collection and rehabilitation of stranded marine turtles.

GPC also funded the Fitzroy Basin Association to develop a Water Quality Improvement Plan for the Boyne and Calliope River Catchments. This plan identified priority areas for further work within the two catchments and measures for improving water quality

in the catchments and Port Curtis.

Marine Fish Habitat Offset

The fourth \$1M contribution to the Queensland Department of Agriculture and Fisheries was made this year. This funding supports investigation of Fish Habitat Areas, as well as projects aiming to classify the coastal habitats of the Queensland coast.

Reef 2050 Actions

We are working proactively with the Queensland Ports Association, Ports Australia and the State and Federal governments to implement actions from Reef 2050. Three key actions that GPC has actively contributed to are:

- › Economic Benefits Action 3 – the introduction of a guideline for port master planning, which has developed into the

implementation of a Gladstone Port Master Plan

- › Water Quality Action 16 – the development of a state-wide maintenance dredging strategy
- › Water Quality Action 17 – understanding port sediment dynamics and their contribution to the catchment inputs into the World Heritage Area.

GPC has engaged Central Queensland University and other specialists to undertake a port-wide sediment investigation over the next three years. The results will enhance our understanding of the impacts on the environment from GPC activities and help to identify ways of minimising these impacts.

Maintenance Dredging Continues

Maintenance dredging involves the removal of sediments that are naturally transported into the deeper channels or berths. GPC must ensure that the declared depth in channels and berths is maintained to allow for safe and efficient passage of ships through the harbour. Maintenance dredging is essential for the ongoing operation of our ports, and is usually conducted annually at Port of Gladstone and Port of Bundaberg, and as required at the Port of Rockhampton. GPC will conduct its future maintenance dredging in adherence with the Government's Maintenance Dredging Strategy.

To understand the potential environmental impacts of maintenance dredging activities in the Port of Gladstone we have developed a maintenance dredging monitoring schedule, with input

from community and traditional owner groups, not for profit organisations, commercial industries and Local, State and Federal government. The monitoring schedule includes:

- › water quality monitoring designed to protect sensitive seagrass receptors
- › monitoring of dredging plumes to determine whether they impact sensitive seagrasses and corals within Port Curtis
- › validated hydrodynamic modelling that can be used to predict the possible impacts of a dredging campaign before they occur and assist in the active management of the activity
- › testing of the sediments to be dredged to ensure that they are not contaminated
- › the purchase of sediment monitoring equipment to conduct targeted investigations into the movement and quantity of sediments within Port Curtis.

Monitoring assists GPC to manage maintenance dredging in an environmentally and commercially responsible way. The schedule is updated regularly to incorporate the findings of previous programs and address community or government concerns.

Improvements

Ecotox Investigations

GPC is working with Central Queensland University to examine the environmental impact of coal on marine fish. The study focuses on fish that reside in the stormwater ponds at the RGTCT to determine the effects of long term exposure to coal.

Reed Beds

GPC has continued trialling a floating wetland in a Barney Point Terminal stormwater pond with the aim to further enhance the performance of stormwater infrastructure. Tall

Sedge (*Carex Appressa*) was planted over 12 months ago and has taken some time to adjust to the rainfall driven fluctuating salt levels evident in the pond. As the Barney Point Terminal transitions away from coal the location of these beds will be reviewed to ensure their optimal use.

Environmental Database Management System

The Environmental Database Management System (EDMS) was implemented about 2 years ago to record the range of environmental data collected through GPC's monitoring and measurement activities.

The EDMS now manages various environmental datasets, including those collected by automatic loggers, through to the analysis, mapping, reporting and exporting of data.



This floating wetland, planted more than 12 months ago (far left) is made from expanded polypropylene mats, and covered with coconut matting with pockets for suitable tube stock plants to grow in (right shows 12 months growth)

The system has enhanced GPC's collation and reporting capabilities, while also ensuring data integrity. It helps meet and maintain information requirements and compliance obligations set by Federal and State Regulators.

Wharf Analysers and Stormwater Upgrades

Wharf analysers have been installed at three wharves along the length of the harbour and provide real time water quality data into the EDMS. The next stage of this project is to incorporate this information into an online format for use in the future management of compliance obligations associated with GPC operations.

Stormwater infrastructure upgrades at compliance discharge points enable samples to be taken during automatically during discharge events. Water quality sondes (information transmitters) are being installed in high risk locations to allow better management of stormwater during and after rain events. All readings are available in real-time and updated every 15 minutes.

Turtle monitoring this year showed a stable breeding population



Looking Ahead

Within the context of the Reef 2050 Long-Term Sustainability Plan, we will continue to actively advocate for the operational needs of ports operating in the Great Barrier Reef World Heritage Area and understand any potential upcoming obligations.

During 2016-17, we will progress improvement projects, in particular stormwater management at RGTCT.

We will ensure that environmental controls and monitoring regimes at the Barney Point and Auckland Point terminals align with the transition to new products (refer to page 30)

While transitioning to the 2015 version of the Standard we will maintain our ISO 14001:2004 Environmental Standard accreditation.

In the coming year we will implement the principles of the Maintenance Dredging Strategy currently being developed under WQA16 to improve the long-term management of maintenance dredging.

In 2016-17, we will undertake a review of the Facing Island Management Plan with relevant stakeholders to ensure it meets any new and existing obligations.



Monitoring assists us to manage our environment sustainably



Our Health and Safety Culture and Performance

Crib room boards provide employees with information that helps to keep them safe during the day

Outcomes 2015-16

- › AS 4801 certification maintained for the Health and Safety Management System
- › New Personal Protective Equipment (PPE) Standard was developed and implemented
- › A pilot for a values-based safety program was completed
- › Investigation training was delivered to team leaders
- › New PORT (**P**ause, **O**bserve, **R**isk assess, **T**reat risk) risk assessment tool was finalised and implemented
- › The incident and action management system (Cintellate) was upgraded to allow easier usability and greater analysis capability.
- › Electronic communication screens were installed across GPC to enhance communication
- › Health programs including Fluvax and SafeSpine continued
- › Inaugural Health Safety and Wellness day held
- › Health promotions and education sessions including: Stop Sun Spots, Dietitian and Health of a Queensland Male, were implemented

Health and Safety Leadership and Culture

A key focus over the past few years has been upskilling our staff in Health and Safety leadership and fostering a stronger safety culture within the workforce.

As part of a pilot program, during the year we implemented

‘Switched On’, a values-based safety program to some GPC leaders. Feedback was very positive and Switched On’ will be implemented across GPC in the coming year with the goal that all employees participate in the program. GPC considers upskilling all our employees to be safety leaders as a key step in our safety journey as we move beyond a compliance-

orientated culture and towards a culture of truly caring about our own safety and that of our colleagues.

‘Switched On’ provides the insight and tools to make sure safety and the reasons why we want to make sure we return home from work in a safe state are always front of mind.

The foundation of this program is ensuring we all switch on our

hearts and minds before engaging in an activity and in doing so acknowledge that we are all safety leaders and that we are all responsible for our own safety.

Improving Reporting Culture

The importance of prompt injury, incident and hazard reporting was a common theme

across communications throughout 2015-16. This was to ensure injuries, incidents and hazards are effectively managed and that we learn from these and implement controls to prevent recurrence. The implementation of the 'Switched On' Values Based Safety Program next year will further enhance the reporting culture at GPC.

Learning From Incidents

To ensure GPC is learning from reported incidents, an internal training package was developed and delivered to team leaders to provide them with a better understanding of investigations and to improve their ability to perform quality investigations. The

training focuses on correctly identifying causal factors to enable suitable corrective actions to be implemented to prevent recurrence.

Our Cintellate Incident and Action Management System was also upgraded to provide a greater ability to analyse the data we are capturing from reported incidents. Detailed analyses of this data will inform future initiatives and campaigns.

System Development and AS 4801 Accreditation

The development of our Health and Safety Management Systems continued throughout the year with updated or new standards and procedures

implemented for PPE; Incident Management and Investigations; Cintellate Action Management; and Audit and Inspections. In addition to these newly implemented procedures, the ongoing maintenance of the Health and Safety Management System ensured that GPC maintained its AS 4801 certification.

Health Programs and Education

A key objective of the Health & Wellbeing Program is to support employees in optimising their health outcomes by providing education and promoting general health and wellness programs. This year we continued to offer

programs such as SafeSpine, Stop Sun Spots and Fluvax Immunisation. New health and wellbeing programs delivered in 2015-16 included:

- › Healthy eating for shift workers
- › Health of a Queensland Male - Queensland Health's top five causes of death, most prominent diseases, and risk factors to be aware of
- › How to Identify Melanoma - the importance of annual skin checks.

Health, Safety and Wellness Day

A health, safety and wellness day was held this year to reinforce the importance of

Table 3: Injury statistics showing trends over the past five years

Financial Year	2011-12	2012-13	2013-14	2014-15	2015-16	Trend compared to 2014-15
Hours worked	1,464,599	1,484,854	1,423,507	1,303,340	1,279,646	-2%
Total injuries (TI)	109	107	84	61	86	41%
TI Frequency Rate	74.4	72.1	59.0**	46.8	67.2	44%
Serious injuries (SI)*		35	37	27	34	26%
SI Frequency Rate*		25.47	26.0	20.7	26.6	28%
Nil Restriction injuries (NRI)*		74	48	34	53	56%
NRI Frequency Rate*		49.2	33.7	26.1	41.4	59%
Restricted Work injuries (RWI)*		30	30	21	24	14%
RWI Frequency Rate*		20.2	21.1	16.1	18.8	16%
Lost Time injuries (LTI)	4	3	6	6***	9	50%
LTI Frequency Rate	2.7	2.0	4.2**	4.6****	7.0	53%

*Recording of Serious, Nil Restriction and Restricted Work Injuries and their frequency commenced in 2012-13.

**Number revised from that previously reported to reflect adjusted calculation.

***Number has increase by 1 from that previously reported due to reclassification of an injury.

****Frequency rate has been amended from that previously reported due to reclassification of an injury.



Completing a PORT makes employees more aware of their work area and helps to keep safety top of mind

health and wellbeing. This initiative provided employees with relevant and useful information about health funds; QSuper; SafeSpine; organ donation; breast cancer; bowel cancer; alcohol and other drugs; stop sun spots; mental health and the Public Trustee.

Health and Safety Analysis

This year we recorded an increase in injuries compared to the previous reporting year. Total injuries, serious injuries and lost time injuries increased. These trends are shown in Table 3.

Analysis of the 9 LTIs recorded during 2015-16 indicated that 8 LTIs arose from day to day task of very low risk.

6 of the 9 LTIs resulted in a strain type injury to a muscle, tendon, ligament or meniscus. A key initiative next year to address this trend and the overall strain / sprain trend is the Job Bank development discussed in the 'Looking Ahead' section.

The availability and utilisation of mechanical aids, participation in the SafeSpine program, overall

health promotions and encouraging health management for non-work related injuries have been key strategies to reduce these sprain / strain-type injuries.

Although the existing sprain / strain initiatives mentioned above have led to a safer working environment, it is evident that further strategies are required to reduce the sprain / strain-type injuries and to embed the initiatives (refer Figure 7).

In addition to the existing initiatives, our strategy includes:

- › reviewing pre-employment medicals process
- › ongoing health awareness and assessments
- › establishing the job banks
- › increased focus on housekeeping
- › providing better access to equipment.

Injury / Illness Management is a core business activity within the Health Management Program. Working cooperatively with the injured employee, their treating practitioner and the relevant GPC department is crucial to ensuring an effective and prompt return to work.

Throughout 2015-16, 41 WorkCover claims were lodged (refer Figure 8). This was up from 24 claims lodged during 2014-15. Of the 41 claims lodged, plus those that carried over from the previous year, only 11 claims remain active. The remainder of the claims have been closed and the employee has successfully returned to work.

In 2015-16 our key challenges were:

- › Addressing the increasing trend in total injuries reported.
- › Reducing the occurrence of Lost Time Injuries.
- › Progressing the implementation of health and wellbeing programs across GPC.



Pre-start meetings keep our teams informed

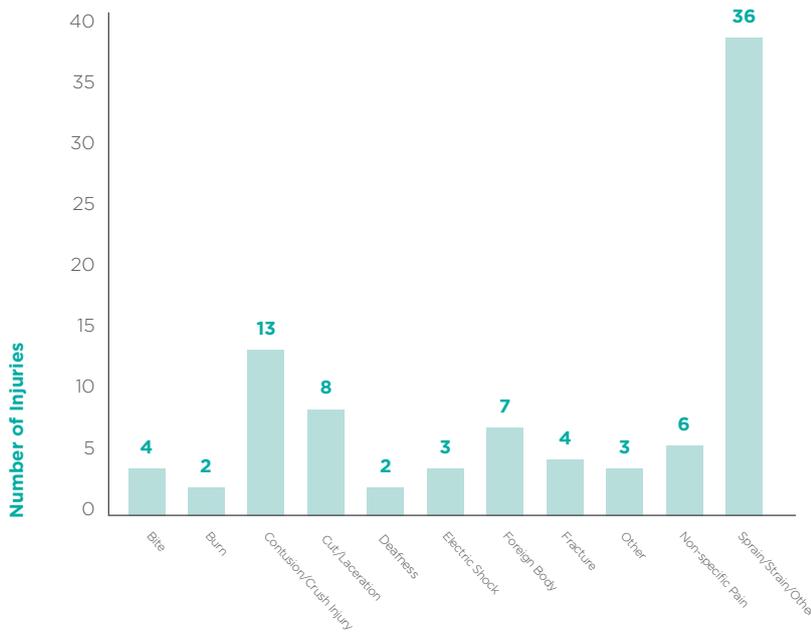


Figure 7: Injury Type 2015-16

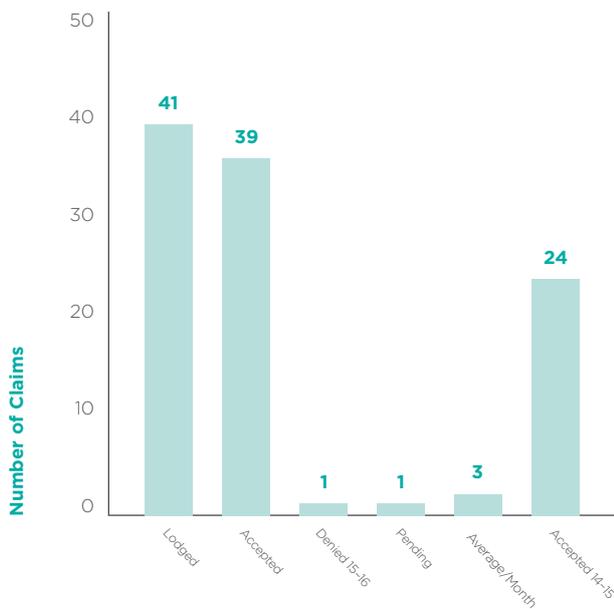


Figure 8: Work Cover Claims 2015-16

Looking Ahead

In 2016-17, the key strategies to address the health and safety challenges of 2015-16 and ensure that GPC strives for continual improvement and best practice are:

- › implementing a whole of organisation roll-out of the 'Switched On' values based safety program
- › improving integration between the Health and Safety functions developing and implementing a Fatigue Management system
- › promoting awareness of better mental health and suicide prevention
- › developing Job banks for all roles to understand the work risk rating of the job; the essential tasks and demands of the job; the prerequisite physical requirements and health attributes required for the job; and the required health assessments associated with the job.



Noise surveillance is conducted at GPC as part of our ongoing health and hygiene monitoring program



Our People

Our Indigenous Traineeships provide pathways to employment

Outcomes
2015-16

- › Significantly progressed the Leadership Development Framework
- › Implemented a new employee induction program
- › New Human Resource reporting framework will improve our ability to analyse trends and support business and people decisions
- › Introduced an Indigenous trainee program

Managing Our People

With 749 employees (731 full time equivalent (FTE)), GPC's workforce, including its subsidiary company GMPS, has remained relatively stable over the past 12 months. Our workforce is employed in a variety of management, trade, technical and administrative positions across a range of departments (refer Figure 9).

We recruited 62 new employees this year in a diverse range of roles. Our new employees consisted of 22 female and 40 males, with 4 being identified as Aboriginal and Torres Strait Islander and Australian South Sea Islander.

Seven new employees were casual, 31 permanent full time and 24 temporary full time. Our staff turnover for 2015-16 was 10.18%, with a voluntary turnover rate of 6.28%. In accordance with our workforce plan, we reduced our staff from 768 people (752.0 FTE) to 749 people (730.97 FTE). This was mainly due to 18 employees

moving from our subsidiary company Gladstone WICET Operations (GWO) to Wiggins Island Coal Export Terminal Pty Ltd. We have put in place a new framework for Human Resource reporting, which focuses on accurate, prompt data that will improve our ability to analyse trends and patterns.

It will provide information to support business and people decisions based on information from employee demographics; workforce hours; absenteeism; overtime, leave and rostered days off (RDOs); staff turnover; recruitment; and training.

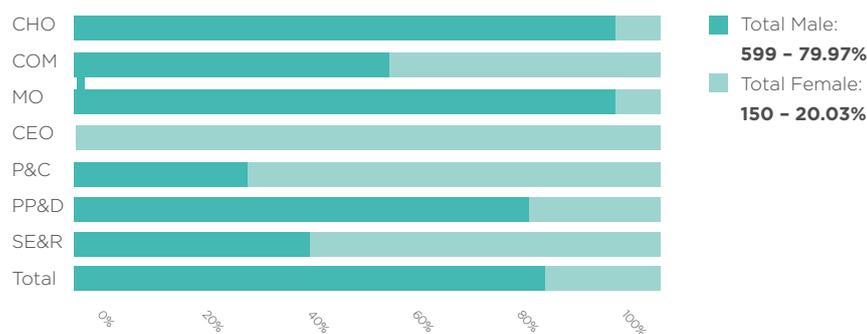


Figure 9: Gender Ratio
The breakdown of male and female employees by GPC department

The new Human Resource reporting framework will improve our trend identification and analysis capability



Recruiting a Diverse and Inclusive Team

Our commitment to building a diverse and inclusive workforce continued this year with more focus on providing target group members with the opportunity to pursue careers within GPC. We provide employment opportunities for all people, including nominated equal employment opportunity (EEO) target groups, that is people with a disability; Indigenous people (Aboriginal and Torres

Strait Islander and Australian South Sea Islander); and people with a language other than English.

Figure 10 provides the percentages for EEO target groups employed within GPC.

Developing Our People

Our employees play a vital role in ensuring we meet our business objectives. We provide a variety of training initiatives to enhance our employees' skills and knowledge. This year our targeted learning and development

programs resulted in employees completing 44,244 hours of training, equivalent to 60 hours per employee. (2014-15: 54,345 hours)

During 2015-16, we developed and implemented a new GPC Employee Induction Program, which ensures our new employees have a clear plan for becoming part of our business. The program covers area inductions, mandatory training, policy and procedural compliance and probation.

Leadership Development

A new Leadership Development Framework is being developed and is scheduled for release in mid-2016. The Leaders Handbook is now available to all GPC leaders. Its broad range of topics covers human resources, workplace health and safety and environmental management.

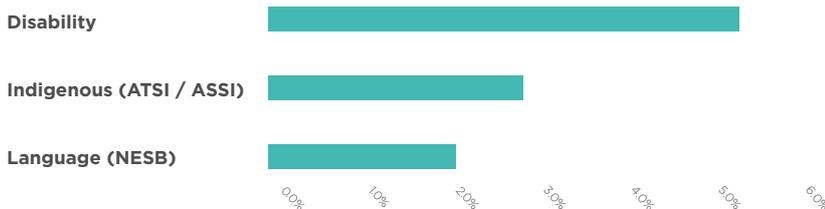
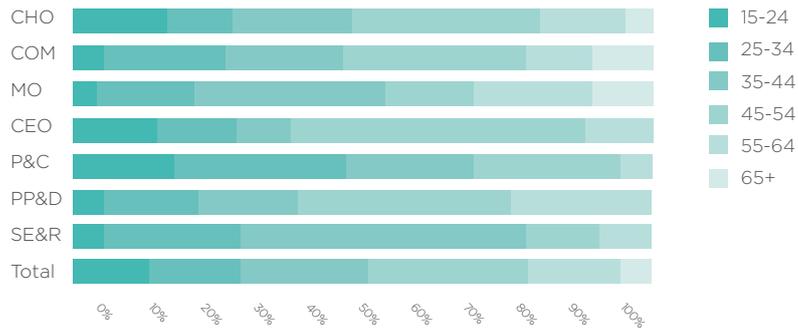


Figure 10: EEO breakdown



Average Age: **44.18 Years**

Figure 11: Age Profile
The breakdown of employees by age, by GPC department



All our employees whether behind a desk or in the field will participate in Switched On

The safety leadership program 'Switched On Safety' has been introduced, and will initially be delivered to all GPC leaders during 2016-17. With safety such an important part of our day-to-day business this program will also then be delivered to all employees, with the aim to make them all leaders in safety (refer page 40 for further detail).

Building a Workforce of the Future

We nurture and develop the capability of our people by providing apprenticeships, traineeships, training sessions on health

and safety issues, job skills and professional development courses.

GPC provides outstanding employment outcomes for our apprentices and trainees through work arrangements that deliver benefits to all involved. Apprentices and trainees account for 7.75% of our workforce and receive a structured learning program to enhance their skills and knowledge, improving their future and ours.

Apprentices

GPC apprenticeships cover a range of disciplines, including Electrical, Mechanical, Diesel Fitting, Refrigeration, Industrial Painting, Plumbing, Carpentry and Horticulture.

We are committed to maintaining a strong apprenticeship and traineeship program throughout 2016-17. The next recruitment campaign will start in mid-July 2016, with up to twelve positions to be advertised.



Our employees play a key role in ensuring we meet our business objectives

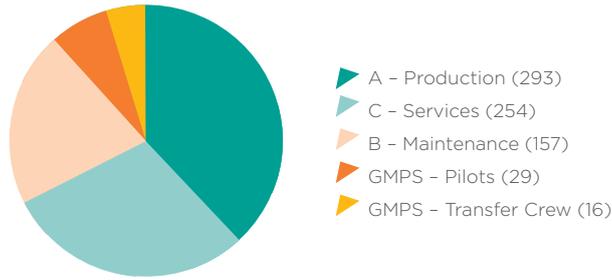


Figure 12: Employees by department
 This figure shows the percentages and head count by schedule, of all employees (Covered by the GPC Enterprise Agreement 2012, Gladstone Marine Pilot Agreement 2014 or Gladstone Pilot Transfer Crew Agreement 2014)

Indigenous Traineeships

We are proud to introduce Indigenous traineeships, with five trainees who will start their new career with GPC on 8 August 2016 and complete a Certificate II in Cross Industry Operation.

Trainees who apply for the new 18-month program will go through a tailored recruitment and selection process.

They will receive an orientation and induction program that focuses on training, operations, compliance and culture. Throughout their traineeship, the trainees will have a dedicated mentor and liaison officer to support them.

Trainees will rotate through five areas of GPC's operations, including Administration, Building Services, Marine Operations, Horticulture / Environment and Warehouse / Supply.

Looking Ahead

A large part of the year ahead will be occupied with early discussions and preparing for upcoming enterprise agreements. With our current GPC Enterprise Agreement due to end in late 2016, preparation and consultation will be essential for a seamless transition to a new agreement.

We will be negotiating and implementing the 2017 Gladstone Marine Pilots' Agreement and

the 2017 Gladstone Pilot Transfer Crew Agreement.

We will continue to build on our solid HR systems capability through better online programs, such as employee and manager self-service and a new learning management systems.

This year employees completed 44,244 hours of training, equivalent to 60 hours per employee





Our Community

We facilitated the Feast on East Markets in conjunction with the P&O Cruise industry commencement

Outcomes 2015-16

- › Launch of Stretch Reconciliation Action Plan 2015-2018
- › Launch of GPC's Biodiversity Offset Strategy Education and Awareness Program Big 6
- › Improved community consultation practices, embedding requirements for GPC driven consultation for significant contracts

Community Investment and Support

The focus on community involvement and support continued through many initiatives including the Community Investment Program (CIP), Botanic to Bridge, and the provision and maintenance of community parklands.

Approximately \$309,000 was invested through the CIP, in the areas of culture, social enhancement, education and environment.

Twenty-nine partnerships were fostered with a focus on delivering mutual benefit to GPC and the communities in Bundaberg, Gladstone and Rockhampton.

GPC's Botanic to Bridge continues to provide a mechanism to invest in the community and regional schools, with almost \$250,000 invested over the past six years.

During the 2015-16 financial year, GPC invested \$2.6M into the community through its Community Investment Program and the provision and maintenance of the Gladstone Marina Parklands, Spinnaker Park and the East Shores precinct.

Accolades continue for East Shores

The East Shores - Coal Exporters Maritime Precinct at Auckland Inlet includes a state-of-the-art water play park,

waterfront boardwalk incorporating a viewing platform, BBQs and an abundance of green, open space. It is also home to the retired naval ship, HMAS Gladstone II.

The precinct was recently awarded the Parks and Leisure Australia Queensland Award of Excellence in the 'Parks and Open Space - Development' category and is now in contention for the national award. East Shores was also awarded '2016 Great Place' award ahead of five other nominees at the Planning Institute of Australia National Awards.

Plans are in place to add to the successful recreational precinct, with Stage 1B of East Shores, delivering

a café / restaurant, amphitheatre and Interpretative Centre.

Gladstone's Big6 Launches

GPC recently launched Gladstone's Big6 education and awareness program; an initiative of the Biodiversity Offset Strategy required by the Western Basin Dredging and Disposal Project (see page 36).

Gladstone's Big6 celebrates the iconic species of the Gladstone bioregion - shorebirds, turtles, cetaceans, fish, dugongs and crustaceans - and their habitats. It provides an opportunity to present GPC's environmental values and to demonstrate our sustainable stewardship of Gladstone Harbour.

The program focuses on engaging and educating the local community. It incorporates a school component and the involvement of local Indigenous communities and Traditional Owners through various outdoor activities based in GPC's parklands. It is supported by a comprehensive website that contains educational resources, fun activities and merchandise and information about each of the six major species and the impact humans can have on them.

Big6 provides the opportunity to celebrate the biodiversity that makes Gladstone a great place to live and play.

A continuing commitment

In January 2016, GPC presented its second Reconciliation Action Plan (RAP), a three year plan to reinforce our commitment to improving relationships, understanding and opportunities for the Indigenous communities in which GPC operates.

This strategic plan identifies four main areas in which we believe make the most impact, strengthen relationships, fostering respect, increasing opportunities and ensuring accountability.

During 2015-16, several actions have been implemented as per the plan, with highlights including:

- › Establishment and implementation of an Indigenous

Our junior residents are very excited about the launch of Big6



Engagement and Employment Strategy, providing opportunity for six Indigenous trainees to join the business and undertake an 18 month traineeship

- › Employee engagement events to recognise and raise awareness of significant dates and events such as NAIDOC Week and National Reconciliation Week
- › Implementation of Cultural Protocols for Welcome to Country and Acknowledgement of Country for all GPC events
- › Continuation of educational support programs such as the Talent Today, Talent Tomorrow Bursary and Scholarship initiatives and cultural awareness activities with local schools.

Delivering the RAP will continue to be a high priority next year, with GPC continuing its commitment to closing the employment, education and economic gap between Indigenous peoples and the broader community.

An Indigenous Land Use Agreement (ILUA) between GPC and the Port Curtis Coral Coast (PCCC) Native Title Claim Group was executed in late 2014. This voluntary partnership has been established to ensure the responsible and respectful management of the land and sea on which we do business, and to deliver sustainable and mutual prosperity. An Implementation Committee has been established for the ILUA, consisting of PCCC and GPC representatives, who are focused on working respectfully together for the betterment of the PCCC community.

The 2015-16 financial year has been largely focused on establishing governance and systems for the ILUA Implementation Committee, which will continue into the year ahead.

Over the past 18 months, the Committee has approved 12 applications

at a value of \$1.8M, supporting projects that contribute to the economic, cultural, capacity and capability development of the PCCC communities.

Looking Ahead

Communication, consultation and collaboration are the key themes for the 2016-17 financial year.

Internal communications enhancements will be implemented, driven by employee feedback received in the 2016 Employee Engagement Survey.

Community consultation will also be a major focus, supporting capital projects such as the Clinton Vessel Interaction Project, BOS, and Stage 1B of East Shores, along with the improvement of key stakeholder relationships throughout the operational communities.

Our Board

The Board provides governance for our organisation and guidance for our management team



Leo Zussino, Chairman

BE, MBA

During the past 30 years Leo has held senior executive and non-executive positions in both private and public sectors. He has extensive experience as a non-executive Chairman of Australian and Queensland Government and Industry Boards, and is a past CEO of 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 has served as:

- › Chairman, Australian Maritime Safety Authority, 2008 to 2014
- › Chairman, Gladstone Economic & Development Board, 2001 to 2012
- › President, Ports Australia, 1996 to 1998
- › Chairman, Queensland Ports Authority Association, 1992 to 1999
- › Council Member, CQ University, 1990 to 2001
- › Chairman, Gladstone Port Authority, 1990 to 1999

In addition to being Chairman of the Board, Leo is a member of the Audit and Compliance Committee and Chairman of the Human Resources Committee.

Appointed Chairman 15 September 1990 to 30 June 1999. Reappointed as Chairman 1 October 2015 to 30 September 2018.



Grant Cassidy, Director

FAICD

Grant has over 14 years' experience in the Gladstone area tourism industry, gained as managing director of the Cassidy Hospitality Group, a specialist group which owns and operates accommodation and restaurant businesses in the region. His 15 year's media experience provides a depth of understanding of sales, marketing and media management. As a very active and long-term contributor to the area's community organisations Grant understands local issues, having been Chairman of Capricorn Enterprise - the region's peak tourism and economic development organisation and as a former member of the

Tourism Queensland Board. In the latter role he chaired the Audit and Risk Committee. Grant has also previously held board positions with organisations such as Rockhampton Girls Grammar School and CQ University Australia. Recently, Grant was one of the three Rockhampton representatives to attend The Queensland Plan forums. Grant is a member of the Audit and Compliance Committee.

Appointed 1 October 2015 until 30 September 2018.



Peter Corones AM, Director

A business proprietor and company director, Peter's strong background spans 40 years of extensive commercial and community experience.

Over the past three decades he has been a member of, or served in titled executive and non-executive roles on, a number of key Boards and Authorities in the region. Current roles include Chairman of Gladstone Area Group Apprentices Limited (GAGAL) and Governor in Council appointee to the CQ University Council. Peter served on the City of Gladstone Council for more than 20 years, was Mayor for 14 years, and is a past Director of GPC. Peter was:

- › Awarded a Centenary Medal for distinguished service to local government (2001).
- › Awarded a Medal of the Order of Australia (2009) for service to the Gladstone Region community.

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 is a member of the Human Resources Committee.

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



Gail Davidson, Director

GAICD

Gail has held management roles in a number of areas for over 40 years and until July 2016 was the Executive General Manager Disability and Community Services for Endeavour Foundation. Gail has been involved in the disability sector for over 26 years, having previously worked in the hospitality and health sectors. She has been a member of the Gladstone Foundation Board of Advice and has been a member of the Disability Council of Queensland, the Gambling Community Benefit Fund, under Treasury, the Complaints Management Quality Committee advising the Minister and was

the Inaugural Chair of the Regional Disability Council of Central Queensland.

At present she is also a Queensland representative in Canberra on policy matters for the National Disability Service and has recently been appointed to the Board of Mercy Community Services in Brisbane. She has qualifications in management, is a graduate of the Australian Institute of Company Directors and is continuing her studies. Gail is a member of the Human Resources Committee.

Appointed 1 October 2008 until 30 September 2011. Reappointed from 1 October 2011 until 30 September 2014. Reappointed from 2 October 2014 until 30 September 2017.



Peta Jamieson, Director

GRADCERTBA, BA (HONS), BA, MSCENVMGT

Peta has over 20 years' experience in Queensland State Government; Brisbane City Council and the Local Government Association of Queensland (LGAQ), and is the director of her own management consultancy. She has a breadth of both executive and operational experience, and a clear understanding of how government, its policies, and processes work. Peta is a strong advocate for the Bundaberg and Wide Bay Burnett Region. She is actively involved with community, commercial and government bodies such as the Wide Bay Burnett Regional Organisation of Councils, Starfire Solutions, and North Burnett Regional

Council on local and regional projects and initiatives. Peta is also a director on the Wide Bay Hospital and Health Board and a member of its Finance Committee, and is an Executive Member, St Luke's Anglican School Parents and Friends Association. Peta is a member of the Human Resources Committee.

Appointed 1 October 2015 until 30 September 2018.



Judy Reynolds, Director

BBus, CA, MAICD

Judy is a chartered accountant with over 28 years' as a manager and director in public accounting firms. She has extensive experience in business development, profit and risk modelling and the formulation and implementation of strategic growth strategies. Judy works in a wide range of industries with small and medium entities (SMEs), their owners and business leaders as a consultant, advisor, mentor and coach. Judy is a founding director of Opening Gates. She previously owned a chartered accounting and financial planning business for over 15 years, chaired the National Sothertons Board

and acted as board member and advisor to many organisations including the Gladstone Economic and Industry Development Board, and the Gladstone Foundation. She is a member of the Institute of Chartered Accountants, and is a past Fellow of the Taxation Institute of Australia. Judy is Chair of the Audit and Compliance Committee.

Appointed 1 October 2008 until 30 September 2011. Reappointed from 1 October 2011 until 30 September 2014. Reappointed from 2 October 2014 until 30 September 2017.



Helen Skippen, Director

BBus, MBA, GAICD

Helen combines 35 years as a business consulting professional working in market and business strategy, with over 10 years of board experience in a range of large and small organisations, across a mix of private, public and not-for-profit (NFP) sectors. She has extensive experience in market research / analysis, stakeholder engagement, strategic business / market strategies / plans; and organisation performance (corporate governance, diagnostic frameworks and performance management). Helen is a director and Chair of the Strategy Committee of Help Enterprises, a director of

Foodbank Queensland, and from 2003 to 2012, she was a director of WorkCover Queensland and Chair of the Audit Committee for a term. She has also previously chaired the advisory boards of two medium sized professional services firms in the property sector. Helen is a member of the Audit and Compliance Committee.

Appointed 1 October 2010 until 30 September 2013. Reappointed from 12 December 2013 until 30 September 2016.



Mark Brodie, Former Chairman

Appointed as Chairman 7 June 2012, Mark completed his term on 30 September 2015.

Chris Greig BE, MEng St, PhD, Director

Appointed a Director 16 August 2012, Chris completed his term on 30 September 2015.

William (Bill) Moorhead

B Surv (Hons), Director

Appointed a Director 6 August 2012, Bill completed his term on 30 September 2015.

Chris Ward

Solicitor – Supreme Court QLD, Director

Appointed a Director 17 July 2012, Chris completed his term on 30 September 2015.



RGTCT (left foreground) with WICT behind and Curtis Island LNG plants right of shot

Our Management Team



Peter O'Sullivan

Chief Executive Officer

Peter was appointed by the Board in July 2016.

Peter is an entrenched member of the Gladstone community and brings over 30 years of experience to the role; 14 of those years were spent working for or with GPC.

Peter has extensive operational, project and senior management experience, most recently as Project Leader for the Western Basin Dredging and Disposal Project and then as Project Director for Building Queensland.

Peter directs and controls GPC's business and operational activities, providing leadership by enhancing and developing plans and strategies to ensure short and long term objectives are achieved.

The key focus right now for GPC is a continued emphasis on safety in the workplace as well as focussing on the need to optimise the capacity of our shipping channels. Other key issues are to provide and maintain cost effective port infrastructure, while also looking to attract new trade opportunities and diversify the three Ports' activities.



Mike Galt

Commercial General Manager

Mike is principal financial adviser to the CEO and Board, and is responsible for managing commercial strategy, commercial agreements with customers, governance and corporate risk management functions. His department also manages the port property portfolio, information systems, procurement, marina, and the new business functions of the ports of Rockhampton, Bundaberg and Gladstone. Mike has over 30 years' experience in the commercial realm of heavy industry encompassing sugar, manufacturing, mining and ports. Key focus areas for 2016-17 will be researching new trade

opportunities for seaborne cargo to / from Central Queensland and continuing to improve GPC's financial outcomes while maintaining competitive pricing regimens for shipping and improving the efficiency of GPC's commercial service functions.

Mike was appointed Acting CEO by the Board from January to June 2016 whilst the recruitment process for a new CEO was undertaken.



Gary Carter

Port Planning and Development General Manager

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

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

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



Allan Brown

Cargo Handling Operations General Manager

Allan was appointed as Cargo Handling Operations General Manager in February 2012. He has been with GPC for over seven years and has over 30 years' experience in management and technical roles within the mining, refining and materials processing industries.

Allan is responsible for managing all cargo handling activities and associated infrastructure. In 2015-16, Allan's team completed a number of milestone projects with the introduction of leading edge technology on key assets and the commissioning of a system upgrade leading to significant improvements

in environmental performance. In 2016-17, the team will continue to focus on safety and environmental improvements. With coal demand not expected to increase in the year ahead, the team will also increase their focus on improving the operations efficiency.



John Sherriff

Safety, Environment and Risk General Manager

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

In 2015-16 John's team continued improvements to GPC's safety systems,

improved environmental compliance performance; actively participated in the development of Queensland Government initiatives related to the Reef 2050 Long-term Sustainability Plan; and prepared the port's security plans for the growth in LNG trade and the arrival of the first cruise ships; and progressed GPC's sustainability, risk management and business resilience efforts. In 2016-17, seeking to improve our safety outcomes John's team will implement our new "Switched On" values-based safety program; they will also focus on environmental performance that meets community and Government expectations, especially in relation to the Port's operations in the GBRWHA; and GPC's sustainability, risk management and business resilience efforts.



Captain Gary Wilson

Marine Operations General Manager

Gary was appointed as Marine Operations General Manager in February 2014. He brings over 24 years' experience at sea and a further 18 years as Harbour Master in major ports in the United Kingdom and Australia.

Gary manages the marine operations of the three ports including our pilots, launch crew, and helicopter transfer and towage contracts. He works closely with MSQ on vessel scheduling and with MSQ and the Australian Maritime Safety Authority (AMSA) on marine and vessel safety, and assists in other areas such as port security. The major focus of 2015-16 was the successful, safe and

efficient introduction on the LNG trade into the Port of Gladstone. As the business moves towards 150Mt of trade in the next few years, Gary's focus in 2016-17 will be on managing the efficiency of water-based port operations to ensure safe and optimum use of resources and coordinating the important functions in this area.



Rowen Winsor

People and Community General Manager

Rowen joined GPC in October 2015. She brings over 20 years' experience in senior leadership positions in the areas of employee relations, organisational development and community engagement in a broad range of industries such as mining, manufacturing, tourism and finance. Rowen is responsible for our employee and community focused strategies and services.

In 2015-16, Rowen's team worked to provide greater visibility of 'Our People' metrics to inform and guide key strategies for Employee Relations, Learning and Development, Community Relations and Parks and Recreation. Rowen is

the Chairperson for the ILUA Implementation Committee and set the vision for ongoing Indigenous and Employment engagement in line with GPC's recently launched Stretch Reconciliation Action Plan. She also actively engaged with the Community in the areas of Botanic to Bridge Fundrun, the HMAS Gladstone, NADOC Elders luncheon, and Gladstone Port Curtis Rotary Club.

In 2016-17, the focus will be negotiating GPC's next Enterprise Agreement and working with our community so we continue to appropriately support them as beneficiaries of our growth.



Craig Doyle, CEO

Appointed on 16 September 2013, Craig's tenure ended on 29 January 2016.

Bernie Halpin, WICET Operations General Manager

Appointed on 16 June 2014, Bernie's tenure ended on 3 July 2015.



Corporate Governance

Our governance approach ensures not only conformance, but performance



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

GPC is a public company incorporated under the *Corporations Act 2001* and subject to the requirements of the GOC Act. GMPS and GWO are companies incorporated under the *Corporations Act 2001* and are also subject to the GOC Act as wholly owned subsidiaries of a GOC. The Queensland Government is the

Figure 13: Organisation Chart

owner of all shares in GPC. These shares are held by two shareholding Ministers: the Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships, Minister for Sport and the Minister for Main Roads, Road Safety and Ports, Minister for Energy, Biofuels and Water Supply. GPC owns all of the shares in GMPS and GWO.

Driving Performance and Delivering Conformance

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

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

Our governance framework endorses good governance practices and sets the

bar for a corporation-wide commitment to the high standards of legislative compliance and financial and ethical behaviour that GPC requires to sustainably, efficiently and effectively achieve our goals and objectives. As a GOC, GPC is required to comply with the Corporate Governance Guidelines for Government Owned Corporations.

These guidelines are based upon the eight principles set out in the ASX Corporate Governance Principles and Recommendations. The Board has adopted these governance principles. This section of our annual report lays out the eight principles and demonstrates our performance against them. Our Corporate Governance policies are available at: [www.gpcl.com.au/About GPC Corporate Governance.aspx](http://www.gpcl.com.au/About-GPC-Corporate-Governance.aspx). 

Principle 1: Lay Solid Foundations for Management and Oversight

Our Board

Our Directors are appointed by the Governor-in-Council, pursuant to the GOC Act. GPC is required to have a minimum of three directors and any director may be removed at any time by the Governor-in-Council. No director is subject to retirement by rotation.

A Structure that Adds Value

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

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

Role of the Board

Our Board assumes overall responsibility for corporate governance practices within GPC and monitors the performance of the corporation, its management and employees. The Board, in conjunction with the CEO, establish and implement our operational, financial and strategic direction as outlined in our one year (SCI 2015–2016), five year (Corporate Plan 2015–2020) and long-term (50 year

Strategic Plan 2012–2062) plans. Ongoing Government, customer, community and employee consultation assists the Board to enact the corporate objectives defined in these plans.

Induction of New Members and Continuing Professional Development

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

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

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

	Board (eligible to attend / attended) (7 Held)	Audit and Compliance Committee (eligible to attend / attended) (4 Held)	Human Resources Committee (eligible to attend / attended) (3 Held)
Leo Zussino	5 (out of 5)	3 (out of 3)	2 (out of 2)
Grant Cassidy	5 (out of 5)	3 (out of 3)	0 (out of 0)
Peter Coronas AM	5 (out of 5)	0 (out of 0)	2 (out of 2)
Gail Davidson	5 (out of 7)	0 (out of 0)	2 (out of 3)
Peta Jamieson	5 (out of 5)	0 (out of 0)	2 (out of 2)
Judy Reynolds	7 (out of 7)	4 (out of 4)	0 (out of 0)
Helen Skippen	7 (out of 7)	4 (out of 4)	0 (out of 0)
Mark Brodie	2 (out of 2)	1 (out of 1)	1 (out of 1)
Prof Chris Greig	2 (out of 2)	0 (out of 0)	1 (out of 1)
William (Bill) Moor-head	2 (out of 2)	0 (out of 0)	1 (out of 1)
Chris Ward	2 (out of 2)	0 (out of 0)	1 (out of 1)

Principle 2: Structure the Board to Add Value Board Meetings

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

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

- › apologies, declarations and minutes of meetings
- › declarations of interest or pecuniary interest
- › Board action list and correspondence
- › work, health and safety report
- › committee reports

- › monthly reports on GPC's financial performance
- › monthly reports on GPC's non-financial performance (through a CEO's report detailing the activities of each department)
- › commercial and governance decisions requiring resolution
- › monthly reports on projects and new infrastructure.

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

Board Committees

The Board may delegate its powers to a committee of Directors. GPC has two committees, the Audit and Compliance Committee comprising four Directors and the Human Resources Committee comprising four Directors. One Director on each committee is appointed Committee Chairman by the Chairman of the Board.

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

Director Independence

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

The following materiality thresholds apply to the definition of independence:

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

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

Gaining Independent Advice

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

Board Performance Review

The Board, as part of its governance process, has committed to ensure a regular process of review is in place. The Chairman conducts a review of the skills around the Board table and identifies any skills that may be required in the future. Whilst the Chairman does not himself have the right to appoint Directors, it is acknowledged that shareholding Ministers take skill requirements into account when appointing Directors. Performance of the Board, its Committees and individual Directors is reviewed and evaluated on a regular basis. The next review is scheduled for the 2016-17 financial year. A review was conducted during the 2014-15 financial year. The review involves individual sessions between the Chairman and each Director. In addition, from time to time, an external consultant may be engaged to assist with the evaluation and review of Board performance. Directors' attendance at 2014-15 Board meetings was in accordance with their individual terms of appointment to the Board.

Principle 3: Act Ethically and Responsibly

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

Code of Conduct

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

Fraud and Corruption Prevention

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

Procedure on Public Interest Disclosure

On 1 January 2010, the *Public Interest Disclosures Act 2010* (PID Act) came into effect. The PID Act creates an obligation on GPC to implement reasonable procedures to deal with Public Interest Disclosures (PIDs). GPC is committed to creating and maintaining a workplace where strong ethical standards are upheld and displayed through

employee behaviour. This includes the reporting and management of misconduct and reprisal, legally referred to as Public Interest Disclosure (PID).

This procedure has been developed to encourage the reporting of PIDs, provide transparent and accessible reporting processes, and protect employees who make a PID. The Company Secretary is the PID Officer for the purposes of the procedure. All PIDs and related activity are reported to the Audit and Compliance Committee by the PID Officer on a regular basis for consideration. Employees are also reminded of their obligations under this procedure at the annual business update sessions.

Whistleblowers Hotline

All suspected and actual misconduct and reprisal action must be reported in accordance with the PID procedure. Under our Code of Conduct, all GPC employees are required to report any reasonably based suspicion of theft, fraud, assault, corruption and / or official misconduct to their manager, another appropriate officer of GPC, the PID Officer, through GPC's confidential reporting Hotline (1800 063 408), or through the Crime and Corruption Commission at: www.ccc.qld.gov.au  or on 1800 061 611.

While the GPC Hotline is intended primarily to be a service for employees, contractors and customers of GPC, the same reporting channel is available for the community to raise issues and concerns. No calls to the Hotline will be dismissed on the basis of their source.

The service is provided by Deloitte. Nil misconduct matters were received on our Hotline during the year. Nil environmental reports were received during the year. Where calls were received about other matters, these were redirected to the relevant departments for action.

Principle 4: Safeguard Integrity in Corporate Reporting Audit and Compliance Committee

The Audit and Compliance Committee comprises Judy Reynolds (Chair), Leo Zussino, Grant Cassidy and Helen Skippen. The qualifications of the members have been included in Directors' biographies. The Committee is assisted by the CEO and the Commercial General Manager. The internal and external auditors are invited to attend Committee meetings to present relevant reports and to openly discuss any concerns with the Committee, without management influence.

The responsibilities of the Audit and Compliance Committee include, but are not limited to:

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

The Audit and Compliance Committee operates under a charter established by GPC's Board. During 2015-16, the Audit and Compliance Committee reviewed and observed the terms of its charter and had due regard to Queensland Treasury's Audit Committee Guidelines.

External Audit Arrangements

GPC, in accordance with the *Auditor General Act 2009*, uses the Queensland Audit Office as its external auditor.

Internal Audit

Internal audit is an independent function that assists the Board and management in the effective discharge of

their responsibilities. The Audit and Compliance Committee defines the internal auditors' scope of work through establishment of an annual internal audit plan.

It also reviews the reports of the internal auditors, and assesses their quality of work. Deloitte Touche Tohmatsu's appointment expired 31 December 2015. 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 Deloitte Touche Tohmatsu and KPMG.

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

- a) Asset Management and Maintenance Internal Audit
- b) Follow up of previous findings
- c) IT Help Desk Audit
- d) Helicopter Marine Pilot Transfer Service Audit
- e) First Impressions Report.

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 2015-16, the Board recommended to shareholders a dividend payment of 100% of after tax profit, adjusted for any unrealised movements from the revaluation of non-current assets.

Records Management

GPC is aware of its responsibilities under the *Public Records Act 2002* and in 2015-16 GPC formulated an Information Management Policy, Records Management Standard and Archive Management Procedure in line with ISO 40 Recordkeeping used under the *Financial Accountability Act 2009* 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 2015-16 financial year. There were no notifications issued by shareholding Ministers under the GOC Act for the 2015-16 financial year.

Principle 5: Make Timely and Balanced Disclosure Corporate Planning and Disclosure

GPC presents a 12-month SCI and 5-year Corporate Plan to shareholding Ministers annually. The SCI forms the basis of the contract between GPC and shareholding Ministers. Status reports are presented monthly and quarterly to shareholding Ministers. Reports against key performance indicators are provided to the Board monthly. In addition, the CEO regularly advises shareholding

Ministers' departments on developing projects and GPC's proposed actions. This is also done through written briefings as required. GPC complied fully with all SCI requirements during 2015-16.

Principle 6: Respect the Rights of Security Holders

This principle requires GOCs to respect the rights of shareholding Ministers and their representatives, having regard to the requirements of responsible government. As a GOC, GPC at all times seeks not only to comply with statutory and legal requirements but to go beyond where relevant.

Principle 7: Recognise and Manage Risk

Our Board retains ultimate responsibility for risk management and for determining the appropriate level of risk that the Board is willing to accept in the conduct of our business activities. The CEO

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

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

Supervisors are required to ensure that as new risks are identified, or current risks are removed or escalated, the Business Risk Database is updated and that risks are communicated to their respective business units.

A formal review of each business unit's risks must also be conducted by supervisors at least once a year as part of the business planning and budgeting process. These reviews consider the completeness of the risks identified, the accuracy of assessments, and review the effectiveness and continued operation of identified controls and accountabilities.

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

Principle 8: Remunerate Fairly and Responsibly

Human Resources Committee

The Human Resources Committee comprises Leo Zussino (Chairman), Gail Davidson, Peta Jamieson and Peter Coronas AM. In November 2015, following the reconstitution of the Board, the Committee was restructured. The Committee was assisted by the CEO Commercial General Manager, and the People and Community General Manager.

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

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

The Human Resources Committee continued

to review and approve GPC's strategic plans for Health and Safety. During 2015-16 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 2015-16 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. General Managers' remuneration and associated responsibilities are benchmarked against the market by an independent Human Resources consulting firm approved by Queensland Government. Details of General Managers' remuneration are disclosed in the Notes to the Accounts in accordance with GOC remuneration disclosure requirements (see Note 23).

Performance Based Payments for General Managers

General Managers' remuneration was approved by the Board in accordance with the Government's guidelines.

Corporate Entertainment

GPC did not incur any expenses in excess of \$5,000 for any event during 2015-16.

Financial Overview

Despite market challenges, growth for coal is predicted in the coming year due to WICT's ramp up

Company Performance

In 2015-16, GPC delivered a NPAT of \$83.3M, a 15% increase from \$72.1M in 2014-15. The profit and loss includes the effect of asset devaluations which reduced profit by \$10.8M (2014-15 a net revaluation increase of \$2.5M).

GPC continues to experience growth in shipments with a record tonnage throughput of 116.7Mt achieved across the three ports, this is a 16% increase from 2014-15.

Import / export tonnes at the Port of Gladstone totalled 116.0Mt, Port of Rockhampton 0.2Mt, and Port of Bundaberg 0.5Mt.

Coal tonnages were 72.2Mt; a 5% increase from 2014-15 as a result of increasing tonnage throughput from WICT. The coal industry continues to face market challenges, however further growth for 2017 is predicted with ramp up at the new WICT continuing.

During the 2015-16 financial year 12.2Mt (2014-15: 1.61Mt) of shipments of Liquefied Natural Gas (LNG) occurred as the industry continues to ramp up production. Other trades were stable at approximately 28.0Mt.

Import / export tonnes at the Port of Bundaberg remained stable. Trade at the Port of Rockhampton also remained stable at 0.2Mt.

2016-17 is forecast to see further growth in tonnage throughput through the Port of Gladstone, predominantly via three LNG export facilities on Curtis Island (two of which are expected to become operational during the year) and the export of coal through WICT.

Revenue

Total income of \$478.9M, included a record sales revenue of \$426.1M, up 5.5% from 2014-15, and other income of \$48.2M. Other income has increased from \$42.7M (2014-15) primarily as a result of a settlement for terminating the Terminal Operating Agreement for WICT.

The improvement in sales revenue was driven by the record tonnages and shipping activity at Gladstone.

Expenses

Operational expenses (before depreciation) increased this year by 7% to \$127.6M, primarily due to bad debts of \$22.9M being incurred following the failure of several coal customers during 2015-16. Energy costs inclusive of diesel fuel and electricity showed decreases in price during 2015-16 but have started to increase at the latter end of the year. Total employee expenses remained stable at \$126.8M. This was driven largely by GPC not filling vacancies except where necessary following a downturn in the coal industry.

Table 5: Local, Regional and State procurement

	2011-12	2012-13	2013-14	2014-15	2015-16
Total procurement	112,300	275,262	237,093	269,934	198,827
Local, Regional and State procurement	82,000	254,634	190,164	200,277	150,922
Local, Regional and State procurement as a % of total spend	73%	93%	80%	74%	76%

During the period total FTE numbers reduced by 21 to 731 at the end of the year.

Support for Our Local Businesses

The application of our purchasing policies and practices ensures that GPC makes a broader economic contribution through the continued support of Local, Regional and State businesses.

This year 76% of our operational spend was in Queensland. Of this 58% (or approximately \$87.0M) was spent with local and regional suppliers on a diverse range of services and products (refer Table 5).

This outlay was up considerably on the value of last year's local procurement due to expenditure on some key projects.

Capital Expenditure

Our capital expenditure program is aligned with our growth strategy. This year it delivered further capability to support capacity requirements to ensure that we continue to meet customer demands. New capital works totalled \$67.9M across all new and prior approved works (2014-15: \$74.8M).

Operating Cash Flow

A net increase in cash and cash equivalents of \$66.2M occurred this year. Cash funds increased due to the receipt of one off revenue from the termination of the WICET Terminal Operating Agreement and reduced capital expenditure. \$67.9M was invested in new and replacement infrastructure assets. Dividend payments to shareholders totalled \$54.4M

Statement of Financial Position

Our balance sheet remains in a strong position with net assets of \$997.6M.

Current assets increased by 26% to \$252.3M, with cash increasing due to our capital investment program being delayed, and the receipt of one off revenue for the termination of the WICT Terminal Operating Agreement.

Trade and other payables (Note 13) reflects the movement in revenue received in advance.

Non-current assets decreased by \$52.5M. The largest contributor to this was revaluations, which after adjustment for fair market values, decreased total asset values by \$59.9M.

The 2015 results were restated following the detection of three errors in the calculation of the 2015 result. This had the net impact of increasing the value of property, plant and equipment by \$272.5M.

Further disclosure can be found in the accompanying financial statements.

Current liabilities increased by 259% to \$507.6M. This was a result of a provision of \$315M for a special dividend to be funded from borrowings in 2016-17, along with an increase in annual dividend provision from 80% of adjusted profit to 100%.

Non-current liabilities decreased by \$9.7M, with the deferred tax liability decreasing as a result of the asset revaluation decreases.

Debt Position

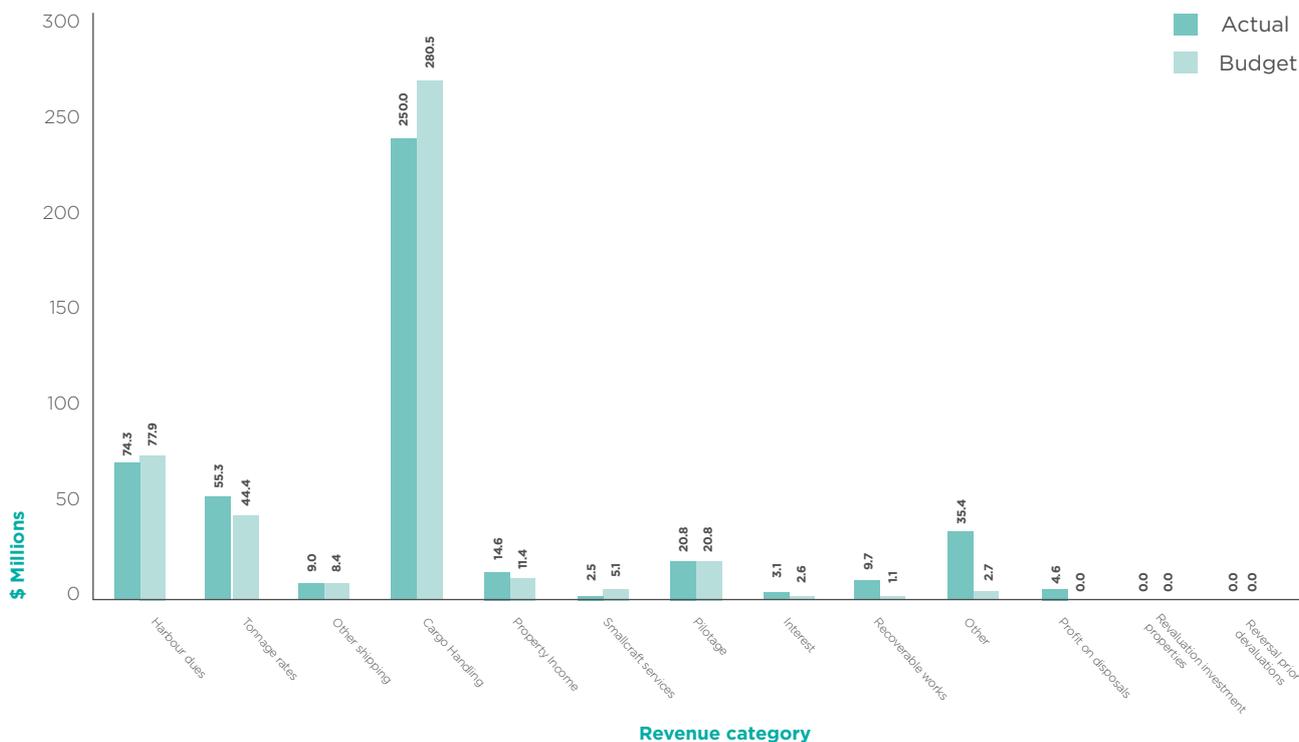
At 30 June 2016, GPC has loans with Queensland Treasury Corporation totalling \$461.2M. No new borrowings were required during 2015-16. GPC's current Debt to Debt + Equity ratio is 32.05.

The special dividend of \$315M payable in 2017 will be funded entirely from borrowings. This will impact the debt to debt + equity ratio in 2017. GPC's funding of future capital expansion will need to be closely monitored.

Long-term Agreements

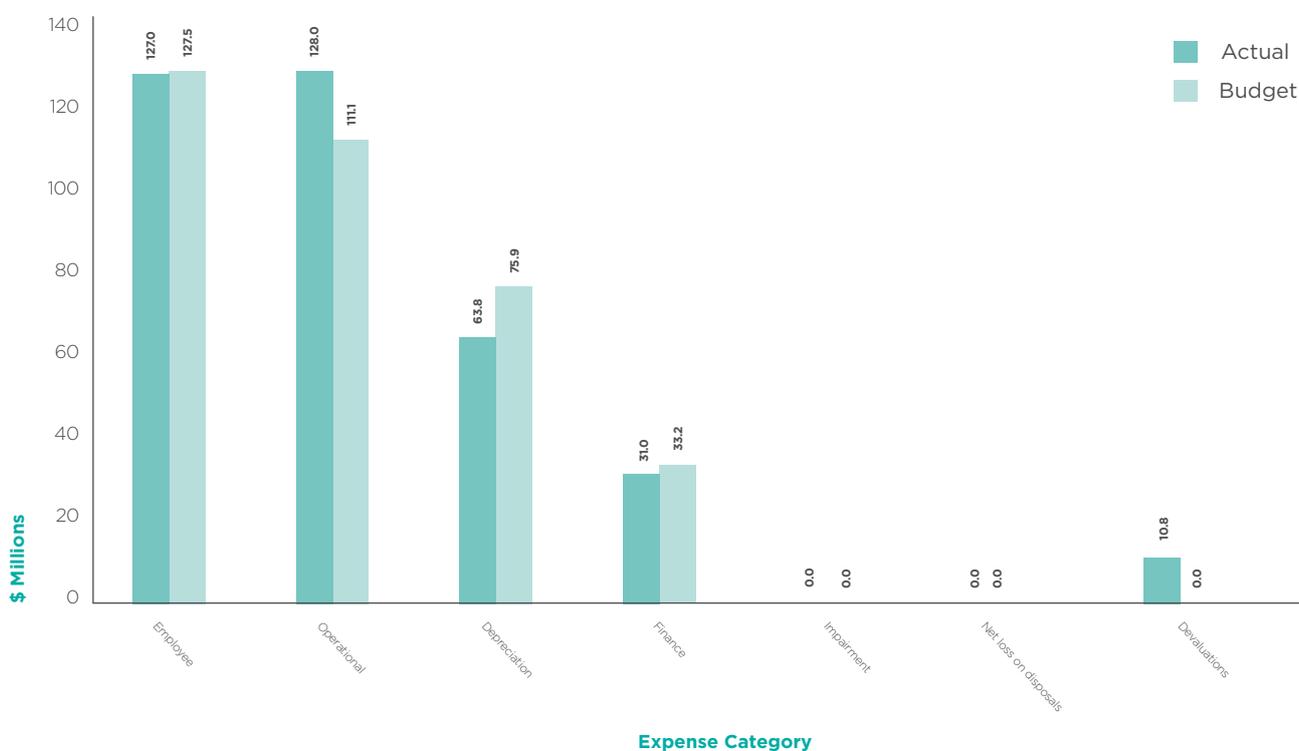
GPC continues to work with its customers to promote long-term Port and Cargo Handling Agreements that secure capacity rights for major shippers. These agreements provide certainty for land side terminal handling capability and ensure channel capacity for shippers. During 2016 negotiations continued with major customers and government to finalise these agreements.

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



Revenue

Total revenue increased in 2015-16 due to increased sales revenue as LNG and WICT tonnages continue to increase. Other revenue increased as a result of one off revenue from the termination of the WICET terminal operating agreement offsetting a reduction in recoverable works revenue for the LNG industry during their construction phase.



Expenses

Employee expenses remained static in 2015-16 as a result of vacant positions not being filled due to the downturn in coal throughput at GPC terminals. Operational expenses increased as a result of \$22.9M of bad debts in relation to failed coal customers which partially offset a reduction in materials due to a change in accounting treatment for dozer overhauls from operational costs to capital costs.



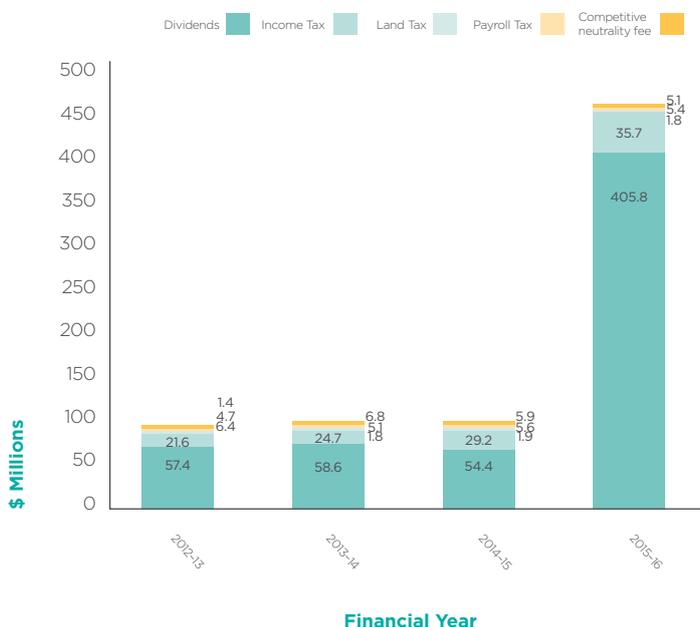
EBIT

EBIT increased by 11% in 2015-16. This has mainly been a result of additional sales revenue from the ramp up of the LNG industry and WICT coal tonnages.



NPAT

NPAT increased 16% in 2015-16, in line with the EBIT increase.



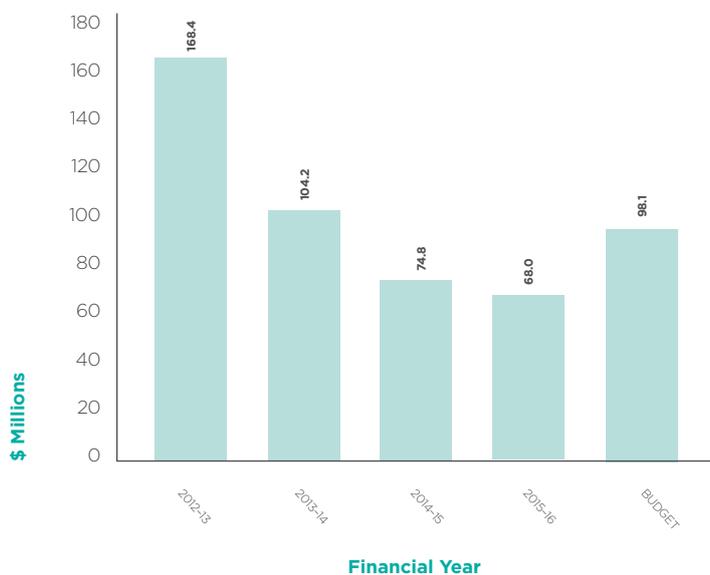
Dividends and Taxes

The 2015-16 dividend is an increase of 646% on the prior year. This is a result of a special dividend of \$315M being provided which will be funded entirely from borrowings. In addition the annual dividend rate has increased from 80% of adjusted after tax profits to 100%.



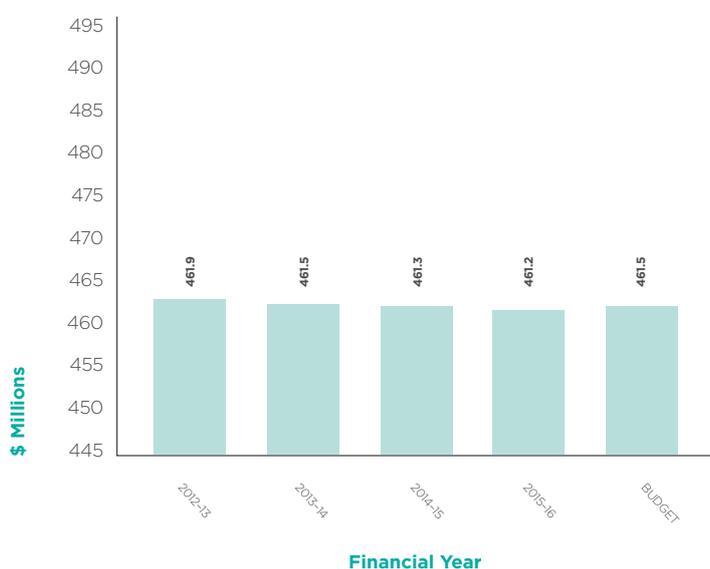
Total Assets

Total assets remained static in 2015-16, predominantly as a result of asset revaluation outcomes. The 2014-15 results were restated following identification of errors in the calculation of the 2014-15 revaluation process. This resulted in an increase in total assets of \$272.5M.



Capital Expenditure

Capital expenditure of \$67.9M was incurred in 2015-16. The major projects included continuation of the EIS for the channel duplication project, continuation of the Control System upgrades, continuation of the wharf slurry project at RGTCT, and the commencement of major structural refurbishment of the CC1A conveyor stream at RGTCT. Capital expenditure is forecast to remain high during 2016-17 as existing projects continue and new projects such as the Clinton vessel interaction project are undertaken.



Interest Bearing Liability

Interest bearing liabilities remained static as GPC neither increased borrowings nor reduced debt levels during the year. GPC will be funding the \$315M special dividend provided for in 2015-16 entirely from new borrowings in 2016-17.



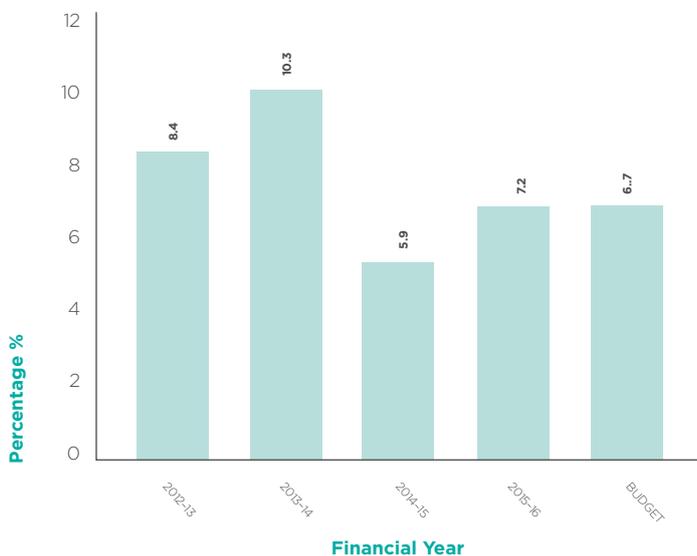
Shareholder Equity

Contributed equity remained static in 2015-16. The asset revaluation reserve decreased significantly to incorporate outcomes from the asset revaluation during 2015-16 along with the provision of a special dividend from reserves to the extent that it was not covered by retained profits. The predominant value of the devaluation was assigned to the channel assets, with investment land devaluations being reflected in the Consolidated Statement of Profit and Loss. Retained profits have also been extinguished in order to provide for the special dividend of \$315M.



Return on Assets

Return on assets increased for 2015-16 to 6.6%, as a result of increased profitability in 2015-16.



Return on Equity

Return on equity increased in 2015-16 to 7.2% as profits continued to improve coupled with the reduction in equity following the provision of a special dividend of \$315M.

GLADSTONE PORTS CORPORATION LIMITED

ACN 131 965 896
ABN 96 263 788 242

Consolidated Annual Financial Statements For the year ended 30 June 2016

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

The statements are general purpose in nature and provide a full presentation of all of the financial activities of GPC. The consolidated financial report of GPC for the year ended 30 June 2016 was authorised for issue to shareholding Ministers in accordance with a resolution of the Directors on 29 August 2016.

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Directors' Report for the year ended 30 June 2016

The Directors present their report together with the consolidated financial statements of Gladstone Ports Corporation Limited, being Gladstone Ports Corporation Limited (the parent) and its controlled entities (Gladstone Marine Pilot Services Pty Ltd and Gladstone WICET Operations Pty Limited) for the year ended 30 June 2016 and the auditor's report thereon.

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

In order to comply with the provisions of the Corporations Act 2001 the Directors submit their report for the year ended 30 June 2016.

Directors

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

Chairman

Leo Zussino BE, MBA

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

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

- › Chairman, Australian Maritime Safety Authority, 2008 to 2014.
- › Chairman, Gladstone Economic & Development Board, 2001 to 2012.
- › President, Ports Australia, 1996 to 1998.
- › Chairman, Queensland Ports Authority Association, 1992 to 1999.
- › Council Member, CQ University, 1990 to 2001.

Grant Cassidy FAICD

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

Grant has over 14 years' experience in the Gladstone area tourism industry, gained as Managing Director of the Cassidy Hospitality Group, a specialist group which owns and operates accommodation and restaurant businesses in the region. His 15 year's media experience provides a depth of understanding of sales, marketing and media management. As a very active and long-term contributor to the area's community organisations Grant understands local issues, having been Chairman of Capricorn Enterprise - the regions peak tourism and economic development organization and as a former member of Tourism Queensland Board. In the latter role he chaired the Audit and Risk committee. Grant has also previously held board positions with organisations such as Rockhampton Girls Grammar School and CQ University Australia. Recently, Grant was one of the three Rockhampton representatives to attend The Queensland Plan forums.

Peter Corones AM

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

A business proprietor and company director, Peter's strong background spans 40 years of extensive commercial and community experience. Over the past three decades he has been a member of, or served in titled executive and non-executive roles on, a number of key Boards and Authorities in the region. Current roles include Chairman of Gladstone Area Group Apprentices Limited (GAGAL) and Governor in Council appointee to the CQ University Council. Peter served on the City of Gladstone Council for more than 20 years, was Mayor for 14 years, and is a past Director of the Group. 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. 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.

Gail Davidson, GAICD

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

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

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

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

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

Judy Reynolds, BBus, CA, MAICD

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

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

Helen Skippen, BBus, MBA, GAICD

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

Helen combines 35 years as a business consulting professional working in market and business strategy, with over 10 years of board experience in a range of large and small organisations, across a mix of private, public and not-for-profit (NFP) sectors. She has extensive experience in market research/ analysis, stakeholder engagement, strategic business/market strategies/plans; and organisation performance (corporate governance, diagnostic frameworks and performance management). Helen is a director and Chair of the Strategy Committee of Help Enterprises, a director of Foodbank Queensland, and from 2003 to 2012, she was a director of WorkCover Queensland and Chair of the Audit Committee for a term. She has also previously chaired the advisory boards of two medium sized professional services firms in the property sector.

Previous Chairman

Mark Brodie

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

Previous Deputy Chairman

Professor Chris Greig, BE, ME St., PhD

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

Previous Director

William (Bill) Moorhead, BSurv (Hon)

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

Previous Director

Chris Ward, Solicitor of the Supreme Court of Queensland

Appointed 17 July 2014 until 30 September 2015.

Company Secretary

Mariette Lansdell, BComm (Hons), MBA, AGIA

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

Principal Activities

The consolidated entity's principal activities are to:

- a) provide import and export shipping infrastructure to the Central Queensland region through the Port of Gladstone, Port of Rockhampton and Port of Bundaberg, and encourage the use of these facilities for the economic benefit of stakeholders;
- b) manage cargo handling facilities for coal and other bulk products at Port of Rockhampton, RG Tanna Coal Terminal, Barney Point Terminal and Auckland Point facilities;
- c) develop, manage and lease land and other assets for port related purposes; and
- 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 \$83.298M (2015: \$72.145M) representing an increase of 15.5% from the previous year. All profits are from continuing operations. The 2016 results included net devaluations of \$10.755M (2015: revaluations of \$2.452M). These related primarily to investment properties write downs. There were no net impairment losses identified in 2016 compared to \$8.885M in 2015, as a result of assets being impaired at the East Shores Project.

Auditor Independence

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

Dividends

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

	2016 \$'000	2015 \$'000
Dividends paid from prior year profits	54,400	58,567
	Cents per share	Cents per share
Dividend per share	13.53	14.28

In addition to the above dividends, the Directors recommended the payment of a final dividend at 100% of profits, as adjusted for revaluations, along with a special dividend of \$315.000M (78.35cents per share). The final dividend amounts to \$90.827M (22.59 cents per share).

Review of Financial Conditions and Likely Developments

Cargo imports and exports for the Group totalled 116.726 million tonne in 2016, a 16% increase over the 2015 period. The new Wiggins Island Coal Terminal) and three Liquefied Natural Gas Terminals (LNG) (QGC; GLNG; and APLNG) all continued with commissioning and ramp up of their facilities. These were the major contributors to the increased volumes.

Increases in shipping volumes, to varying degrees, are expected to continue to improve in the medium term despite difficult trading conditions within all of the major cargo groups (i.e. Bauxite/Alumina, Coal, and LNG).

Maintaining prudent and efficient costs will be important for the Group in order to lighten impacts on our customer base.

A number of the Group's commercial contract arrangements do assist in mitigating volume risk to varying levels, in the event of movements in markets which may affect an individual customer volume.

Other product trade in the Ports of Gladstone, Rockhampton and Bundaberg are expected to either remain in line with that achieved in 2016 or marginally improve. Bundaberg is expected to experience increased trade in mineral sands and wood pellet exports, and will have a new plaster board plant importing gypsum within 18 months. General container trade at Gladstone is predicted to improve as Gladstone concentrates on providing an alternate shipping service for its hinterland region. The Barney Point terminal has closed as a coal handling facility, but will be restructured to manage other dry bulk trades.

Further investment in shipping channels is planned to commence in 2017 to improve vessel transit times from the Wiggins Island Coal terminal.

Significant Changes in the State of Affairs

During 2014 GPC established two wholly owned subsidiary companies, Gladstone Marine Pilot Services Pty Ltd (GMPS) and Gladstone WICET Operations Pty Ltd (GWO). GMPS was established to run the pilotage business following the transfer of this business from Maritime Safety Queensland. GWO was established to manage the operations of WICET. This company commenced trading during the year ended 30 June 2015, to assist WICET Pty Ltd in the completion of commissioning and in preparation for the commencement of cargo handling operations. This company ceased operating in May 2016 following the termination of the terminal operating agreement between GPC and WICET.

Environmental Regulation

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation. Refer to comments under the section 'Environment and Sustainability' of the 2016 Annual Report.

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

Indemnification and Insurance of Directors and Officers

During the financial year the Group indemnified all Directors and Executive Officers in respect of Directors and Officers liability and company reimbursement insurance. The premium paid amounted to \$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; and
- (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 (7 held)	Audit and Compliance Committee (4 held)	Human Resources Committee (3 held)
Mark Brodie	2 (out of 2)	1 (out of 1)	1 (out of 1)
Professor Chris Greig	2 (out of 2)	0 (out of 0)	1 (out of 1)
William (Bill) Moorhead	2 (out of 2)	0 (out of 0)	1 (out of 1)
Chris Ward	2 (out of 2)	1 (out of 1)	0 (out of 0)
Judy Reynolds	7	4	0 (out of 0)
Helen Skippen	7	4	0 (out of 0)
Gail Davidson	5 (out of 7)	0 (out of 0)	2 (out of 3)
Leo Zussino	5 (out of 5)	3 (out of 3)	2 (out of 2)
Peter Corones AM	5 (out of 5)	0 (out of 0)	2 (out of 2)
Peta Jamieson	5 (out of 5)	0 (out of 0)	2 (out of 2)
Grant Cassidy	5 (out of 5)	3 (out of 3)	0 (out of 0)

Committee Membership

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

Audit and Compliance Committee:

Judy Reynolds – Chair
Leo Zussino
Helen Skippen
Grant Cassidy

Human Resources Committee:

Leo Zussino – Chair
Gail Davidson
Peter Corones AM
Peta Jamieson

Directors' Interests

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

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

Rounding of Amounts

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

Proceedings against the Company

There are no proceedings against the company.

Subsequent Events

There has not been any matter 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:



Leo Zussino
Chairman
Dated: 29 August 2016

Auditors Independence Declaration for the year ended 30 June 2016

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 year ended 30 June 2016, 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.



M Reardon CPA
Acting Director
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2016

	Note	2016 \$'000	Restated 2015 \$'000
Continuing operations			
Revenue	7(a)	426,138	404,024
Other income	7(a)	48,221	42,652
Net profit on disposal of non-current assets		4,581	1,177
Fair value revaluation of investment properties	11(d), 12	-	4,879
Reversal of prior devaluations	11(d)	-	264
Total income		478,940	452,996
Employee benefits expenses		(126,796)	(128,923)
Operational expenses	7(b)	(127,625)	(118,768)
Depreciation/amortisation expenses	7(b)	(63,782)	(59,022)
Finance costs	7(b)	(30,984)	(32,420)
Impairment (net of impairment reversals)	11(e)	-	(8,885)
Fair value devaluation of non-current assets	11(d)	(10,755)	(2,691)
Profit from continuing operations before income tax		118,998	102,287
Income tax expense	8(a)	(35,700)	(30,142)
Profit for the year		83,298	72,145
Other comprehensive income			
That will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment		-	321,126
Devaluation of property, plant and equipment and intangible assets		(49,169)	(639)
Income tax relating to components of other comprehensive income	8(e)	14,750	(96,146)
Other comprehensive income for the year, net of income tax		(34,419)	224,341
Total comprehensive income for the year		48,879	296,486
Profit attributable to:			
Owners of Gladstone Ports Corporation Limited		83,298	72,145
Total comprehensive income for the year is attributable to:			
Owners of Gladstone Ports Corporation Limited		48,879	296,486

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 30 June 2016

	Note	2016 \$'000	Restated 2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	9	177,818	111,596
Trade and other receivables	10	56,512	70,489
Inventories		13,167	12,372
Prepayments		1,687	694
Assets classified as held for resale		425	5,061
Derivative financial instruments		2,702	-
Total current assets		252,311	200,212
Non-current assets			
Property, plant and equipment	11	1,882,521	1,934,506
Deferred tax assets	8(d)	14,010	12,991
Intangible assets		19,132	18,332
Investment properties	12	108,250	110,559
Total non-current assets		2,023,913	2,076,388
Total assets		2,276,224	2,276,600
Liabilities			
Current liabilities			
Trade and other payables	13	50,767	42,991
Short-term provisions	15	446,498	86,867
Income tax payable	8(c)	7,535	11,469
Derivative financial instruments	20	2,801	-
Total current liabilities		507,601	141,327
Non-current liabilities			
Trade and other payables	13	22,129	24,094
Long-term borrowings	14	461,193	461,344
Long-term provisions	15	12,364	11,476
Deferred tax liabilities	8(e)	295,331	303,805
Total non-current liabilities		791,017	800,719
Total liabilities		1,298,618	942,046
Net assets		977,606	1,334,554
Equity			
Issued capital		675,496	675,496
Asset revaluation reserve		302,110	463,131
Retained earnings		-	195,927
Total equity		977,606	1,334,554

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2016

	Note	Issued capital	Asset revaluation reserve	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000
Balance 1 July 2014		676,717	238,818	178,154	1,093,689
Total comprehensive income attributable to owners of the equity					
Profit or loss		-	-	72,145	72,145
Other comprehensive income		-	224,341	-	224,341
Transfers within equity					
Transfer of assets from Government		(1,221)	-	-	(1,221)
Disposal of revalued assets		-	(28)	28	-
Transactions with owners in their capacity as owners					
Dividends proposed	17	-	-	(54,400)	(54,400)
Balance 30 June 2015		675,496	463,131	195,927	1,334,554
Total comprehensive income attributable to owners of the equity					
Profit or loss		-	-	83,298	83,298
Other comprehensive income		-	(34,419)	-	(34,419)
Transfers within equity					
Disposal of revalued assets		-	(8)	8	-
Transactions with owners in their capacity as owners					
Dividends provided for or paid	17	-	(126,594)	(279,233)	(405,827)
Balance 30 June 2016		675,496	302,110	-	977,606

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from customers		537,967	476,989
Tax equivalents paid to Queensland Treasury		(34,377)	(29,184)
Net FBT, Fuel Tax Credit and GST paid to ATO		(28,050)	(17,236)
Payments to suppliers and employees		(265,871)	(276,658)
Interest received		3,083	3,188
Interest paid/competitive neutrality fee		(30,984)	(32,420)
Net cash flows from operating activities	9(a)	181,768	124,679
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		6,933	2,921
Purchase of property, plant and equipment		(65,799)	(69,531)
Purchase of intangibles		(2,129)	(5,253)
Net cash flows used in investing activities		(60,995)	(71,863)
Cash flows from financing activities			
Return of equity		-	(1,221)
Repayment of borrowings		(151)	(176)
Dividends paid		(54,400)	(58,567)
Net cash flows from financing activities		(54,551)	(59,964)
Net increase/(decrease) in cash and cash equivalents		66,222	(7,148)
Cash and cash equivalents at beginning of the financial year		111,596	118,744
Cash and cash equivalents at the end of the financial year	9	177,818	111,596

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2016

1. General information

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

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

Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure is provided in Note 4 and information on other related party relationships is provided in Note 24.

2. Summary of significant accounting policies

(1) Basis of preparation

Functional currency

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

Measurement of assets and liabilities

This consolidated financial report has been prepared under the historical cost convention, except for the following asset classes, which are measured at fair value at reporting date:

- › Property, plant and equipment except for work in progress;
- › Investment properties; and
- › Financial instruments, which have been measured at fair value.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

2. Summary of significant accounting policies (cont)

(1) Basis of preparation (cont)

Rounding of amounts

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

(2) Statement of compliance

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

The consolidated financial statements of Gladstone Ports Corporation Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 29 August 2016.

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

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

Accounting policies

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

Accounting Standards and Interpretation issued but not yet effective

The Group has not adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective for the annual reporting period ended 30 June 2016. These are outlined in the table below:

Title	Operative for reporting periods beginning on/after
AASB 9: Financial Instruments	1 January 2018
AASB 2014-4: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
AASB 15: Revenue from Contracts With Customers	1 January 2018
AASB 16: Leases	1 January 2019

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

(4) Prior year adjustment

Three errors were identified with the income approach valuation completed in the prior 2015 reporting period for property, plant and equipment. Firstly the discounted cash flow (DCF) technique taxation calculation was overstating the taxation deduction which had the impact of understating the overall value. Secondly in the expenses, one profit centre did not flow through in the DCF model which also had the effect of overstating value. Lastly the capital forecast in the outer years of the DCF model was overstated which had the impact of understating value. The net result was an increase in the property, plant and equipment valuation of \$272.5M. This was attributed to the channel in property, plant and equipment in accordance with the allocation methodology used in 2015. These changes also had the impact of increasing the asset revaluation reserve by \$190.6M and deferred taxation by \$81.8M. There were no changes to the opening balances of the 2015 financial year statement of financial position. There was no material impact on the operating results of GPC in 2015.

2. Summary of significant accounting policies (cont)

(5) Significant accounting policies

a. Basis of consolidation

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

The profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

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

b. Classification between current and non-current

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

c. 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.

d. Revenue recognition

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

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

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

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

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

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

2. Summary of significant accounting policies (cont)

(5) Significant accounting policies (cont)

e. Taxation

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

Current income tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

Tax consolidation

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

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

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

f. Goods and services tax (GST)

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

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

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

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

2. Summary of significant accounting policies (cont)

(5) Significant accounting policies (cont)

g. Dividends

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

h. Property, plant and equipment

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

Initial recognition

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

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

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

Depreciation

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

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

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

Revaluations

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

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

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

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

2. Summary of significant accounting policies (cont)

(5) Significant accounting policies (cont)

h. Property, plant and equipment (cont)

Impairment

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

When an impairment loss is reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The revised carrying amount must not exceed the carrying amount that would have been recorded had no impairment loss been recognised for the asset in prior years.

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

Disposal

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

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

i. Leases

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

Group as a lessor

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

j. Borrowing costs

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

k. Intangible assets

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

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

2. Summary of significant accounting policies (cont)

l. Investment properties

Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

External valuers are used for the valuation of investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

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

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

m. Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held to maturity investments and loans and receivables, or, as derivatives designated as hedging instruments in an effective hedge, as appropriate. The classification depends upon the nature and purpose of the financial assets and is determined at the time of initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest rate method

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

2. Summary of significant accounting policies (cont)

m. Financial instruments (cont)

Financial assets (cont)

Held-to-maturity investments

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

Derecognition

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

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

Impairment of financial assets

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are initially measured at fair value. Financial liabilities are classified, at initial recognition, as payables or loan and borrowings. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities are added to the fair value of the financial liability as appropriate on initial recognition.

Payables

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

Loans and borrowings

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

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

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

2. Summary of significant accounting policies (cont)

m. Financial instruments (cont)

Financial liabilities (cont)

Loans and borrowings (cont)

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

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

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 14.

Derecognition

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

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

n. Derivative financial instruments

Where the Group is exposed to the risk of fluctuations in foreign currency exchange rates, the Group enters into derivative financial instrument arrangements to reduce this exposure. Financial derivatives may be held to cover a known exposure but only to the extent of the exposure and not for speculative purposes. Unrealised exchange gains or losses resulting from these transactions are recognised at 30 June each year. The balance of the gain or loss on the transaction is recognised on settlement of the transaction.

o. Cash and short term deposits

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

p. Provisions

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

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

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

(ii) Long service leave and vested personal leave

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

(iii) Superannuation

All GPC and GMPS employees are members of QSuper. GWO employees have a choice of superannuation fund and these are all defined contribution funds. QSuper operates both a defined benefit and defined

2. Summary of significant accounting policies (cont)

p. Provisions (cont)

(iii) Superannuation (cont)

contribution fund. Employees at 30 June 2016 may be a member of the defined benefit fund, defined contribution fund or both. They may remain in either fund. Existing employees can transfer from the defined benefit fund to the contribution fund but cannot transfer from the defined contribution fund to the defined benefit fund. New employees must join the defined contribution fund.

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

The Treasurer of Queensland, based upon advice received from the State Actuary, determines employer contributions and the amount of this contribution is recognised as an expense. The latest actuarial review of the DB fund is available on QSuper's website - <https://qsuper.qld.gov.au/~media/PDFs/QSuperpublic/Publications/Annual-report/actuarialreport2013.ashx?la=en>. Actuarial reviews occur on a triennial basis and they take up to a year to calculate. The 2013 review is the latest available. After inclusion of the Employer Fund, the assets exceeded accrued liabilities by \$5.95 billion as at 30 June 2013. This compares with the \$1.4 billion surplus disclosed at the 2010 valuation and is primarily the result of strong investment returns since the last review.

No liability is recognised for accruing superannuation benefits as this liability is held on a whole of Government basis and reported in the whole of Government financial statements prepared in accordance with the terms of AASB31 Financial Reporting by Governments.

q. Security deposits

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

3. Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

(1) Fair value

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent that it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation (level 2 inputs). Where level 2 inputs are not available 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 Committee and Board to explain the causes of fluctuations in the fair value of assets and liabilities.

(2) Impairment of non-financial assets

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

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

(2) Impairment of non-financial assets (cont)

used to determine the recoverable amount for the different CGU's are disclosed and further explained in Note 11(e).

(3) Personal leave and long service leave provision

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

(4) Recovery of deferred tax assets

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

(5) Estimation of useful live

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

(6) Provision for impaired debts

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

(7) Financial assets

The Directors have reviewed the Group's held to maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. Details of those assets are set out in Note 19.

4. Subsidiaries

GPC established a 100% owned subsidiary company, Gladstone Marine Pilot Services Pty Ltd (GMPS) on 15 October 2013. On 5 May 2014 GPC established a 100% owned subsidiary company Gladstone WICET Operations Pty Ltd. This company did not trade prior to 30 June 2014 and ceased trading during the year ended 30 June 2016.

Details of the Group's subsidiaries as at 30 June 2016 are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
Gladstone Marine Pilot Services Pty Ltd	Pilotage services	Australia	30 June 2016 100%	30 June 2015 100%
Gladstone WICET Operations Pty Ltd	Dormant	Australia	100%	100%

4. Subsidiaries (cont)

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

Subsidiary	Total assets	Total liabilities	Total revenue	Profit/(loss) before tax
	\$'000	\$'000	\$'000	\$'000
Gladstone Marine Pilot Services Pty Ltd	5,512	5,512	18,987	-
Gladstone WICET Operations Pty Ltd	-	-	9	-

5. Parent entity information

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

	2016 \$'000	Restated 2015 \$'000
Financial position		
Assets		
Current assets	252,311	200,211
Non-current assets	2,022,829	2,075,274
Total assets	2,275,140	2,275,485
Liabilities		
Current liabilities	507,511	141,128
Non-current liabilities	790,024	799,803
Total liabilities	1,297,534	940,931
Net assets	977,606	1,334,554
Equity		
Issued capital	675,496	675,496
Reserves	302,110	463,131
Retained profits	-	195,927
Total equity	977,606	1,334,554
Financial performance		
Profit for the year	83,298	72,145
Other comprehensive income	(34,419)	224,341
Total comprehensive income	48,879	296,486
Commitments for the acquisition of property, plant and equipment by the parent entity		
Due not later than 1 year	11,756	10,773

6. Segment information

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

7. Profit from operating activities

(a) Revenue

Revenue from continuing operations:

	2016 \$'000	2015 \$'000
Revenue		
Cargo handling charges	249,718	258,141
Harbour dues	74,289	53,834
Tonnage rates	55,309	48,734
Other shipping charges	8,964	9,160
Pilotage	20,749	17,131
Property revenue	14,625	13,326
Smallcraft services	2,484	3,698
Total	426,138	404,024
Other income		
Interest received	3,083	3,141
Recoverable works	9,696	25,412
Other	35,442	14,099
Total	48,221	42,652

7. Profit from operating activities (cont)

(b) Expenses

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

	Note	2016 \$'000	2015 \$'000
Depreciation/amortisation expense			
Property, plant and equipment	11(b)	61,115	56,812
Intangibles		2,574	2,210
Investment properties	12	93	-
Total		63,782	59,022
Operational expenses			
Contractors		41,550	45,952
Services and consultants		8,213	11,299
Indirect taxes and government charges		7,315	7,427
Materials and supplies		14,617	21,948
Energy		17,651	20,445
Insurance		2,852	3,407
Lease payments		2,874	3,699
Bad debts		22,914	73
Other		9,639	4,518
Total		127,625	118,768
Finance costs			
Interest		25,836	26,364
Competitive neutrality fee		5,059	5,939
Financial instrument (profit)/loss		100	(346)
(Gains)/losses on exchange		(11)	463
Total		30,984	32,420

8. Income tax equivalent

(a) Income tax equivalent expense

	2016	Restated 2015
	\$'000	\$'000
Profit before income tax equivalents	118,998	102,287
Prima facie tax at 30%	35,699	30,686
Non-deductible expenses	1	-
Permanent difference on sale of capital assets	-	(544)
Income tax expense	35,700	30,142
Comprises		
Deferred tax asset	(1,019)	(618)
Deferred tax liability	6,276	2,592
Income tax payable	30,443	28,168
	35,700	30,142

(b) Amounts charged or credited directly to equity

	2016	Restated 2015
	\$'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	213,312	198,562
Deferred income tax reported in equity	213,312	198,562

(c) Income tax payable

	2016	2015
	\$'000	\$'000
Opening balance	11,469	12,485
Charged to income	30,443	28,168
Payments	(34,377)	(29,184)
Closing balance	7,535	11,469

8. Income tax equivalent (cont)

(d) Deferred tax asset

	2016 \$'000	2015 \$'000
Long service leave	6,320	5,621
Sick leave	2,876	2,672
Annual leave	4,565	4,403
Accumulated time off	152	180
Public holidays	53	95
Provision for obsolete stock	3	2
Accrued expenses	11	18
Unrealised loss on financial instruments	30	-
Closing balance	14,010	12,991

	2016 \$'000	2015 \$'000
Opening balance	12,991	12,373
Amount (debited)/credited to Statement of Profit and Loss and Other Comprehensive Income	1,019	618
Closing balance	14,010	12,991

(e) Deferred tax liability

	2016 \$'000	Restated 2015 \$'000
Inventory	3,111	3,111
Accrued income		
Accelerated depreciation: plant and equipment	292,220	300,694
Closing balance	295,331	303,805

	2016 \$'000	Restated 2015 \$'000
Opening balance	303,805	205,067
Amount charged to Statement of Profit and Loss and Other Comprehensive Income	6,276	2,592
Amount (charged)/credited direct to equity	(14,750)	96,146
Closing balance	295,331	303,805

9. Cash and short term deposits

	Note	2016 \$'000	2015 \$'000
Cash on hand		4	4
Cash at bank		43,704	24,027
Queensland Treasury Corporation - cash on call		134,110	87,565
Total	19(c) 19(d)	177,818	111,596

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 \$13,333,672 (2015:\$11,940,487) relates to LNG projects and PSA retentions held, and may only be used to fund those projects.

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

	2016 \$'000	Restated 2015 \$'000
Profit for the year after income tax	83,298	72,145
Depreciation	63,782	59,022
Revaluation of non-current assets	10,755	(2,452)
Impairment of non-current assets	-	8,885
Net profit or loss on sale of property, plant and equipment	(4,581)	(1,177)
Change in assets and liabilities		
Decrease in receivables	13,977	4,816
(Increase)/decrease in other assets	(3,694)	4,889
(Increase) in inventories	(796)	(1,179)
(Increase) in deferred tax asset	(1,019)	(618)
Increase/(decrease) in trade and other payables	5,811	(19,201)
Increase/(decrease) in other liabilities	2,801	(4,677)
Increase in provisions	9,093	2,650
Decrease in income tax creditor	(3,935)	(1,016)
Increase in provision for deferred tax liability relating to profit and loss (refer Note 8e)	6,276	2,592
Net cash provided by operating activities	181,768	124,679

(b) Working capital facility

The Group has access to a \$30,000,000 (2015: \$30,000,000) working capital facility provided through Queensland Treasury Corporation. This facility was not drawn upon during the financial year.

10. Trade and other receivables

	Note	2016 \$'000	2015 \$'000
Trade debtors		56,506	70,386
Less: provision for impaired trade debtors		(13)	-
		56,493	70,386
Other debtors		19	103
Total	19(c)	56,512	70,489
<i>Reconciliation of impaired debts:</i>			
		2016 \$'000	2015 \$'000
Opening balance		-	14
Impaired debts written off		(22,901)	(88)
Movement in provision		22,914	74
Closing balance		13	-

GPC wrote off three bad debts from coal companies during the year that represented the majority of the bad debts written off. Two companies entered administration and the debts were not recovered during this process. Legal efforts are being made to recover the debts in relation to the third company but the amount is not considered recoverable.

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

	Not due \$'000	Overdue < 1 year \$'000	Overdue 1-5 years \$'000	Overdue >5 years \$'000
2016				
Debtor balance	56,422	103	-	-
Impaired debt provision	-	(13)	-	-
	56,422	90	-	-
2015				
Debtor balance	71,735	(1,252)	6	-
Impaired debt provision	-	-	-	-
	71,735	(1,252)	6	-

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 67% (2015: 80%) of trade debtors at balance date. Credit is only available to established customers on 30 day terms except in the case of coal exporters who may be required to make payment within 14 days of receipt of monthly statements.

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

11. Property, plant and equipment

(a) Schedule of values

	2016		
	Valuation	Accumulated depreciation	Net book value
	\$'000	\$'000	\$'000
Land	96,795	-	96,795
Buildings	53,205	11,528	41,677
Channels, swing basins and berth pockets	727,429	7,766	719,663
Commercial wharves	250,739	47,352	203,387
Recreational and fishing wharves	353	61	292
Roads and services (structural improvements)	152,522	22,954	129,568
Plant	862,954	255,595	607,359
Furniture and fittings	851	416	435
Capital works in progress - cost	83,345	-	83,345
Total	2,228,193	345,672	1,882,521

	Restated 2015		
	Valuation	Accumulated depreciation	Net book value
	\$'000	\$'000	\$'000
Land	95,270	-	95,270
Buildings	60,851	10,490	50,361
Channels, swing basins and berth pockets	778,555	51	778,504
Commercial wharves	250,150	40,602	209,548
Recreational and fishing wharves	353	52	301
Roads and services (structural improvements)	136,310	18,719	117,591
Plant	824,116	215,709	608,407
Furniture and fittings	836	350	486
Capital works in progress - cost	74,038	-	74,038
Total	2,220,479	285,973	1,934,506

	Original 2015		
	Valuation	Accumulated depreciation	Net book value
	\$'000	\$'000	\$'000
Land	95,270	-	95,270
Buildings	60,851	10,490	50,361
Channels, swing basins and berth pockets	510,978	4,996	505,982
Commercial wharves	250,150	40,602	209,548
Recreational and fishing wharves	353	52	301
Roads and services (structural improvements)	136,310	18,719	117,591
Plant	824,116	215,709	608,407
Furniture and fittings	836	350	486
Capital works in progress - cost	74,038	-	74,038
Total	1,952,902	290,918	1,661,984

11. Property, plant and equipment (cont)

(b) Reconciliations

Reconciliations of the carrying amount for each class of property, plant and equipment at 30 June 2016 are set out below:

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

11. Property, plant and equipment (cont)

(b) Reconciliations (cont)

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

	Carrying amount at 30 June 2014	WIP additions	Transfers to/from WIP	Disposals	Transfers to land held for resale	Depreciation	Revaluations	Impairment	Carrying amount at 30 June 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	92,395	-	-	(18)	2,893	-	-	-	95,270
Buildings	48,758	-	4,339	-	-	(1,955)	(781)	-	50,361
Channels, swing basins and berth pockets	453,373	-	8,222	-	-	(4,659)	321,568	-	778,504
Commercial wharves	197,832	-	18,418	-	-	(6,671)	(31)	-	209,548
Recreational and fishing wharves	310	-	-	-	-	(9)	-	-	301
Roads and services (structural improvements)	115,132	-	8,207	-	-	(3,991)	(1,757)	-	117,591
Plant	613,429	-	35,593	(226)	-	(39,461)	(928)	-	608,407
Furniture and fittings	549	-	4	-	-	(66)	(1)	-	486
Capital works in progress	88,188	69,518	(74,783)	-	-	-	-	(8,885)	74,038
Total	1,609,966	69,518	-	(244)	2,893	(56,812)	318,070	(8,885)	1,934,506

11. Property, plant and equipment (cont)

(b) Reconciliations (cont)

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

	Carrying amount at 30 June 2014	WIP additions	Transfers to/from WIP	Disposals	Transfers to land held for resale	Depreciation	Revaluations	Impairment	Carrying amount at 30 June 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	92,395	-	-	(18)	2,893	-	-	-	95,270
Buildings	48,758	-	4,339	-	-	(1,955)	(781)	-	50,361
Channels, swing basins and berth pockets	453,373	-	8,222	-	-	(4,659)	49,046	-	505,982
Commercial wharves	197,832	-	18,418	-	-	(6,671)	(31)	-	209,548
Recreational and fishing wharves	310	-	-	-	-	(9)	-	-	301
Roads and services (structural improvements)	115,132	-	8,207	-	-	(3,991)	(1,757)	-	117,591
Plant	613,429	-	35,593	(226)	-	(39,461)	(928)	-	608,407
Furniture and fittings	549	-	4	-	-	(66)	(1)	-	486
Capital works in progress	88,188	69,518	(74,783)	-	-	-	-	(8,885)	74,038
Total	1,609,966	69,518	-	(244)	2,893	(56,812)	45,548	(8,885)	1,661,984

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

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

	2016 Net book value \$'000	2015 Net book value \$'000
Land	73,834	73,368
Buildings	41,222	50,463
Channels, swing basins and berth pockets	134,870	147,472
Commercial wharves	180,138	187,164
Recreational and fishing wharves	404	431
Roads and services (structural improvements)	140,481	128,990
Plant	576,400	581,595
Furniture and fittings	437	482
Total	1,147,786	1,169,965

11. Property, plant and equipment (cont)

(d) Valuations

During the finalisation of the 2016 valuation process errors were identified in the revaluation model. The result of these errors has resulted in an increase in the value of assets of \$272.5M in the 2015 financial statements.

A revaluation of the Group's assets was undertaken as at 30 June 2016 using an income based approach. The fair value of assets was obtained based upon projected revenue streams for the next ten years. This allows the tonnage growth that is contracted for the Port of Gladstone to be realised in the income valuation. The valuation uses CPI of 2.5%, when calculating terminal values and a weighted average cost of capital (WACC) rate of 6.50% (post tax) when discounting. The revenue forecast is based upon contractual arrangements where they exist or historic tonnage throughput. Management judgement has been used to forecast future tonnages where no historical data exists. The costs that have been included in the model are based upon the Group's ten year forecasts and are deemed to be prudent and efficient operating costs. Future capital expenditure costs for stay in business capital have been included in the model.

The reason for the valuation decrease in 2016 was a decline in future coal revenue resulting in the loss of several customers to liquidation in conjunction with uncertainty surrounding take or pay contractual arrangements for several customers. This revenue relates to channel usage revenue in future years and the devaluation has therefore been attributed entirely to the channel assets.

Categorisation of fair values recognised as at 30 June 2016:

	Level 1	Level 2	Level 3	Fair value as at 30 June
	\$'000	\$'000	\$'000	\$'000
Land	-	-	96,795	96,795
Buildings	-	-	41,677	41,677
Channels, swing basins and berth pockets	-	-	719,663	719,663
Commercial wharves	-	-	203,387	203,387
Recreational and fishing wharves	-	-	292	292
Roads and services	-	-	129,568	129,568
Plant	-	-	607,359	607,359
Furniture and fittings	-	-	435	435
Capital works in progress	-	-	83,345	83,345
Total	-	-	1,882,521	1,882,521

There were no transfers between the Levels during the year.

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

Level 3 input	-0.5%	Rate used by the Group	+0.5%
WACC rate (used 6.5%)	2,317,441	2,010,328	1,772,115
CPI (used 2.5%)	1,976,455	2,010,328	2,044,843

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

11. Property, plant and equipment (cont)

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

	Note	2016 \$'000	Restated 2015 \$'000	2015 \$'000
Property, plant and equipment revaluations	11(b)	(49,888)	318,070	45,548
Intangible asset revaluations/(devaluations)		-	(10)	(10)
Assets held for resale revaluations		(1,273)	-	-
Investment property (devaluations)/revaluations	12	(8,763)	4,879	4,879
		(59,924)	322,939	50,417
Revaluation of non-current assets – Statement of Profit and Loss		-	4,879	4,879
Reversal of prior devaluations of non-current assets – Statement of Profit and Loss		-	264	-
Devaluation of non-current assets – Statement of Profit and Loss		(10,775)	(2,691)	(2,691)
Revaluation of non-current assets – asset revaluation reserve		(49,169)	321,126	48,868
Devaluation of non-current assets – asset revaluation reserve		-	(639)	(639)
		(59,924)	322,939	50,417

(e) Impairment

The revaluation undertaken by the Group as at 30 June 2016 was calculated using an income based approach to estimate fair value. Following the revaluation exercise a separate impairment review was undertaken at 30 June 2016 to examine if the revenue streams for each cash generating unit were adequate to support the revalued amount. Work in progress in relation to the Group's East Shores Project was been impaired in 2015 as no revenue stream will attach to these costs. The reconciliation of impairment is shown below:

	Note	2016 \$'000	2015 \$'000
Impairment charged to Statement of Profit and Loss and Other Comprehensive Income		-	8,885
Total	11(b)	-	8,885

12. Investment properties

	Note	2016 \$'000	2015 \$'000
Opening balance		110,559	98,275
Additions		32	-
Transfers (to)/from property, plant and equipment	11(b)	5,379	-
Transfers from Assets held for resale		2,498	7,804
Revaluations	11(d)	(8,763)	4,879
Disposals		(1,362)	(399)
Depreciation	7(b)	(93)	-
Closing balance		108,250	110,559

12. Investment properties (cont)

Investment properties are carried at fair value, which has been determined based on independent valuations by Mr Geoff Pyman, of AON Valuation Services as at 30 April 2016, in accordance with AASB 140 – Investment Properties, which requires an annual review of fair value. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

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

Investment properties may only be disposed of after obtaining approval from the Portfolio Minister for Transport and Main Roads.

13. Trade and other payables

	2016	2015
	\$'000	\$'000
Current		
Trade creditors	34,908	31,325
Revenue received in advance	12,987	6,355
GST payable	771	3,322
Other	2,101	1,989
	50,767	42,991
Non-current		
Revenue received in advance	22,129	24,094

The revenue received in advance relates to operating lease revenue on investment properties and payments received in advance on recoverable works contracts. Due to the short term nature of these payables, their carrying value is assumed to approximate to their fair value. Trade creditors are usually paid 30 days from the last day of the month in which an invoice is received. GST is payable on the 21st day following the period to which it relates. For more information on the Group's credit risk management process, refer to Note 19(a).

14. Loans and borrowings – Non-current

	Note	2016	2015
		\$'000	\$'000
Non-current			
Queensland Treasury Corporation loans	19(c), 19(d)	461,193	461,344

The Queensland Treasury Corporation loans comprise advances made under one client specific pool arrangement (CSP). The CSP will comprise a combination of bonds and Floating Rate Debt so that the weighted average term of the underlying cash flows of these instruments matches the weighted average term of the underlying cash flows of the Group's loans. The CSP with a book value of \$461,192,679 is used for the Group's normal operations. This is unsecured.

Fair values

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

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
		\$'000		\$'000
Queensland Treasury Corporation loans	461,193	514,699	461,344	508,777

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

Fair values (cont)

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

15. Provisions

	Note	2016 \$'000	2015 \$'000
Current			
Employee benefits		34,190	31,763
Dividends	17	405,827	54,400
Other		6,481	704
Total		446,498	86,867
Non-current			
Employee benefits		12,364	11,476
Total		12,364	11,476

16. Employee benefits

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

	2016 \$'000	2015 \$'000
Balance of provision at 1 July	43,239	40,235
Payment of provisions	(18,773)	(18,180)
Movement in provision calculation	22,088	21,184
Balance of provision at 30 June	46,554	43,239

17. Dividends

Dividends provided calculations are based on 100% of net profit after an adjustment for revaluation increments/decrements. The effective comparable percentages are 2016 at 100% and 2015 at 80%. All dividends are unfranked. Dividends are declared after reporting date but before the financial statements are authorised for issue. In addition, the Board has declared a special dividend of \$315M. The special dividend will be funded entirely by new borrowings (refer Note 19 (f)).

Dividends provided or paid

	Note	2016 \$'000	2015 \$'000
Balance of provision at 1 July		54,400	58,567
Dividends paid		(54,400)	(58,567)
Dividends provided for		405,827	54,400
Balance of provision at 30 June	15	405,827	54,400

18. Issued capital

	2016	2015
Issued capital	No.	No.
Authorised – ordinary shares	1,000,000,000	1,000,000,000
Issued – ordinary shares fully paid	402,066,818	402,066,818

The shares have no par value.

19. Financial risk management objectives and policies

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

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

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

(a) Credit risk exposure

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

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

(b) Foreign currency risk

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

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

As at 30 June 2015 the Group did not have any exposure to foreign currency. As of 30 June 2016 the group had entered into one forward contract to purchase US dollars for a dozer purchase in December 2016.

These derivatives provide economic hedges, but do not qualify for hedge accounting. The market value is presented, whereas for the other obligations the respective undiscounted cash flows are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based upon the conditions existing at 30 June 2016.

(c) Liquidity risk

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

All financial assets held at 30 June 2015 and 2016 were classified as due to reach maturity in <1 year. The table below reflects the maturity analysis of all contractually fixed and un-fixed pay-offs for settlement, and repayments and interest resulting from recognised financial liabilities, including derivative financial instruments as at 30 June 2016. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based upon the conditions existing at 30 June 2016.

19. Financial risk management objectives and policies (cont)

(c) Liquidity risk (cont)

Maturity analysis of financial liabilities based upon management's expectations:

Year ended 30 June 2016	Note	< 1 year	1 - 5 Years	> 5 years	Total
		\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Trade and other payables	13	50,767	7,860	14,269	72,896
Interest bearing loans and borrowings	14	-	-	461,193	461,193
Dividend provision	17	405,827	-	-	405,827
		456,594	7,860	475,462	939,916
Year ended 30 June 2015	Note	< 1 year	1 - 5 Years	> 5 years	Total
		\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Trade and other payables	13	42,991	7,860	16,234	67,085
Interest bearing loans and borrowings	14	-	-	461,344	461,344
Dividend provision	17	54,400	-	-	54,400
		97,391	7,860	477,578	582,829

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

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

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

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

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

(d) Interest rate risk exposure

The Group's exposure to interest rate risk relates primarily to the Group's long term debt obligations. The level of debt is disclosed in Note 15.

At 30 June 2016 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.

19. Financial risk management objectives and policies (cont)

(c) Interest rate risk exposure (cont)

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	
	2016	2015	2016	2015
	\$'000		\$'000	
+1% (100 basis points)	(469)	(451)	(469)	(451)
-1% (100 basis points)	476	453	476	453

(e) Net fair value

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

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

Borrowings outstanding at 30 June 2016 have been valued at book using long term interest rates negotiated with Queensland Treasury Corporation.

(f) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group will return a dividend for the 2015/16 financial year equal to \$90.827M being 100% of adjusted profits after tax and an additional distribution of \$315M. The increased dividend payout ratio of 100% and the additional distribution facilitates the regearing of the Group and to the extent of funding the \$315M distribution from long term borrowings.

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

20. Derivative financial instruments

During 2016 the Group entered into agreements to purchase a dozer in US Dollars. In order to protect against exchange rate movements, the Group entered into a forward exchange contract to purchase US Dollars.

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

	Sell Australian Dollars		Average exchange rate	
	2016	2015	2016	2015
	\$'000		\$'000	
Maturity:				
0 - 6 months	2,801	-	0.74325	-
6 - 12 months	-	-	-	-

The fair value of these liabilities is calculated using the market rates for contracts with the same length of maturity. All movements in fair value are recorded in the Statement of Profit and Loss and Other Comprehensive Income in the period they occur. The net fair value losses on foreign currency derivatives during the year were \$99,596 (2015: losses of \$345,964). The Group did not reclassify any derivative financial instruments during the year.

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

21. Commitments and contingencies

Operating lease commitments – Group as lessor

	2016	2015
	\$'000	\$'000
Operating lease revenue		
Due not later than one year	9,909	11,899
Due later than one year and not later than five years	25,885	27,987
Due later than five years	59,714	74,322
Total	95,508	114,208

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

Operating lease commitments - Group as lessee

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

	2016	2015
	\$'000	\$'000
Due not later than one year	1,892	2,218
Due later than one year and not later than five years	1,428	1,996
	3,320	4,214

Capital expenditure commitments contracted but not provided for:

	2016	2015
	\$'000	\$'000
Due not later than one year	11,756	10,773

Contingent assets and liabilities

As at the date of these accounts, 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:

	2016	2015
	\$	\$
Remuneration	137,901	147,754

The estimated fee for 2016 is \$164,500.

23. Key management personnel disclosures

Directors

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

Specified executives

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

23. Key management personnel disclosures (cont)

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

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

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

From 2014 all new senior executive appointments are on tenure. Senior executives employed prior to this date are employed on fixed three year terms, otherwise their terms and conditions of employment are the same. Where existing executive contracts are renewed the Board reviews whether to move the executive to tenure from fixed term contracts. All senior executives' remuneration levels increase in line with the market assessments up to a maximum of 10% per annum where remuneration remains below the market median. Where remuneration is above market median annual increases are restricted to CPI increases. There are no at risk benefits to senior executives. Separation benefits, in the event of termination by the Group, other than for misconduct, are allowed for in the agreements. The Chief Executive Officer is entitled to three months' notice, or payment in lieu of notice as well as a separation payment of the lesser of 12 months' pay and the amount which would otherwise be paid between the determination date and the end of the contract term. Senior executives are entitled to four weeks' notice or payment in lieu. In the event of a position being made redundant the executive is entitled to eight weeks pay plus three weeks' pay for each year of service, up to a maximum of 52 weeks. In accordance with Ministerial guidelines details of Directors and the senior executives of the entity with the greatest authority in office at 30 June 2016 are as follows:

23. Key management personnel disclosures (cont)

Directors	Short Term Benefits \$'000 Directors' Fees	Post-Employment Benefits \$'000 Superannuation	Post-Employment Benefits \$'000 Retirement Benefits Superannuation	Other Benefits \$'000	Total \$'000
Zussino, Leo ¹ (Chairman)					
2016	53	5	-	-	58
2015	-	-	-	-	-
Skippen, H ²					
2016	49	5	-	-	54
2015	47	5	-	-	52
Davidson, G ³					
2016	49	5	-	-	54
2015	47	5	-	-	52
Reynolds, J ³					
2016	51	5	-	-	56
2015	49	5	-	-	54
Jamieson, P ⁴					
2016	33	3	-	-	36
2015	-	-	-	-	-
Cassidy, G ⁴					
2016	33	3	-	-	36
2015	-	-	-	-	-
Corones, C ¹					
2016	33	3	-	-	36
2015	-	-	-	-	-
Brodie, M ⁵ (Former Chairman)					
2016	27	3	-	-	30
2015	78	7	-	-	85
Greig, C ⁵					
2016	16	2	-	-	18
2015	47	5	-	-	52
Moorhead, B ⁵					
2016	16	2	-	-	18
2015	47	5	-	-	52
Ward, C ⁵					
2016	15	1	-	-	16
2015	39	4	-	-	43
Total remuneration: Directors					
2016	375	37	-	-	412
2015	354	36	-	-	390

¹ Re-appointed 1 October 2015. ² Re-appointed 12 December 2013. ³ Re-appointed 2 October 2014.

⁴ Appointed 1 October 2015. ⁵ Ceased 30 September 2015.

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

23. Key management personnel disclosures (cont)

Specified executives	Contract expiry date	Short term benefits		Post-employment benefits	Other Benefits		Total \$'000
		\$'000 Salary	\$'000 Separation Payments	\$'000 Super-annuation	\$'000 Motor vehicle	\$'000 Other	
Peter O'Sullivan CEO ¹	Tenure						
2016		-	-	-	-	-	-
2015		-	-	-	-	-	-
Galt, M Commercial GM	17-Sep - 16						
2016		321	-	60	24	5	410
2015		321	-	60	24	-	405
Brown A Cargo Handling Operations GM	Tenure						
2016		292	-	55	25	5	377
2015		288	-	54	24	3	369
Carter, G Port Planning and Development GM	Tenure						
2016		240	-	47	30	9	326
2015		245	-	49	20	1	315
Winsor, R ² People and Community GM ²	Tenure						
2016		153	-	47	-	-	200
2015		-	-	-	-	-	-
Sherriff, J Safety, Environment and Risk GM	Tenure						
2016		202	-	38	15	8	263
2015		200	-	38	15	3	256
Wilson, G Marine Operations GM	2- Mar-17						
2016		247	-	35	15	5	302
2015		256	-	24	11	11	302
Halpin, B ³ WICET Operations GM	Tenure						
2016		-	-	-	-	-	-
2015		286	-	27	-	-	313
Doyle, C CEO ⁴	15-Sep-16						
2016		310	-	37	15	2	363
2015		467	-	60	17	36	580
Schmidt, T Corporate and Employee Relations GM ⁵	27-Nov-14						
2016		-	-	-	-	-	-
2015		121	214	37	18	-	390
Total remuneration: Specified executives							
2016		1,765	-	319	123	34	2,241
2015		2,184	214	349	129	54	2,930

¹ Appointed 25 July 2016 ² Appointed 12 October 2015 ³ Resigned 3 July 2015

⁴ Resigned 29 January 2016 ⁵ Resigned 16 January 2015

24. Related party disclosure

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

Gladstone Ports Corporation Limited		2015	2016
Agency	Nature	\$'000	\$'000
Revenue			
Maritime Safety Queensland	Rent, berthage, pilotage transfers, oil spill response	23,166	17,170
Other	Various	807	709
Expenses			
Department of Agriculture	Environmental works	1,000	1,000
Gladstone Area Water Board	Water and capital contributions	877	853
Office of State Revenue	Land tax and payroll tax	6,764	6,848
QLeave	Portable long service leave	164	247
QSuper	Superannuation contributions	15,751	15,675
Queensland Department of Transport and Main Roads	Including survey work, dredging and registrations	3,716	1,479
Queensland Treasury	Dividend, NTER tax, competitive neutrality and rates	95,752	95,640
Queensland Treasury Corporation	Loan interest	32,411	26,547
WorkCover Queensland	Workers' compensation insurance	1,676	2,052
Other	Various	2,193	2,309

Gladstone Marine Pilot Services Pty Ltd		2015	2016
Agency	Nature	\$'000	\$'000
Expenses			
QSuper	Superannuation contributions	1,673	1,364
Other	Vessel registration, payroll tax, vessel simulations	934	1,205

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

Gladstone Ports Corporation Limited		2015	2016
Agency		\$'000	\$'000
Debtor			
Maritime Safety Queensland		718	1,457
Other		25	(24)
Creditor			
Queensland Treasury Corporation		461,193	461,344
Other		12	8

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

25. Number of employees

	2016	2015
	No.	No.
Number of employees at year end (Full Time Equivalent)	731	752

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

	2016	2015
	\$'000	\$'000
Total salaries and wages paid or payable to all employees	105,163	105,612
Superannuation paid or payable for all employees		
Defined benefit schemes	3,713	3,328
Accumulation schemes	7,782	8,310
	11,495	11,638

26. Events after the reporting period

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



GLADSTONE PORTS CORPORATION LIMITED

DIRECTORS' DECLARATION

The Directors declare that:

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

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

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

On behalf of the Directors

An oval-shaped stamp with the words 'original' and 'signed' stacked vertically in a sans-serif font.

L Zussino

Dated: 29 August 2016

Chairman

An oval-shaped stamp with the words 'original' and 'signed' stacked vertically in a sans-serif font.

J Reynolds

Dated: 29 August 2016

Director

Independent Auditor's Report

To the Members of Gladstone Ports Corporation Limited

Report on the Financial Report

I have audited the accompanying financial report of Gladstone Ports Corporation Limited, which comprises the Consolidated Statement of Financial Position as at 30 June 2016, the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statements of Cash Flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the Directors' Declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

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

Opinion

In my opinion -

- (a) the financial report of Gladstone Ports Corporation Limited is in accordance with the *Corporations Act 2001*, including -
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Other Matters – Electronic Presentation of the Audited Financial Report

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



M Reardon CPA

as Delegate of the Auditor-General of Queensland

Queensland Audit Office

Brisbane, August 2015

Glossary of Terms

APLNG	Australia Pacific LNG Pty Limited
CEO	Chief Executive Officer
CIP	Community Investment Program
CIS	Capital Investment System
CQPA	Central Queensland Port Authority
EA	Enterprise Agreement
EBIT	Earnings Before Interest and Tax
EDMS	Environmental Database Management System
EIS	Environmental Impact Statement
EMS	Environmental Management System
ERP	Enterprise Resource Planning
EPBC Act	<i>Environmental Protection and Biodiversity Conversation Act 1999</i>
FHA	Fish Habitat Area
FTE	Full Time Equivalent
GBRWHA	Great Barrier Reef World Heritage Area
GBRMP	Great Barrier Reef Marine Park
GHHP	Gladstone Healthy Harbour Partnership
GLNG	Gladstone LNG Operation Pty Ltd
GMPS	Gladstone Marine Pilot Services Pty Ltd
GOC	Government Owned Corporation
GOC Act	<i>Government Owned Corporations Act 1993 (Qld)</i>
GPC	Gladstone Ports Corporation Limited
GWO	Gladstone WICET Operations Pty Ltd
ha	Hectares
HR	Human Resources
ILUA	Indigenous Land Use Agreement
LNG	Liquefied Natural Gas
LTI	Lost Time Injuries
LTIFR	Lost Time Injury Frequency Rate
LTIDR	Lost Time Injury Duration Rate
M	Million
MSQ	Maritime Safety Queensland
MSIC	Maritime Security Identification Card
Mt	Million tonnes

Port Alma	Port Alma and Port of Rockhampton refer to the one port precinct. The terms are interchangeable
PID	Public Interest Disclosure
PMIS	Port Management Information System
Port of Rockhampton	Port of Rockhampton and Port Alma refer to the one port precinct. The terms are interchangeable
QAL	Queensland Alumina Limited
QCLNG	Queensland Curtis LNG Pty Ltd
QPS	Queensland Ports Strategy
RAP	Reconciliation Action Plan
RCM	Reliability Centred Maintenance
RGTCT	RG Tanna Coal Terminal
SCI	Statement of Corporate Intent
t	Tonnes
TEP	Transitional Environmental Program
TIFR	Total Injury Frequency Rate
WBDDP	Western Basin Dredging and Disposal Project
WHA	World Heritage Area
WICET	Wiggins Island Coal Export Terminal Pty Limited
WICT	Wiggins Island Coal Terminal

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