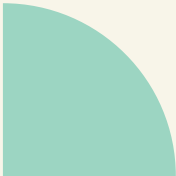
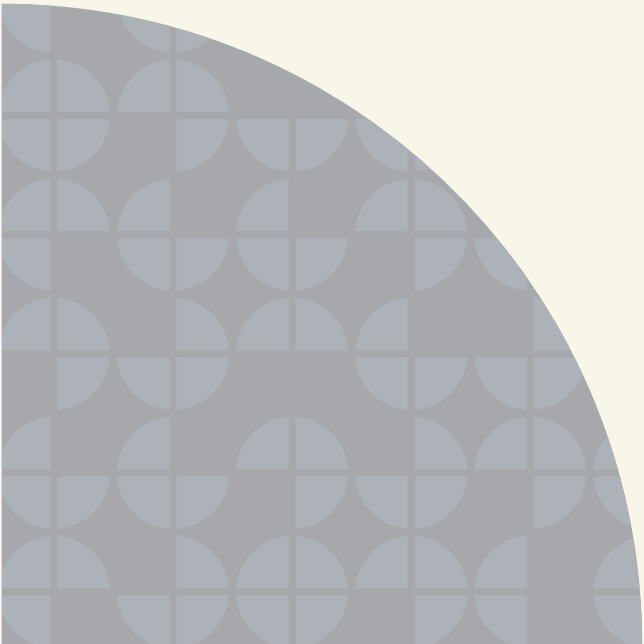




Annual Report
2015-16



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Introduction



About this Report

This Report is a summary of the performance of North Queensland Bulk Ports Corporation Limited (NQBP) for the 2015-16 financial period. As a Government Owned Corporation, it provides NQBP's Shareholding Ministers and other stakeholders with a comprehensive source of information about its work throughout this period.

This Report includes details of NQBP's two wholly owned subsidiaries, Ports Corporation of Queensland Limited (PCQ) and Mackay Ports Limited (MPL). Throughout this Report, NQBP represents the entire Group.

To promote clarity and transparency, this document has been structured to report against NQBP's Statement of Corporate Intent (the corporation's performance agreement with Shareholding Ministers). Further, a digital version of the annual report is published on the NQBP website to reduce resource usage associated with traditional printing and to serve as an engagement tool for all stakeholders.

About NQBP

NQBP is responsible for the four trading ports of Weipa, Abbot Point, Mackay and Hay Point and the non-trading port of Maryborough. More than half of Queensland's trade by tonnage passes through our operating ports.

Vision

To lead the sustainable development of Queensland ports and build prosperity for current and future generations.



Mission

To add special value to the prosperity of the State, to customers and communities while demonstrating high levels of social and environmental integrity in the management and development of ports.



Values





YEAR IN REVIEW

The Board Perspective

Business Performance

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North Queensland Bulk Ports
Annual Report 2015-16

Year in Review



The Board Perspective

At NQBP we are focused on creating value for our customers, shareholders, and communities. We create value, as professional port managers, by building the capacity and capability of our ports, coordinating the development of an efficient supply chain to the ports, and ensuring that they play a strong leadership role in economic and community development.

We create direct value by working closely with our stakeholders to solve problems, seize opportunities, attract investment, plan for growth and develop the critical resilience needed to adapt to changing circumstances.

Our achievements in 2015-16 have built upon this work and it has been another year of progress toward fulfilling our mission, upholding our values, and achieving our vision.

Facilitating Trade

Amid fluctuations in commodity demand and prices throughout the year, the total trade moved through NQBP ports in 2015-16 was 178 million tonnes, just a quarter of a per cent below last year. It is testament to the hard work of our team, the resilience of our customers and the efficiency of our ports that this level of trade has been maintained.

At the **Port of Hay Point**, BHP Billiton Mitsubishi Alliance completed its HPX-3 expansion project in December 2015 and this has increased export capacity at its Hay Point Coal Terminal from 44 million tonnes per annum (mtpa) to 55 mtpa, and is an example of building capacity for future demand during the current downturn. There were also significant changes in the wider coal industry - in ownership, cost control and supply chain efficiency - which slightly impacted coal trade. Overall, total coal exports for 2015-16 totalled 142.8 million tonnes – only 0.6 per cent below last year.

At **Port of Mackay**, sugar exports were up from last year by 6 per cent and fuel up 0.9 per cent.

Bauxite exports from **Port of Weipa** grew by 1.7 per cent this year. Rio Tinto announced its Amrun expansion project in November 2015, and work is well under way on the early construction phase of that important development, supported by NQBP.

Trade growth will continue to be dependent upon improvements in world commodity prices and demand, however, NQBP remains focused on bringing new trades to Queensland and assisting existing customers in securing their growth opportunities.

Financial Performance

Our total revenue for 2015-16 was down 7 per cent to \$95.7 million, reflecting the mixed results in coal exports and petroleum.

Net profit was \$18.4 million (compared to a loss of \$7.4 million in 2014-15, which was impacted by asset revaluations undertaken last year).

Work was ongoing in 2015-16 to control costs and streamline processes. We have operated during the year with 15 per cent less staff than the prior year, and therefore our achievements have been a result of changing the way we work. An emphasis on innovation and new ways of working has also contributed to savings in purchasing costs and in better use of resources, and we will continue that work in 2016-17.



YEAR IN REVIEW

The Board Perspective

Business Performance

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North Queensland Bulk Ports
Annual Report 2015-16

Other Key Achievements

This Annual Report encompasses our many achievements and progress in 2015-16. However, particular highlights for the Board have been:

- » *The community support and pride expressed around the completion of the Southern Breakwater upgrade works and repairs (from prior-year cyclone damage) at **Port of Mackay**, reopened to the public in August 2015.*
- » *The Government decision to transition the accountability and implementation of the Abbot Point Growth Gateway Project to NQBP. This recognition of our experience and knowledge of the port and the strong commitment of NQBP to ensure that this project meets proponent and community expectations and is undertaken professionally and transparently is particularly gratifying. We look forward to bringing this project to fruition in due course.*
- » *In October 2015, we published our first Sustainability Plan, which builds on decades of environmental monitoring and management undertaken by NQBP, and also goes much further into all the elements of achieving long-term sustainability of our ports. We are proud to operate three ports in proximity to the Great Barrier Reef and to be actively involved in the ongoing work of the Reef 2050 initiative. Our own work on sustainability is centred on the ongoing need to build the Queensland economy while protecting and enhancing for future generations the environments in which we operate.*
- » *The State Government announcement in 2016 that it would commit \$1.2 billion to bridge and road works in and around the **Port of Mackay** that will enhance the supply chain competitiveness of the port and benefit local and surrounding communities. NQBP had worked closely with the State Government and Mackay Regional Council to secure these works, drawing upon the extensive supply chain work we have undertaken.*

Next Steps

We know it will require new approaches and collaboration to achieve trade growth in the current tight economic conditions. Our work will include a review of our product and services in each port; building better ways to connect our information with the key stakeholders that work in and around ports, including the agriculture sector, and more emphasis on market and customer intelligence. We will also continue to develop our operational capability and to embrace technology to provide more efficient service.

Our work on strategic asset management and our development plans for each of our ports will provide a firm base to invest and attract private sector investment – delivering the infrastructure needed to support longer term trade development.

We will build on our sustainability plans in 2016-17, increasing awareness of the importance of including more environmental research within our ports and further work on our commitment to Reef 2050.

*We will continue our work on the longer term planning and development of all our ports. More immediately, we are supporting the State's master planning for the priority ports of Abbot Point, Mackay, and Hay Point. We are committed to building more trade at the **Port of Mackay**, and developing future trade potential at the **Port of Weipa**.*

Building further capability in our people, and supporting them with the right processes, systems, technology and opportunities, will be a priority for 2016-17. A new website – digitally-enabled, and customer-focused – will be a key deliverable, as well as our ongoing efforts to increase our use of social media and to adopt innovative technology where this adds value to our business.

Commitment

NQBP is continuing to develop its capability to maximise the opportunities which lie ahead. We are leaner, focused and committed to creating value across our business. Our customers have also continued to show resilience in pursuing growth opportunities, and NQBP is committed to supporting their efforts from our unique position in the supply chain.

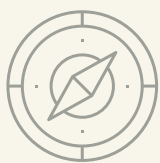
Our success in 2015-16 is underpinned by our people - the management and staff of NQBP - who have strived to implement our strategy, and who provide the face and energy of NQBP to our customers and other stakeholders. The Board appreciates the support and commitment of our people.

The Board itself has experienced change in 2015-16, moving to a six-member board, and a new Chair. The majority of the Board has more than 10 years' experience with NQBP, and a strong regional understanding and enthusiasm for the work of the corporation and its tremendous opportunities. I thank my fellow Directors for their support, contribution and commitment to good governance. I also acknowledge the past Chair, Peter Milton, and past Directors for the contribution they made to our current success.

The challenge ahead is for NQBP to continue to adapt, to market changes to embrace technology and to add value. Our work on trade facilitation, particularly in the **Port of Mackay**, will be a strong focus in 2016-17. I look forward to another year of achievement, and ensuring that NQBP makes the full contribution to the economic development of Queensland that our community expects.

Brad Fish

Chair, North Queensland Bulk Ports Corporation



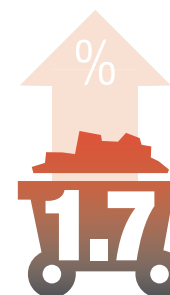
Business Performance

YEAR IN REVIEW

The Board Perspective

Business Performance

Business Performance		2015-16 Actual	2014-15 Actual
Trade Throughput	Mtpa	178.1	178.5
Lost Time Injury Frequency Rate (LITFR)	Rate	0.0	5.1
Total Income	\$m	95.7	102.9
Earnings Before Interest, Taxes, Depreciation and Amortisation	\$m	41.1	-0.5
Net Profit/(Loss) After Tax	\$m	18.4	-7.4
Underlying Net Profit After Tax	\$m	19.9	20.4
Total Comprehensive Income	\$m	22.2	173
Total Assets	\$m	634.7	626
Net Assets	\$m	408.4	421.9
Current Ratio (excluding provision for dividend)		2.27	2.21
Debt/Debt Plus Equity Ratio		0.14	0.14
Return on Assets	%	4.7%	-1.1%
Return on Equity	%	5.1%	5.1%
CAPEX Spend	\$m	7.4	14.8
Operating Cash Flows	\$m	40.6	18.5
Dividends Provided	\$m	15.7	0



Port of Weipa

Bauxite export grew
1.7 per cent

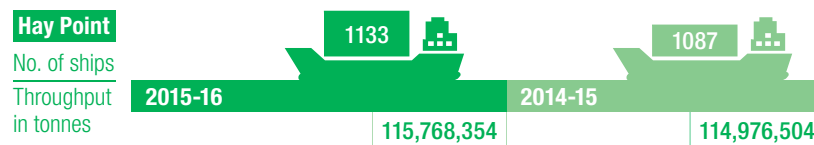
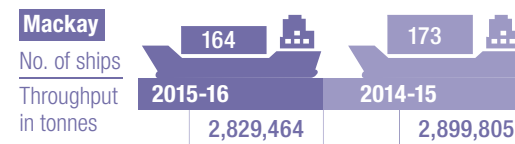
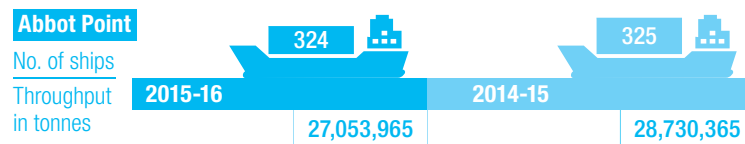


Port of Mackay

Sugar exports up 6 per cent,
fuel up 0.9 per cent



Total Trade Summary





PORT LOGISTICS

Logistic Developments

- Mackay
- Weipa

Port of Hay Point

Port of Mackay

Port of Abbot Point

Port of Weipa

Port of Maryborough

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North Queensland Bulk Ports
Annual Report 2015-16

Port Logistics



Our ports are critical gateways facilitating trade between Queensland and other parts of Australia, and the world. NQBP is committed to ensuring each of our ports is well equipped with the necessary infrastructure and facilities to allow us to maximise existing trade commitments, and to make way for future growth and demand, including new trade opportunities.

Develop Mackay's property portfolio to include an integrated transport logistics and trade precinct

During 2015-16, the downturn in Mackay's regional economy impacted lease renewals at the **Port of Mackay**; the property market within Mackay's Paget Industrial Precinct underperformed, and the economic climate contributed to limited opportunities for new commercial operations to establish at the **Port of Mackay**.

In 2016-17, NQBP will continue to actively promote the benefits of commercial operations locating at the **Port of Mackay**, particularly as an integrated transport logistics and trade precinct.

Increasing trade through all the ports is a key focus for NQBP and the corporation will continue to pursue this in 2016-17.

Actively market the Port of Mackay

The **Port of Mackay** is an integral gateway to trade for the Mackay and Central Queensland region. NQBP's commitment to grow the **Port of Mackay**, as a port with existing capacity for growth, will continue to be a key part of our work into the future.

In 2015-16, our strategic marketing and communication approach included developing editorial and advertisements for key industry publications, as well as factsheets for commercial opportunities and business summits.

NQBP also presented a flyover video of the port at a number of forums including the Resource Industry Network in Mackay and to clients and potential customers.

Drive multi-modal investment and upgrades to marine, rail and road networks

NQBP is committed to working with key stakeholders to improve transport infrastructure and maximise port access.

Previously rated at 15.75 tonnes per axle load (tal), the Erakala to Mackay Harbour rail line and grain rail loop's capacity at the **Port of Mackay** has been confirmed by Queensland Rail to be 20 tonnes tal, equating to a material improvement of 27 per cent, and allowing for an increase in the potential to haul cargo to and from the port. The line's capacity now matches the main north coast rail line capabilities and these improvements will increase the potential future viability of trade-related rail transport to and from the **Port of Mackay** as an alternative to road transport. **Port of Mackay** users, Aurizon and Wilmar have also negotiated rail track upgrade works to support the raiiling of raw sugar from Wilmar's Proserpine Mill to the port.

During the financial period, NQBP welcomed the inclusion of an upgrade and relocation of Vines Creek Bridge as part of the State Government's Accelerated Works Program. The \$28 million transport project will allow heavy vehicles to travel to and from the port, boosting economic activity.

In addition, NQBP will continue to work with a number of vessel operators to assess the viability of either a coastal shipping service or a liner service, involving Mackay.

Oversized, overmass (OSOM) transport corridor

Extensive work has already been undertaken with relevant government agencies and industry representatives to optimise Mackay's OSOM heavy vehicle transport corridor.

A significantly increased and cost effective travelling height envelope has been identified and NQBP will continue to work with Federal and State agencies (including Ergon Energy) to progress this initiative and secure the required funding.



PORT LOGISTICS

Logistic Developments

- Mackay
- Weipa

Port of Hay Point

Port of Mackay

Port of Abbot Point

Port of Weipa

Port of Maryborough

08

North Queensland Bulk Ports
Annual Report 2015-16

Deliver a logistics improvement program to improve trade access to all ports

A key business effort during the period was to increase NQBP's supply chain knowledge, particularly in the Mackay region.

A first draft of a supply chain map of the Central Queensland Region was completed during the year to identify natural trade catchments and the impact of supply chain constraints and government road upgrades on trade through NQBP ports.

The initial findings demonstrated that the trade catchment, based on current transport combinations, for Mackay encompasses the Mackay, Isaac and Whitsunday regions. Moving forward, emphasis will be on identifying and realising marine operating efficiencies (vessel size and capacity) as well as seeking further improvements to land transport developments.

Establish logistics support for the Amrun Project and live cattle trade at Port of Weipa

NQBP is pursuing opportunities to provide project and breakbulk cargoes needed to support the development of Rio Tinto's Amrun Project. While the project was approved in November 2015, the construction phase is expected to continue over the next few years.

Planning and work around establishing logistics such as lease arrangement and approvals as well as identifying additional lay-down capacity within the strategic port land in Weipa is continuing.

NQBP is also working to identify further opportunities for growth at the port. A recent investigation into opportunities within the cattle industry in the Cape is underpinning discussions with local farmers and industry bodies around the viability of cattle trade through Weipa.





PORT LOGISTICS

Logistic Developments

- Mackay
- Weipa

Port of Hay Point

Port of Mackay

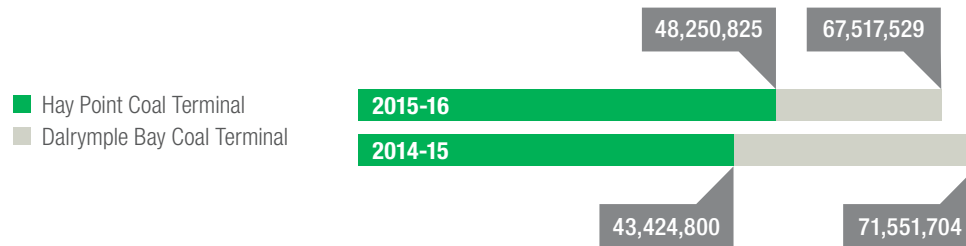
Port of Abbot Point

Port of Weipa

Port of Maryborough



The **Port of Hay Point** is one of the largest coal export ports in the world. The port comprises two separate coal terminals: **Hay Point Coal Terminal (HPCT)** and **Dalrymple Bay Coal Terminal (DBCT)**. These terminals service coal mines in Central Queensland's Bowen Basin, and are linked to the mines by an integrated rail-port network. The port primarily exports metallurgical coal, a key resource in the steel-making process.



Throughput

The total throughput for the port for 2015-16 was 115,768,354 tonnes comprising 67,517,529 tonnes through **DBCT** and 48,250,825 tonnes through **HPCT**.

NQBP supports terminal operations through the provision of pilotage services, coordination and management of dredging requirements, maintenance of the tug harbour and water and waste management. NQBP also provides support services for the management and maintenance of common access areas and other shared services including buffer land and dust monitoring.





PORT LOGISTICS

Logistic Developments

- Mackay
- Weipa

Port of Hay Point

Port of Mackay

Port of Abbot Point

Port of Weipa

Port of Maryborough



A total of 1,133 bulk carriers visited the port during 2015-16, an increase on the prior year.

During the year, NQBP also completed the first stage of a community project to transform strategic port land into a landscaped park and buffer area. Sustainability and innovation were key drivers, allowing NQBP to provide back to the community. Additional phases of the project will continue to be delivered over the next three years and will involve continued planting of native seedlings, improved beach access, pathways and picnic facilities.

Outlook

As port authority, NQBP will continue to support terminal operators and owners in meeting future export demand, as challenging commodity market and economic conditions currently being experienced by the mining industry are expected to continue.

Significant works on the Hay Point Marine Offloading Facility is currently under way. This project was announced under the Queensland Government's Accelerated Works Program in January 2016 and will support port operations into the future. NQBP has commenced the maintenance and renewal of the Tug Harbour, which was originally constructed in 1982 and this work will continue in 2016-17.

Performance and Achievements

HPCT achieved record throughput for the financial year – a direct result of improved export capacity – against a backdrop of challenging commodity markets and economic conditions.

In December 2015, BHP Billiton Mitsubishi Alliance opened a third berth (HPX-3) lifting export capability from 44 mtpa to 55 mtpa.

DBCT throughput was down 5.6 per cent on last year as a result of a challenging resource market. A positive development against this tough backdrop, was the re-opening of the Stanmore Coal Mine Isaac Plains. Shipments from this mine commenced through the port in May 2016, and are expected to be ongoing.

Pilotage services remained a key focus at the port with a number of efficiencies and safety improvements implemented during the year, including the transition to bow-to-bow towage. NQBP marine pilots also commenced boarding vessels half an hour earlier to allow terminal operators to bring forward ship loading, leading to an increase in the port's available productivity.





PORT LOGISTICS

Logistic Developments

- Mackay
- Weipa

Port of Hay Point

Port of Mackay

Port of Abbot Point

Port of Weipa

Port of Maryborough

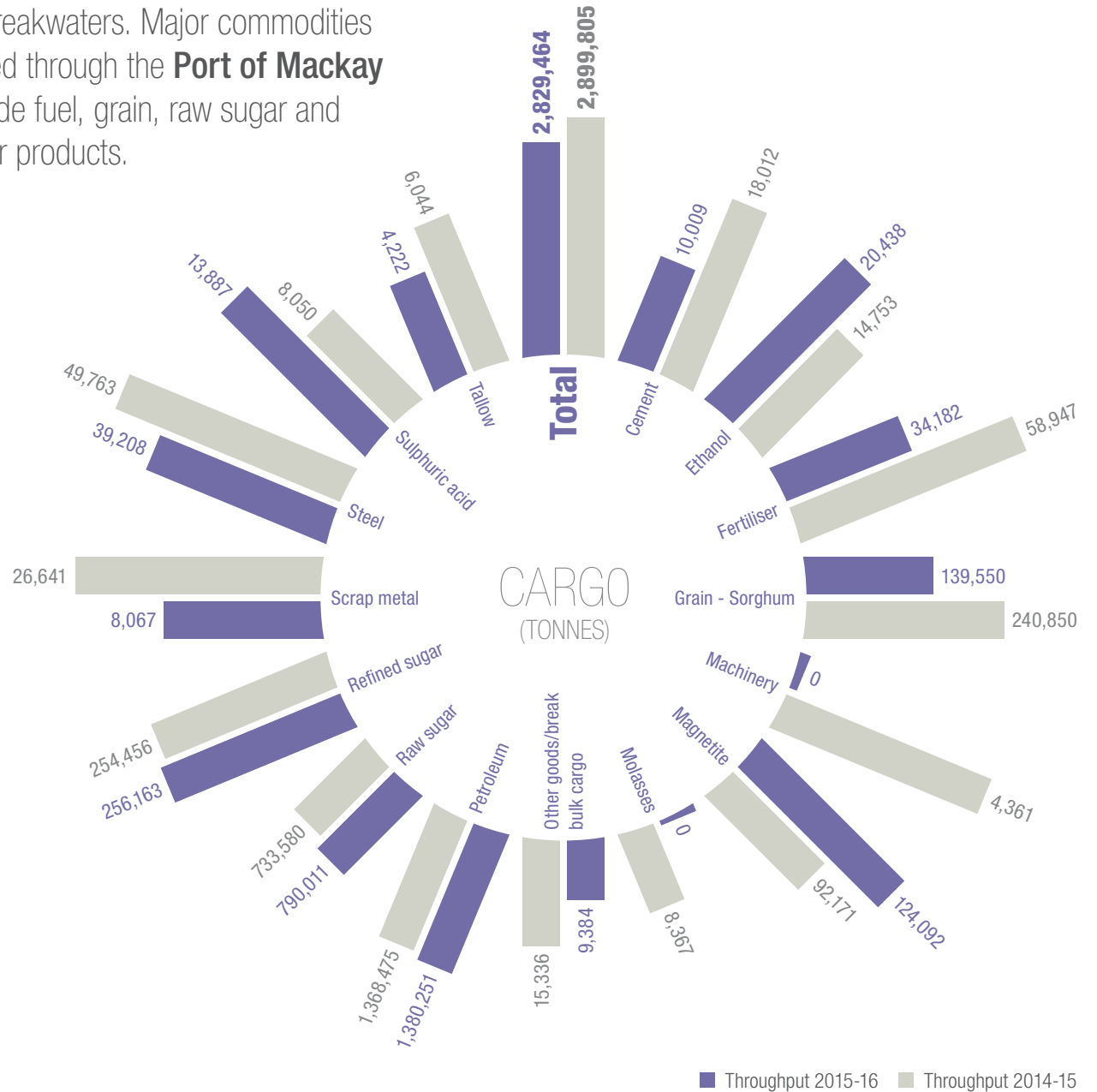
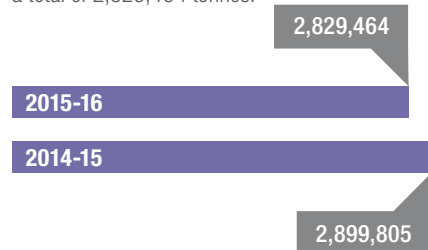


The **Port of Mackay** consists of four berths within a harbour sheltered by breakwaters. Major commodities traded through the **Port of Mackay** include fuel, grain, raw sugar and sugar products.

Land areas behind the port accommodate more than 100 industrial and commercial businesses with substantial areas of vacant land suitable for further development. The proximity to mines in the Bowen and Galilee coal basins, as well as other major regional infrastructure projects and agricultural enterprises, positions the **Port of Mackay** as an ideal supply chain partner.

Throughput

In 2015-16, the port handled 164 ships carrying a total of 2,829,464 tonnes.





PORT LOGISTICS

Logistic Developments

- Mackay
- Weipa

Port of Hay Point

Port of Mackay

Port of Abbot Point

Port of Weipa

Port of Maryborough

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North Queensland Bulk Ports
Annual Report 2015-16



Performance and Achievements

While 2015-16 throughput was down compared to the previous financial period, the **Port of Mackay's** key trades have been relatively steady, with fuel imports up marginally and sugar exports up by 6 per cent amid the fluctuations in commodity demand and prices.

Throughout the year, NQBP continued to focus on developing opportunities for growth at the port, with initiatives implemented to support and strengthen the customer experience and the expansion of trade opportunities.

A number of changes to lease arrangements were implemented throughout the year in support of long-term plans for the port and to improve access to services for port tenants, including:

- » *Providing GrainCorp with access to NQBP services including unloading/offloading, storage and rail facilities, as part of a renewed long-term tenure agreement. The water line to the GrainCorp lease site was also upgraded, allowing emergency response infrastructure to be improved in line with industry standards*
- » *NQBP negotiating with Northern Stevedoring Services for the installation of a Federal Department of Agriculture and Water Resources approved wash down facility and Quarantine Approved Premises. To be completed in August 2016, the new facilities will accommodate containers as well as large heavy machinery and vehicles used for mining and agricultural purposes.*

This financial period, focus was also given to ensuring future master plans and initiatives work to realise the port's full potential. Vacant land adjacent to the rail lines has been identified as potential sites with strategic value for future development.

NQBP also continued to explore new opportunities to increase trade through the port, with a focus on breakbulk cargo associated with the coal mining and agricultural industries and Pacific Island nation trade opportunities in conjunction with Austrade and Trade and Investment Queensland. Increasing trade remains a key focus for NQBP and the corporation will continue to pursue this in the coming year.

Outlook

Significant investment from the private and public sectors in recent years has helped to underpin the Port of Mackay's flexibility, capacity and capability to attract increases in regional trade through the port, despite the current subdued economic climate being experienced regionally.

A proactive and strategic approach to infrastructure improvements has enabled NQBP to cater for breakbulk cargo and the corporation will continue to work with stakeholders to further improve these operations, attract additional trades and to highlight the substantial nature of the business and trade opportunities on offer. Our work with a major breakbulk cargo shipping line is set to continue and if successful, the shipping line intends to include the port as a part of their shipping schedules.

NQBP will continue to work with the relevant government bodies to increase the height for the heavy vehicle oversize overmass (OSOM) freight movements involving Mackay port, Paget Industrial Precinct and the regional coal mining areas.

An assessment of NQBP's road network at the port has also identified potential productivity improvement initiatives to increase the attractiveness of the port to existing and potential port tenants/users and these will be further reviewed in 2016-17.

NQBP will also look to obtain an Environmentally Relevant Activity approval for a common user site inside the port secure area that will allow for the handling of bulk material products such as magnetite, sand, woodchips and grain. This will provide NQBP with the flexibility to handle "one-off" trade opportunities through the port.





PORT LOGISTICS

Logistic Developments

- Mackay
- Weipa

Port of Hay Point

Port of Mackay

Port of Abbot Point

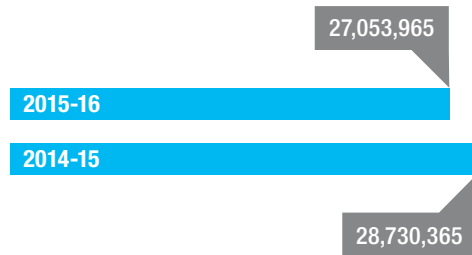
Port of Weipa

Port of Maryborough



The **Port of Abbot Point** is Australia's most northern coal export port and one with remarkable potential for trade growth in coal and other opportunities. In naturally deep water, the port is located 25 kilometres north of Bowen, at the northern end of the Galilee and Bowen coal basins. The port incorporates the Adani Abbot Point Terminal with a current export capacity of 50 million tonnes per annum.

The **Port of Abbot Point** is earmarked as a port with significant potential to become not only one of Queensland's, but one of Australia's most valuable, intergenerational multi-commodity trading ports. The vision for Abbot Point is that it continues to grow as a key strategic coal port and, over time, leverages benefits from the adjoining State Development Area to become a hub for import, processing, manufacturing and export activities of other industries of regional, state and national significance.



Throughput

In 2015-16 the port handled 324 bulk carriers carrying a total of 27,053,965 tonnes of coal.





PORT LOGISTICS

Logistic Developments

- Mackay
- Weipa

Port of Hay Point

Port of Mackay

Port of Abbot Point

Port of Weipa

Port of Maryborough



Performance and Achievements

During 2015-16, NQBP commenced a project to renew and revitalise the Abbot Point Marine Offloading Facility (MOF). The MOF Maintenance and Renewal Project is part of NQBP's commitment to sustainable development across our ports and aligns with the corporation's strategy of active trade facilitation. Once completed, the Project will improve port capability for emergency response, port operations and environmental monitoring activities and provide a multi-functional offloading facility for oversized cargoes.

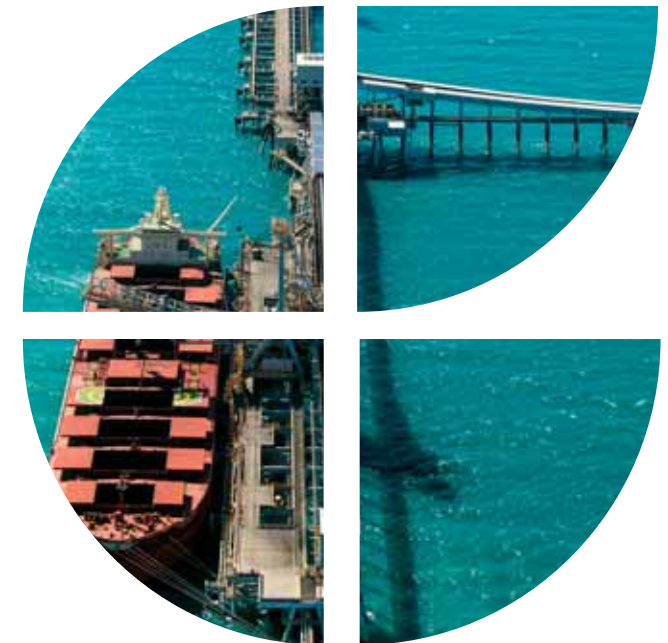
NQBP has continued to look at sustainable initiatives in its engagement with the Juru People (the Traditional Owners of Abbot Point). As part of that effort, Juru Enterprises Limited (JEL) and NQBP developed a capacity building project associated with feral pig and fox management to benefit Green Sea Turtle and the Flatback Turtle hatchlings at Abbot Point. The project is known as the Yal-R-Ren-Gungu. The initiative showed how NQBP, Traditional Owners and industry can work together successfully to provide environmental benefits and build capacity. Carried out under the Abbot Point Indigenous Land Use Agreement (ILUA), the project provided an opportunity to train and develop skills for the Juru People with the intention of it being a business opportunity, not just at Abbot Point, but more widely. Initial training for pest management was undertaken and a program focusing on pig removal was implemented with involvement from key stakeholders, particularly Adani Abbot Point Terminal.

There is evidence at Dingo Beach that the impact of the pigs has reduced and it appears only one turtle nest was lost. NQBP will continue the work to ensure cultural heritage values are protected and that capacity building projects are explored, both within the scope of the ILUA and beyond as part of NQBP's ongoing activities at the port.

Outlook

The Abbot Point Growth Gateway Project (APGGP) was transferred to NQBP during the 2015-16 financial year. NQBP welcomed the project and is committed to getting the balance right – sustainably developing a world-class port and protecting the unique environment that surrounds it.

APGGP involves the dredging of 1.1 million cubic metres of seabed and placing it on vacant industrial land at the port. This will allow for future expansion, with potential to increase capacity from 50 to 120 mtpa. Commonwealth environmental approval was gained on 21 December 2015 and in addition APGGP has received key State Government approvals for the onshore construction works and offshore dredging. The project will be funded by the Adani Group and will commence when Adani has achieved financial close on its mine, rail and port projects.





PORT LOGISTICS

Logistic Developments

- Mackay
- Weipa

Port of Hay Point

Port of Mackay

Port of Abbot Point

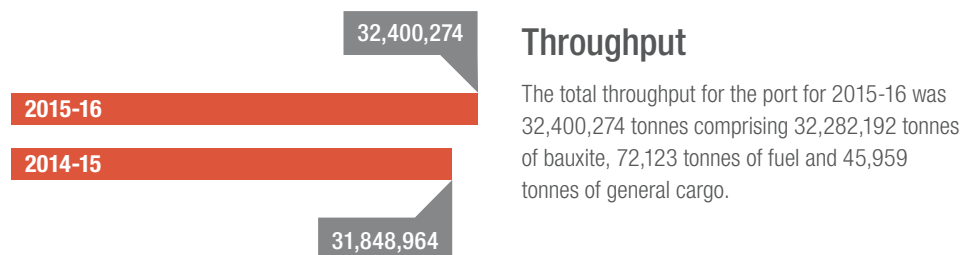
Port of Weipa

Port of Maryborough



The **Port of Weipa** is located on the north-west coast of Cape York Peninsula and is a key strategic asset for the State. With more than 30 million tonnes per annum of product passing through the port each year (including bauxite, fuels and general cargo), the port is a critical gateway to Northern Australia.

Bauxite mined by Rio Tinto is the primary product exported through the **Port of Weipa**. Rio Tinto's operations at the port include major onshore bauxite handling, processing and stockpiling facilities. Its conveyors run to two wharves, Lorim Point East and Lorim Point West for ship loading.



Throughput

The total throughput for the port for 2015-16 was 32,400,274 tonnes comprising 32,282,192 tonnes of bauxite, 72,123 tonnes of fuel and 45,959 tonnes of general cargo.

Performance and Achievements

Rio Tinto manages and operates the bauxite out-loading infrastructure for shipment to domestic and export markets and has continued to deliver improvements to the shipping and scheduling activities resulting in an increased throughput for the port.

A total of 659 bulk carriers visited the port during 2015-16, an increase on the prior year. In March 2016, NQBP approved a Development Application associated with the Green Coast Resources Project (transshipment) and this is expected to provide additional throughput for up to five years.

In conjunction with the Department of Transport and Main Roads, Weipa Town Authority and Rio Tinto, NQBP completed a new Evans Landing public boat ramp in December 2015. NQBP donated the land and committed an additional \$600,000 to construct the boat ramp and pontoons. This project also delivered a 53 boat and car space bitumen car park, including concrete kerb and guttering and lighting for operational areas, to help improve the safety of port users accessing the facilities.

Both the US and Australian Airforce visited Weipa in May 2016 to better understand the port's capability and view the available port infrastructure.

Dredge management remains a key focus for NQBP in Weipa. In July 2015, NQBP completed another successful dredge campaign in line with the stringent environmental guidelines, continuing to ensure safe navigable shipping corridors to and from the port.





PORT LOGISTICS

Logistic Developments

- Mackay
- Weipa

Port of Hay Point

Port of Mackay

Port of Abbot Point

Port of Weipa

Port of Maryborough

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Outlook

*The **Port of Weipa's** future value comes from its strategic importance for the State given its proximity to Asia.*

In November 2015, Rio Tinto's board announced the approval of the Amrun Project, which will see the development of its bauxite reserves south of the Embley River and new port facilities constructed at Boyd Point. This project is expected to commence production and export by mid-2019.

While in the short term NQBP is pursuing project and breakbulk cargoes needed to support the development of the Amrun Project, the corporation is also focusing on identifying further opportunities at the port.



Other smaller bauxite and mineral sands projects with export potential through the **Port of Weipa** are in initial planning stages.

NQBP will continue to work with government agencies, industry and community groups to investigate opportunities to attract new trade to ensure the sustainable future of the port.

These include:

- » *Broadening the United States and or Australian Defence base as well as border protection*
- » *Export of timber*
- » *Live cattle trade*
- » *Possible agricultural commodity exports with the sealing of the Port Development Road.*



PORT LOGISTICS

Logistic Developments

- Mackay
- Weipa

Port of Hay Point

Port of Mackay

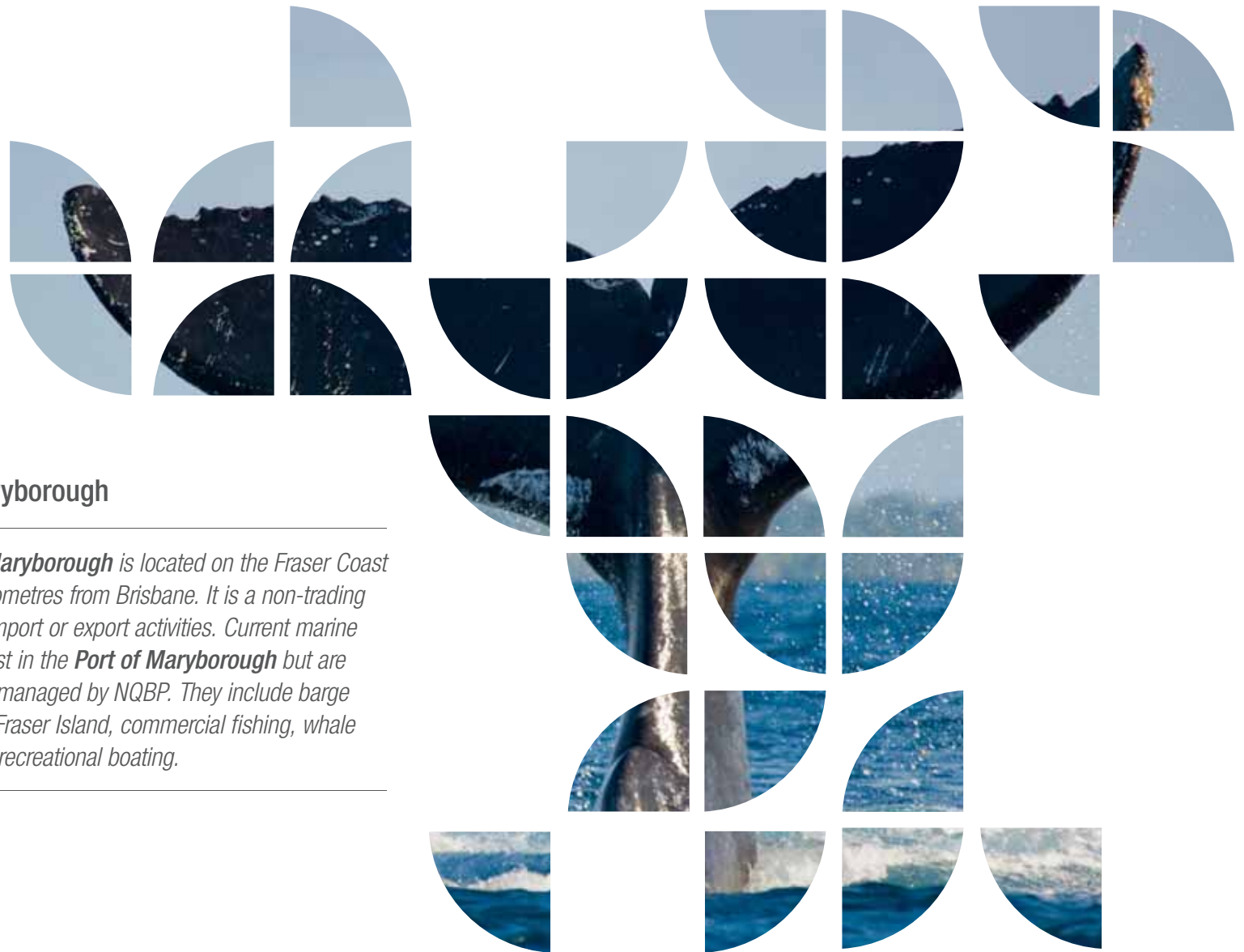
Port of Abbot Point

Port of Weipa

Port of Maryborough

Port of Maryborough

*The **Port of Maryborough** is located on the Fraser Coast about 255 kilometres from Brisbane. It is a non-trading port with no import or export activities. Current marine operations exist in the **Port of Maryborough** but are not owned or managed by NQBP. They include barge operations to Fraser Island, commercial fishing, whale watching and recreational boating.*





TRADE FACILITATION

Supply Chain Efficiency

Essential Port Expansion Enabling Infrastructure

Port Planning
and Development
Assessment

Marine Pilots

Customer Relationships

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Trade Facilitation



*Promote expansion enabling infrastructure
and supply chain efficiency*

As a port owner and manager, NQBP seeks to implement strategies and actions to create growth and promote a conducive environment for private sector investment, to unlock the economic and strategic value within our port assets.

Working with government, we will continue to facilitate development opportunities and coordinate the delivery of staged expansion of our ports, in a sustainable manner.

Supply Chain Efficiency

NQBP is committed to developing a depth of understanding of our customers' supply chains and the markets in which they operate, while keeping well abreast of commodity price movements – particularly coal – which represents 81 per cent of our trade activity.

Improvements to support supply chain efficiencies, such as upgrades to port offloading facilities and upgrades to road infrastructure, make our ports more attractive to potential customers and support the economic development of Queensland.

Transport studies show that the **Port of Mackay** offers a competitive cost option for road transportation of general freight and breakbulk cargo to and from the northern Bowen and Galilee Coal basins. The port is also well serviced by heavy haulage transport trucking and crane firms.

In a further boost for the **Port of Mackay's** supply chain, the State Government is providing \$1.2 billion over five years for improvements to road and bridge infrastructure in the region.

Along with other State Government initiatives – such as the \$28 million project to replace two bridges at Vines Creek and the Mackay Ring Road Stage 1 project – the Eton Range upgrade project supports NQBP in securing current throughput and will also help facilitate trade growth into the future.

Additional investigations by NQBP into supply chain efficiencies have focused on how to drive value across the whole supply chain, from both a marine and land transport perspective and a focus on delivering improved marine operations efficiencies for ships servicing the **Port of Hay Point**.



Deliver essential port expansion enabling infrastructure

Wharf 1: NQBP has invested \$1.21 million to upgrade Wharf 1 at the **Port of Mackay**.

Marine piling tape and jackets were fitted to the wharf's 330 piles forming a protective barrier system to shield the piles from the harsh marine environment, for at least the next 25 years. In a first-of-its-kind project in the **Port of Mackay**, a temporary floating pontoon built from more than 500 plastic blocks was connected and placed underneath the wharf during the upgrade, allowing easier access to the piles.

Southern Breakwater: The **Port of Mackay** Southern Breakwater suffered significant damage as a result of Tropical Cyclone Dylan in January 2014. Repairs and further upgrades to increase the resilience of the breakwater against future weather events were completed at a combined total project cost of \$17.6 million. While the majority of work was undertaken in the 2014-15 financial year, the project was completed and officially reopened to the public in August 2015. The occasion was marked by a NQBP coordinated community event.

Northern and Middle Breakwaters: Along with the Southern Breakwater, the Northern and Middle Breakwaters were also damaged in the cyclone. Rectification works commenced on the Northern Breakwater in November 2015 and the Middle Breakwater in May 2016. Combined, the repairs and upgrade works are expected to cost \$6.7 million and be completed in August 2016.



TRADE FACILITATION

Supply Chain Efficiency

Essential Port Expansion

Enabling Infrastructure

Port Planning and Development Assessment

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Port Planning and Development Assessment

During 2015-16, NQBP prepared infrastructure plans for the ports of Hay Point, Mackay and Weipa, and provided necessary information and support to the Department of State Development for the Abbot Point Master Plan.

NQBP published Sustainable Port Development Guidelines in February 2016. These guidelines outline detailed standards and requirements for any approved development undertaken within NQBP's port precincts. The guidelines have been prepared to ensure a high standard of new development on NQBP land, and encourage the incorporation of sustainable development principles and innovative design into new developments.

2015-16 NQBP assessment of development applications

Total No. of Assessments and Approvals



TOTAL ASSESSED: 38 ~ TOTAL APPROVED: 38



TRADE FACILITATION

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Marine Pilots

NQBP's port pilotage service enhances customer focus and supply chain coordination activities across the ports of Mackay and Hay Point.

Safety is NQBP's first priority and marine pilots are critical to ensuring safe and efficient port operations. NQBP continues to lead the way in pilot competence and safe pilotage and has developed the only compulsory training and development program for pilotage in Australia, in consultation with Maritime Safety Queensland.



Vessels entering and leaving the **Port of Mackay** are now escorted by a pilot launch vessel in an effort to improve port security and eliminate any potential safety risks with regard to small vessel interaction in the Mackay harbour.

In April 2016, NQBP implemented a fatigue management system which allows instant reporting and tracking of NQBP pilot fatigue. Through this system, NQBP is able to continuously monitor our pilots' fatigue.

*In 2015-16, an innovative new pilotage and tugboat system was implemented at the **Port of Hay Point** and resulted in a time saving of about 38 minutes per changeover of ships. This initiative has also saved about 2,200 litres of tug bunkers per ship visit, and when the terminal is operating at or is near capacity, this unlocks 700,000 tonnes of additional terminal capacity.*





TRADE FACILITATION

Supply Chain Efficiency

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Focusing on Customer Relationships

NQBP strives to be a service-based organisation that places high importance on building strong customer relationships. To continue to improve customer service, NQBP conducts regular surveys to help measure our effectiveness as a port operator and identify areas for improvement. The survey is conducted every two years, and is run by an external agency.

The 2016 survey started in June and is expected to be finalised in the second quarter of 2016-17. Findings from this survey will be benchmarked against the results of the 2014 customer survey, to provide a greater understanding of customer service delivery.

Port Marketing across Business, Industries and Logistics Groups

NQBP regularly takes part in industry-led engagement activities, which provide valuable opportunities for our management and commercial leaders to interact with customers and industry peers. In 2015-16, NQBP participated in a range of activities through which we were able to promote and market the work and achievements of the organisation. NQBP will continue to remain visible industry leaders within the logistics sectors in which we operate, as well as across industries where we see potential for new trade opportunities through our ports.



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Sustainability



Lead port sustainability with a focus on people, the environment, our clients and operations



Ensuring the ongoing success and viability of NQBP and the communities in which we operate, requires strategies and actions that embrace balance and leadership in delivering economic, social and environmental outcomes.

NQBP is the only port operator in the world to operate three major ports within a World Heritage Area. In 2015-16, NQBP laid out a clear strategy for port sustainability and published Sustainability Plan 2015+ which guides our work.

Sustainability Plan 2015+

In August 2015, the NQBP Board endorsed Sustainability Plan 2015+ setting a benchmark in the Australian port industry for whole-of-business sustainability planning. The Plan recognises that managing a sustainable business strengthens the organisation's core ability to grow trade through ports into the future for the benefit of Queensland and Australia. The Plan's five themes, and 24 actions, will be progressed between 2015-2017 and include:

1. **Smart Port operations:** driving smart, safe and efficient business operations
2. **Our environment:** supporting science and understanding our environments
3. **Workplace and people:** strength, diversity and resilience with transparency
4. **Planning a bright future:** efficient, responsible and resilient plans
5. **Port communities:** integrating with communities and ongoing learning.

The plan will be reviewed each year to ensure NQBP remains abreast of emerging industry trends and new technologies.





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Energy Audit

In February 2016, NQBP implemented a Level 1 Energy Audit across all sites, to identify operational areas where energy efficiencies, including a reduction in green house gases could be achieved.

The audit was undertaken in accordance with AS/NZS3598:2000 Energy Audits and included identification of simple operational amendments to reduce energy, as well as the identification of renewable energy (solar) opportunities for sites that consume higher rates of energy across the business.

Following this work on a Renewable Energy Framework is being developed to identify short, medium and long-term opportunities and potential industry partnerships.

Addressing Climate Change in Business Operations

NQBP understands the impacts brought on by a changing climate and is committed to addressing climate change in business operations. As a supporter of the PIANC (World Association for Waterborne Transport Infrastructure) 'Think Climate' Coalition recently adopted at the Paris Climate Change Conference, NQBP has continued to track the progress of the Coalition's Navigating Climate Change Action Plan. A review of the climate change adaptation strategies of some of NQBP's key customers was undertaken to identify learnings that can assist with the development of a port-wide climate change and adaptation strategy.

Materiality Assessment

In pursuing our strategic operational goals, NQBP's operations cause varying economic, environmental and social impacts to its business and other stakeholders. NQBP conducted a Materiality Assessment to help identify issues material to NQBP, which are important for sustainability planning, stakeholder engagement, sustainability reporting and future business planning purposes, as well as identifying gaps and areas to improve and focus on with respect to sustainability and future strategies.



Greenhouse Gas Emissions

In line with best practice, NQBP tracks its greenhouse gas emissions, although it is not required to formally report under Commonwealth legislation as activities do not exceed the 25,000 tonne CO₂ threshold. It is expected emissions from coal terminals will be reported by the terminal operators under the National Greenhouse and Energy Reporting System.

Greenhouse gas emissions (tonnes) >>

Port Operations and Management	2015-16	2014-15
Total Electricity for power and lighting	983.82	985.96
Total Fuel for fleet vehicles, mowers, boats and plant	137.01	130.29
Total Fuel for rental vehicles	3.37	8.00
Total Fuel from flights	321.69	325.05
Total Fuel from Dredging Activities	725.80	777.81
Total NQBP emissions	2171.69	2227.11

Note: Calculations are based on ecoBIZ Emission Calculator 2014



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Peer Review

A peer benchmarking exercise was undertaken to understand the sustainability strategies and reporting of leading industry peers. The review involved six peers (two Australian, two overseas and two from other sectors) which aligned with the key sustainability attributes of NQBP.

The outcomes of the review identified that while NQBP is early in its approach to sustainability, the organisation is beyond compliance level. NQBP is in the process of defining what sustainability means for the business, understanding risk and opportunity, establishing policies, systems, procedures, setting goals and reporting on progress and building rapport. As NQBP moves forward in sustainability, it will progress to going beyond compliance towards understanding, engagement and leadership.



Green Office

The development of a Green Office program that aligns with the Harvard University Green Office system has provided all NQBP employees an opportunity to be involved in building sustainability – a key focus area of our Sustainability Plan. The initiative also helps to develop a culture of sustainability within the organisation.

A team of seven employees was assembled to drive and lead this commitment. Current green measures already in place within the organisation include the use of recycling bins, engaging sleep mode on electronic equipment and the efficient use of printers.





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Environment

NQBP holds a vision for Australia where trade, communities and the environment all thrive. Our committed approach to sustainability requires that we undertake our work with a clear focus, ensuring we always reduce and manage any potential impact upon the environment. NQBP operates to the highest international standards through our Environmental Management System, certified under ISO14001 since 1999.



Port Environmental Management

Activity	Description	Progress 2015-16
Port of Hay Point		
Air quality monitoring	In place for nearly 20 years, along with terminal operators, this program is designed to improve dust management practices at the port.	Effective dust management continued at the port throughout 2015-16. A Coal Dust Study was also completed during the financial period with expected release of results in late 2016.
Marine water quality	Large scale ambient marine water quality monitoring along the coastline of the Port of Hay Point .	James Cook University's (JCU) TropWATER have been conducting ongoing monitoring covering 60km along the Mackay coastline from Slade Point to Freshwater Point, and offshore to Keswick Island. Plankton sampling has been added to the monitoring program to understand how blooms of algae and plankton contribute to changes in water clarity.
Coral monitoring	This program investigates local fringing coral health, abundance and distribution and includes annual before and after wet season monitoring along the coastline of the Port of Mackay and the Port of Hay Point .	Since early 2015, NQBP has had a team of scientists completing diver surveys on four island communities near the ports of Hay Point and Mackay. The 2015-16 survey supported natural seasonal fluctuations in algae abundance and showed an increase in hard coral cover at Keswick Island and a slight decline in cover at Round Top Island.
Seagrass monitoring and research program	Undertaken by JCU scientists, this program aligns with broader Great Barrier Reef seagrass monitoring and provides linkages to the Queensland-wide network of habitat assessment and management. It covers the coastline of the Port of Mackay and the Port of Hay Point .	Outcomes of monitoring in 2015 identified seagrass biomass was the highest it has been since 2012.
Port of Mackay		
Coral monitoring	This program investigates local fringing coral health, abundance and distribution and includes annual before and after wet season monitoring along the coastline of the Port of Mackay and the Port of Hay Point .	Since early 2015, NQBP has had a team of scientists completing diver surveys on four island communities near the Ports of Hay Point and Mackay. The 2015-16 surveys supported natural seasonal fluctuations in algae abundance and showed an increase in hard coral cover at Keswick Island and a slight decline in cover at Round Top Island.
Marine water quality	Large scale ambient marine water quality monitoring along the coastline of Port of Mackay .	JCU's TropWATER have been conducting ongoing monitoring covering 60km along the Mackay coastline from Slade Point to Freshwater Point, and offshore to Keswick Island. Plankton sampling has been added to the monitoring program to understand how blooms of algae and plankton contribute to changes in water clarity.
Seagrass monitoring and research program	Undertaken by JCU scientists, this program aligns with broader Great Barrier Reef seagrass monitoring and provides linkages to the Queensland-wide network of habitat assessment and management. It covers the coastline of the Port of Mackay and the Port of Hay Point .	Outcomes of monitoring in 2015 identified a new offshore Halophila spinulosa meadow off the Mackay Marina.
Regional stormwater monitoring program	This program is a regional alliance developed to look at stormwater runoff in the Mackay region.	Together, NQBP, Mackay Regional Council and Reef Catchments hope to identify areas of improvement and implement management strategies to improve stormwater runoff.



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Activity	Description	Progress 2015-16
Port of Abbot Point		
Environmental approvals for capital dredging	Abbot Point is a designated Priority Port in Queensland. Capital dredging will be required to allow for future growth of coal export capacity from 50 to 120 mtpa.	The Abbot Point Growth Gateway Project involves dredging 1.1 million cubic metres of seabed and placing it on vacant industrial land at the port, next to the existing coal terminal.
Seagrass monitoring and research program	In place since 2008, the program assesses the long-term condition and trend for this valuable fisheries habitat.	Outcomes of monitoring in 2015 identified seagrasses in the area showed a two-year steady recovery and strong increases in biomass and area after declines in previous years due to cyclones, high rainfall, winds and flooding.
Marine water quality	A new ambient marine water quality monitoring program has been implemented at the Port of Abbot Point .	Six permanent logging stations have been established in the area. Initial findings are expected late 2016.
Coral monitoring	A new ambient coral monitoring program has been implemented at the Port of Abbot Point with surveys scheduled before and after wet season each year.	In May 2016, the Australian Institute of Marine Science commenced an ambient coral monitoring program with 12 permanent transect sites at Holbourne and Camp Islands. The purpose of the program is to look at the dynamics of these communities as exposed to natural environmental conditions.
Port of Weipa		
Maintenance dredging	Safe, sustainable and competitive seaport services for customers require a well-planned maintenance dredging program to ensure declared depths are preserved. NQBP holds a 10-year long-term Commonwealth Permit and ongoing State permits for routine maintenance dredging at the Port of Weipa .	The 2015 maintenance dredging campaign was completed between 23 June and 16 July 2015, with full environmental compliance and no incidents recorded. The 2016 maintenance dredging campaign began on 24 June and was completed by 20 July 2016.
Strategic, long-term seagrass monitoring program	One of the largest running seagrass monitoring programs in the world. JCU scientists undertake monitoring and reporting, including the assessment of seagrass community health indicators.	Outcomes of monitoring in 2015 identified that seagrass was in good condition and that overall the marine environment was healthy.

EcoPorts Program

NQBP's EcoPorts Program comprises a practical action plan to achieve long-term environmental and sustainability goals and commitments. It encompasses port environmental monitoring programs, training, auditing and tasks around community and stakeholder engagement on environmental matters for the year. For 2015-16, the program included 35 actions, only one of which remains in progress. The Coal Dust Study is expected to be completed late 2016.

Environmental Policy

In addition to undertaking critical environmental monitoring and management tasks, NQBP is closely involved in the development and ongoing implementation of environmental policy. A key member of NQBP's Sustainability and External Relations team serves as the Environment and Planning Chair for both Queensland Ports Association and Ports Australia. This involvement allows NQBP to play a vital role in driving industry participation and input into marine science, environmental governance and port policy development and implementation. It also sees NQBP's expertise called on by ports and industry associations throughout Queensland and Australia.



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Reef 2050 Long-Term Sustainability Plan

Throughout 2015-16, NQBP was proactively involved in the Queensland and Federal Government's Reef 2050 Long-Term Sustainability Plan, which provides an overarching strategy for managing the Great Barrier Reef into the future.



Our involvement has ranged from advising on policy, through to detailing end user requirements and implementing agreed actions.

In 2015-16, NQBP provided:

- » Inputs into the Maintenance Dredging Strategy currently being prepared by the Department of Transport and Main Roads, including the establishment of a framework for the long-term management of sediment at ports
- » Advice and guidance on the Sustainable Ports Development Act 2015 prepared by the Department of State Development, including details on how to develop and operationalise Environmental Management Frameworks at ports
- » Guidance on how to implement the Reef Integrated Monitoring and Reporting Program based on our experiences in managing comprehensive port-wide ambient monitoring projects
- » Specialist advice on principles for net benefits, offsets and cumulative impacts to be included in future policies
- » Detailed port specific expertise and briefings which will inform various research studies being undertaken on dredging and sediment issues.

Under NQBP's guidance, ports are currently in the process of developing a long-term sediment management framework in consultation with Reef 2050 stakeholders, government and research agencies.

NQBP has also commissioned a range of research studies on the impacts and opportunities associated with port development near the Great Barrier Reef World Heritage Area. All tasks have been undertaken to highlight the strong environmental and sustainability credentials of ports and to demonstrate that port activities have and can continue to occur adjacent to the Great Barrier Reef without impact.



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Sustainable Sediment Management Assessment

To ensure the safe passage of ships transiting our ports, the maintenance of navigational depths is essential. NQBP has started an investigation into the long-term management of sedimentation at the **Port of Hay Point**, to look at ways to avoid or reduce the ongoing need for maintenance dredging. Where this is unavoidable, the investigation seeks to identify the long-term alternatives to dispose of accumulated marine sediments in the port's channels, berths and navigational areas.

The Sustainable Sediment Management Assessment is extremely comprehensive and will be a form of master planning that demonstrates how NQBP can best manage and maintain safe navigation depth into the future. On completion of the work for Hay Point, NQBP anticipates rolling out the SSM framework across each trading port.

Coal Dust Study

NQBP and **Port of Hay Point** terminal operators **HPCT** and **DBCT** have completed a comprehensive coal dust study which has set a new benchmark in regional dust studies. Over a 15-month period between November 2013 and January 2015, more than 500 dust samples were collected from 15 dust monitoring sites within the **Port of Hay Point** area and West Mackay, approximately 32 kilometres away. The Sustainable Minerals Institute at the University of Queensland was enlisted to analyse the data and provide a final report. NQBP anticipates having the report peer reviewed by air quality scientists at the Department of Science, Information Technology and Innovation before release later in 2016.

Your Ports Environment Report

In December 2015, NQBP released the first Environment Report, demonstrating our commitment to sustainable port practices and dedication to the broader community and regions. The report card aligns with reporting methodologies used in established Great Barrier Reef tools, and will aid NQBP in continuing to manage the interaction between the operations of ports and the natural environment in future years. The report has received strong support, and NQBP will look to further build on the outcomes as the monitoring programs mature.

Emergency Response Training

An oil spill response training exercise was held at the **Port of Mackay** in May 2016, demonstrating how NQBP would coordinate a response in the unlikely event of an incident occurring. NQBP is committed to environmental protection and is privileged to have three of our major operations located adjacent to the magnificent Great Barrier Reef World Heritage Area. We are fully committed to ensuring we are ready to respond immediately by implementing best-practice emergency response actions.





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Mackay-Whitsunday Healthy Rivers To Reef Partnership

NQBP continued as a major supporter and contributor to the Mackay-Whitsunday Healthy Rivers To Reef Partnership, which consists of 28 organisations. In October 2015, the partnership launched a regional environment pilot report on the health of Mackay-Whitsunday waterways. NQBP is proud to be a primary funding partner and chair of the technical working group responsible for formulating the report card, which was overseen by an independent scientific panel.

PIANC International Working Group

PIANC (World Association for Waterborne Transport Infrastructure) is the international organisation based in Brussels that is responsible for advising on standards in the field of navigable waterway traffic. NQBP's Senior Manager Environment has been working in the group since February 2015 and has visited six ports on the west coast of the United States of America to further understand their practices and present on NQBP's environmental management program. In September 2015, NQBP welcomed the working group on a tour of the **Port of Hay Point** to explore strong environmental management at an operating coal terminal. In addition, the visitors experienced the Great Barrier Reef first-hand, in order to better understand the features of the Reef that contribute to its outstanding universal value and to gain perspective in considering NQBP's unique role in managing three priority ports in a World Heritage Area.



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Port Communities Program

NQBP's ports play a key role in regional Queensland communities by supporting the growth of industries and facilitating trade of essential commodities for communities and industry.

NQBP also supports local port communities through sponsorships, donations and sustainable partnerships. NQBP consults through Community Reference Groups to build awareness of port operations and future growth plans, to listen to and act on concerns and feedback, and to discuss community investments. In 2015-16, NQBP supported a number of community initiatives and events representing a total contribution of \$72,403.

» Port of Hay Point

- » Coal to Coast Sarina Festival
- » Alligator Creek Leam to Swim Program
- » Sarina Beach Coconut Festival 2016
- » Sarina Festival 2016

» Port of Weipa

- » Weipa Fishing Classic

» Port of Mackay

- » Mackay Marina Run
- » Mackay Relay for Life
- » Resource Industry Network
- » Mackay Beach Horse Races
- » Pink Ribbon Charity Fair

» Port of Abbot Point

- » Bowen Fishing Classic 2016
- » Bowen Sea Turtle Assessment and Rehabilitation Inc (BSTAR)
- » Bowen Seagulls Rugby League Club
- » Bowen PCYC
- » Rock n' Revs 2016



A key highlight from the 2015-16 Port Communities Program was the \$15,000 commitment to support Bowen's North Head Lighthouse restoration project.

November 2016 will mark the 150th anniversary of the establishment of the North Head Lighthouse in Bowen and as such the community sought to have the historical building restored as part of the sesquicentennial anniversary of this community asset. NQBP was proud to support the project through the provision of a Sustainable Partnership grant to restore this important piece of historical maritime infrastructure, much like NQBP's Bowen Wharf.

NQBP further contributed to regional development through sponsorship of the Major Projects Summit held in Bowen, the Bowen Collinsville Business Awards and Resource Industry Network.



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Delivering Port Tours

In 2015-16, a number of port tours were conducted for schools and industry groups across Weipa, Abbot Point, Mackay and Hay Point. School tours are tailored individually for each school group, based on the subject of study and age of the students.

Environmental Grants

NQBP provided Environment Grants of \$1,000 each to 10 schools in the Mackay, Hay Point, Weipa and Bowen communities to fund environmental projects.

Successful 2015-16 projects range from creating kitchen gardens to building chicken coops and from developing recycling programs to implementing trial fishing line disposal bins at the **Port of Mackay's** Southern Breakwater.

Workplace and People

NQBP employs 116 people across a wide range of disciplines including pilotage, engineering, planning, maintenance, governance and legal, administration, finance, communications, trade and property and business and commercial services. The workforce is spread across four locations including Brisbane, Mackay, Bowen and Weipa.

Employer of Choice Strategy

NQBP has progressed an Employer of Choice Strategy that focuses on our people capability, a critical element in the delivery of our Strategic Plan. In 2015-16, the Employer of Choice journey led to improving human resource processes and systems, developing a Rewards and Recognition scheme, providing flexible work arrangements and focusing on the development of a performance culture. Over the next 12 months, NQBP's aim is to deliver better workforce planning, leadership development and culture alignment.

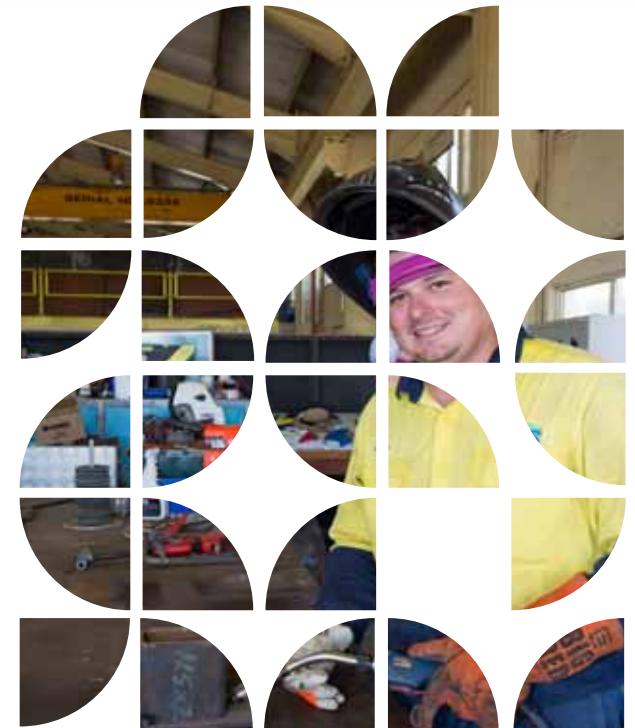


Enterprise Agreements

NQBP finalised negotiation of the expired 2014 Enterprise Agreement for staff (administration, some professionals, operations and trade staff) in late 2015. The approved agreement will expire on 28 February 2018. Marine Pilots continue to operate under an Enterprise Agreement that was approved by the Fair Work Commission in January 2015.

Drug and Alcohol Policy

The corporation has continued to place a high emphasis on zero tolerance for drug and alcohol at all NQBP offices and ports. This financial year saw a 0.0 per cent Blood Alcohol Concentration procedure implemented.





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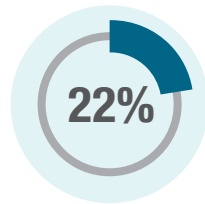
Health and Safety

Summary of workplace and people outcomes



Workforce Profile

Number of employees



Employee Turnover (12 month average)

*17 voluntary redundancies – July 2015
Turnover will decrease to 12% in July 2016

\$82,403

Amount spent on community support (donations, sponsorships, grants)

Number of employees who received free influenza vaccinations

55

Number of health and safety committee members

3

Health, Safety and Wellbeing

NQBP is committed to providing and maintaining a safe and healthy working environment for all employees, visitors and members of the public Community.

Lost Time Injury Frequency Rate

0

Number of Lost Time Injuries

0

34

Number of eligible employees who participated in a movement assessment health check

Developing our People

We aim to be an organisation that values talent, where people understand the alignment between the work they do and the goals of the business, and where each staff member seeks to exceed in their role and develop their skills and competencies.

Total training expenditure (includes Study Assistance, excludes on-the-job training)

\$371,491

71.6

Percent of employees rated 'above average or higher' for their performance in their annual performance review

7

Number of employees receiving support for accredited tertiary courses

Valuing Diversity

A talented, innovative and diverse workforce is vital if NQBP is to achieve its vision for a sustainable future.



17%

Percentage of women on the Board



39%

Percentage of women in the workforce



17%

Percentage of women in senior leadership positions



59%

Percentage of women covered by the Enterprise Agreement (all employees covered under the agreement)



7%

Percentage of employees from a non-English speaking background



0%

Number of formal Equal Employment Opportunity complaints reported to management



0%

Number of formal harassment/bullying complaints reported to management



0%

Number of days lost through industrial disputes



SUSTAINABILITY

Sustainability

Environment

Collaborative Partnerships

Workplace and People

Health and Safety

Health and Safety

NQBP strives to achieve the highest attainable level of occupational safety and health working conditions for its employees, contractors and visitors.

During 2015-16, NQBP achieved a milestone achievement of

It has been

707
days

since NQBP's last Lost Time Injury. *As at 30 June 2016

0

Lost Time Injuries recorded.

This has resulted in a **66%** reduction in the all injury frequency during the reporting period.

Driving Safety

Action	2015-16 Progress
Workplace inspections	Hazard Hunts have been introduced to supplement ongoing inspection regimes
Operational and system audits	Monthly Operational Audits have been completed, along with two External Operational Audits
Hazard identification and risk management	A leadership focus on calibrating the acceptable level of risk for the business with all levels of the organisation participating in hazard identification in the workplace
Consultation, communication and cooperation	All employees, contractors and port users have access to regularly scheduled safety interactions
Training and awareness	All statutory training was completed for the period with regular refresher and awareness training conducted monthly
Proactive health and safety programs	NQBP facilitated a regional Safe Work Week program at the Port of Mackay , which included port users, tenants and employees. Ongoing health monitoring and screening has assisted employees to identify latent personal health issues while assessing exposures to potential workplace hazards

Health and Safety Risk Management

The Executive Committee continues to review the effectiveness of, and provide valuable leadership in Health and Safety Management Systems and processes, including active support for continuous improvement of systems and behaviours.

Notable areas of focus this financial year include:

- » Working with port tenants to quantify the exposure from the transfer and storage of hazardous products within the **Port of Mackay**
- » Optimising operational personal protective equipment across port locations
- » Reviewing the effectiveness of NQBP's fatigue management systems and processes.

NQBP's hazard identification and risk management procedures and the associated operational risks are being consolidated into an enterprise wide risk register which will provide greater efficiencies in review and risk treatment.

Hazard Hunts

During 2015-16, NQBP began the process of Hazard Hunts across all port locations. Employee participation has been high with almost 150 individual hazards identified in the four activities held since the program's implementation. These relatively simple activities have provided valuable team building opportunities, while identifying new hazards and actions to mitigate the likelihood of potential harm. The removal of latent risks and hazards along with ongoing Take 5 completion rates had a direct correlation to the reduction in illness and injuries to employees, contractors and port users.

Accreditation

An accredited Health and Safety Management System provides certainty to future proponents and port users, and helps to ensure NQBP is a business of choice for trade and development. NQBP's Health and Safety Strategy supports future accreditation for the Health and Safety Management System to the Australian Standard. In the next financial period, NQBP plans to include a precertification audit, complete a review of the systems, processes, procedures and supporting documentation for the NQBP Health and Safety Management System with the aim of reducing paper based processes and inefficiencies.



SUSTAINABILITY

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Employee and Regional Health and Safety

NQBP actively participates in local and regional health and safety networks and consultative committees. This year, as part of Safe Work Week, **Port of Mackay** held an event for port users and tenants. The event provided important networking opportunities for employees from across all levels of the business while being able to focus on the health and safety of our shared endeavours. There were a number of co-contributors to the event who shared valuable lessons learnt from their own organisations and their individual journeys.

NQBP also utilised the Workplace Health and Safety Queensland's Safety Advocate program to highlight the impact that an injury can have on an employee and their families. The lasting effect of the Safety Advocates has been to encourage employees to act on hazards as they are identified and to use the Take 5 process more effectively. Employees physical and mental wellbeing are equally important. During the year employees were able to complete a functional screening and participate in RU OK Day and NQBP will continue to explore activities that support and sustain our employees' health and wellbeing.

Significant Business Projects

A commitment to improve and upgrade infrastructure to heighten performance, safety and effectiveness of port operations saw a number of significant projects undertaken during the year, including:

- » *Opening of the **Port of Mackay's** Southern Breakwater which provides safe berths for port and marina users*
- » *Ongoing repairs and maintenance of the Middle and Northern Breakwaters at the **Port of Mackay***
- » *Repairs and corrosion protection for **Port of Mackay's** Wharf 1*
- » *Repairs and upgrades to marine infrastructure and new public boat ramp at **Port of Weipa's** Evans Landing.*



SMART PORTS

Innovation

Port Profiles

Digital Improvements

Security

Pilot Practices

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Thinking differently and doing business better

Smart Ports

We recognise that NQBP's future success depends on how innovative, creative and different the organisation is in operating, developing and growing our ports, our communities and our people.

NQBP has commenced the development of a robust strategy to help identify opportunities and recognise the importance of the implementation of smart and innovative solutions.

Embracing Innovation

A number of internal innovation workshops were held during the year to help generate and implement business improvement efficiencies, with the primary aim being to deliver value to shareholders and customers.

Supported by an Innovation Culture Program, NQBP adopted an innovation process and framework across the organisation. The framework provides structure for sustainable cultural change, and integrated innovation management infrastructure to enable employees to participate in the Smart Ports journey.

Building Port Profiles

NQBP developed individual sub-branding profiles to heighten the profile of each of the four individual trading ports, and further increase NQBP's overall brand presence. To improve our individual port brand presence, new signage was commissioned and will be installed to better profile NQBP's four trading ports.

In 2015-16, a social media video campaign featured everyday members of NQBP's **Port of Hay Point** and Mackay communities sharing their understanding of the value and benefit NQBP's ports play in the export of key commodities. The video series which focused on sugar, sorghum, coal and fuel was shared on a range of digital platforms including NQBP's website, social media and YouTube channel. The project had a wide reach and achieved high interaction and viewing, resulting in successful engagement with stakeholders in a digital space.

Digitising Forms and Processes

A focus on improving information management systems in 2015-16 saw the implementation of a number of new software programs which also resulted in a reduction in paper usage and an improvement in productivity.

A streamlined and improved payroll process including online time sheet management and employee rostering. In 2016-17, digital signature software will be tested to further reduce paper usage, while a changeover from paper-based to online forms will also be implemented, improving processes and data captured.

Digital Audit

In 2015-16, NQBP undertook an audit to identify opportunities to further integrate digital processes and systems into the business, via both new and existing platforms. Planning has also advanced on the development of a new website to enhance ecommerce and engagement with stakeholders and is expected to be delivered in 2016-17.

Security

NQBP upgraded its CCTV system at the **Port of Mackay** to improve security surveillance.

The new state-of-the-art surveillance system enhances safety and security for the port and port users. NQBP's port security staff have the ability to monitor all on-water movement in the area, around the clock. This initiative increases response time and the deployment of resources in the unlikely event of a security incident.





SMART PORTS

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Pilot Practices

Simulation trials and investigations during the year have helped to deliver improved capabilities in ship operation in severe weather conditions at the **Port of Hay Point**.

NQBP marine pilot Captain Luca Orlandi worked with fellow pilots, tug masters and key stakeholders to conduct a three-day simulation trial to investigate the addition of a third tug to further improve NQBP's pilot practices. Following the success of the trial, Captain Orlandi presented the results at the Transas Simulation User Conference (SimUC2016) in Singapore, focusing on the effectiveness of simulators to conduct important safety training.

A drive to develop software for NQBP pilot planning and reporting saw the advancement of electronic passage plans as well as an electronic chart and display system to replace old paper charts. NQBP's marine pilots started training in 2016, with across the board competency expected by 2017.





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For the year ended 30 June 2016

Shareholding Ministers

Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport

The Hon. Curtis Pitt MP

Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply

The Hon. Mark Bailey MP

Board of Directors

Mr Brad Fish
Mrs Annabel Dolphin
Mr Stephen Golding
Mr Kasper Kuiper
Mr Peter Tait
Mr Craig Walker

Audit and Financial Risk Management Committee

Mr Peter Tait
Mr Brad Fish
Mrs Annabel Dolphin
Mr Kasper Kuiper

Corporate Governance and Planning Committee

Mr Stephen Golding
Mr Kasper Kuiper
Mr Peter Tait
Mr Craig Walker

Human Resources and Industrial Relations Committee

Mrs Annabel Dolphin
Mr Brad Fish
Mr Stephen Golding
Mr Craig Walker

Chief Executive Officer

Mr Steve Lewis

Chief Operations Officer

Mr Jeff Stewart-Harris

- Port Operations
- Marine Pilotage
- Commerce and Trade
- Administration

General Manager Engineering and Development

Dr Rochelle Macdonald

- Port Development and Major Projects
- Maintenance
- Health and Safety
- Asset Management and Optimisation
- Engineering and Maintenance Services

Chief Financial Officer

Mr Bernie Wilson

- Information Services
- Finance
- Business Improvement
- Risk and Assurance
- Administration

Director Legal, People and Governance

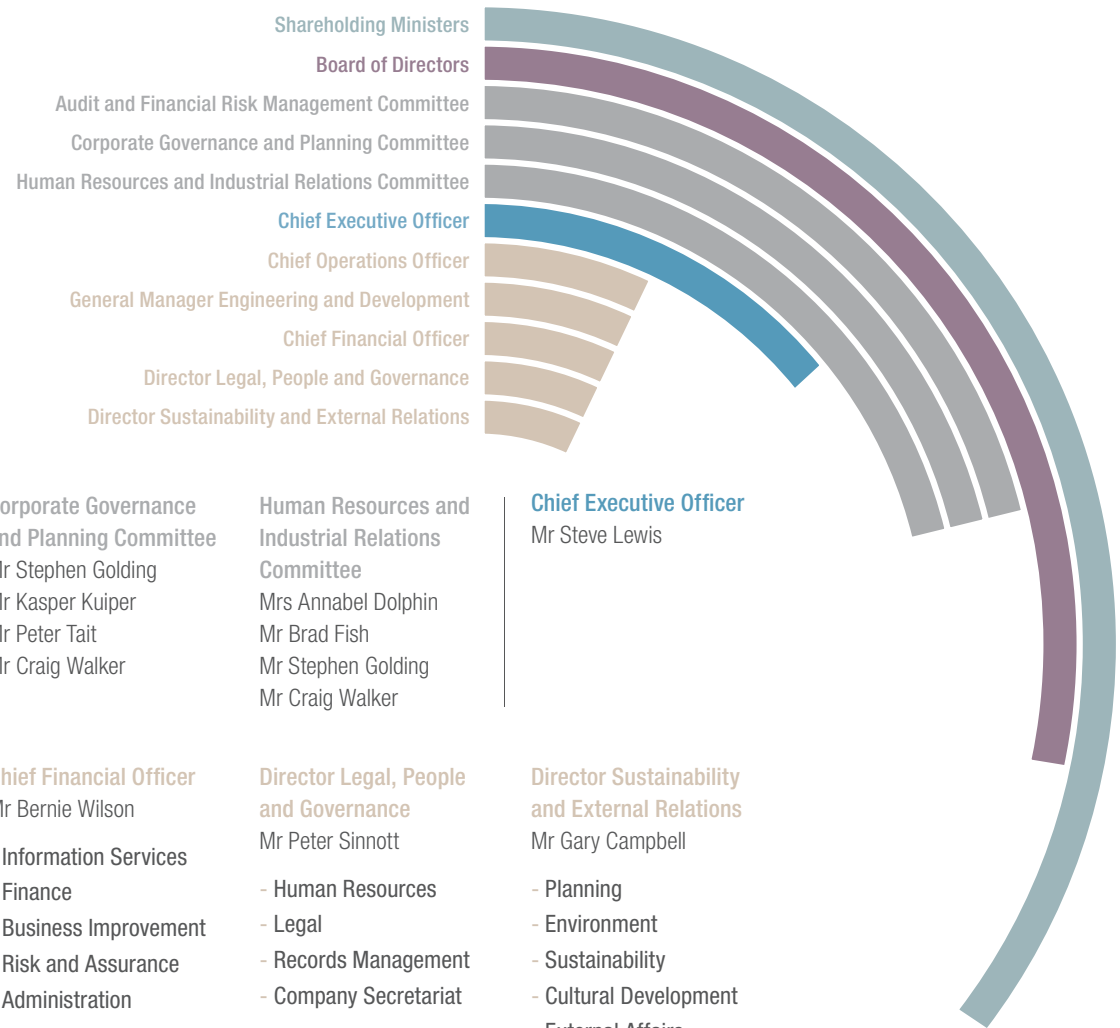
Mr Peter Sinnott

- Human Resources
- Legal
- Records Management
- Company Secretariat

Director Sustainability and External Relations

Mr Gary Campbell

- Planning
- Environment
- Sustainability
- Cultural Development
- External Affairs





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Executive Team



Steve Lewis

Chief Executive Officer

MBA, BBus (Fin Mgt and Economics), GAICD, AAIM, FCILT

Skills and experience: Mr Lewis joined NQBP as Chief Executive Officer in July 2014 with extensive knowledge of Australian ports, having previously served as the Port of Dampier's CEO for 11 years. He has had more than 33 years of involvement within the transport sector including as a member of Federal and State committees on transport.

Mr Lewis is strongly focused on business development, customer service and operational efficiency. He is a Director on the Board of Ports Australia, a fellow of the Chartered Institute of Logistics and Transport and is a graduate of the Australian Institute of Company Directors.



Jeff Stewart-Harris

Chief Operations Officer

MBA, BBus, Assoc Dip Health Surv, FLGMA, FAIM, GAICD

Skills and experience: Mr Stewart-Harris joined NQBP upon its inception in July 2009, having served as the CEO of Mackay Ports Limited since May 2007. Joining the port sector after 20 years' experience in chief and senior executive roles in local government, he has a strong interest in regional and economic development and is a member of the Diversify Mackay Leadership Alliance.

Responsibilities: Mr Stewart-Harris oversees the key revenue-producing business activities of NQBP covering Operations, Pilotage and Commerce and Trade. He provides high level leadership through strategic planning, organisational development, change management, consultative and business improvement processes.



Rochelle Macdonald

General Manager Engineering and Development

BSc (hons), MEM, PhD, GAICD, PLD

Skills and experience: Dr Macdonald joined NQBP in January 2016. She is a Specialist Port Development Strategist and Environmental Engineering Geologist. Prior to joining NQBP, Dr Macdonald was Director of Strategy and Development at the Dampier Port Authority where she was responsible for assembling and directing a professional team focused on the development of Port of Dampier, Port of Ashburton, Port of Anketell and Port of Cape Preston East, and success of infrastructure projects, including Wheatstone, Pluto and Gorgon.

Responsibilities: Dr Macdonald leads the Engineering and Development Department and provides senior engineering, asset management, maintenance, port development and safety expertise to NQBP. She ensures that the engineering and development work of the department is of a high standard, properly managed, technically robust, and is delivered in a cost-effective manner. She drives innovation, continuous improvement, and the pursuit of cost-effective service delivery for internal and external clients.



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Bernie Wilson

Chief Financial Officer

BBus, CPA, MAppFIN

Skills and experience: Mr Wilson joined NQBP in February 2011. He has held a number of senior financial roles with Queensland Treasury Corporation, Brisbane City Council, Queensland Rail and QR Network. He is a graduate of the Australian Institute of Company Directors and a member of the Finance and Treasury Association.

Responsibilities: Mr Wilson is responsible for developing and driving the strategic financial direction for NQBP to ensure the organisation is structured for success. He oversees the Finance, Information Communication Technology and Risk Management and Assurance functions within NQBP.



Peter Sinnott

Director Legal, People, and Governance

B.Com, LLB (Hons), MFM, FGIA, FCIS

Skills and experience: Mr Sinnott joined NQBP in 2012. Prior to this, he was Legal Director at Rio Tinto Alcan and holds more than 20 years' experience in private practice and corporate in-house roles, specialising in commercial and corporate law. He is a Fellow of the Governance Institute of Australia.

Responsibilities: Mr Sinnott is responsible for the corporate governance functions at NQBP, including the provision of company secretarial support to the Board, as well as responsibility for the management of NQBP's legal issues. He also directs and manages Human Resources, Industrial Relations and Records.



Gary Campbell

Director Sustainability and External Relations

BBus

Skills and experience: Mr Campbell joined NQBP in 1996. Before that time he was a journalist and newspaper editor and has worked in Government major infrastructure roles, developing all of agency engagement policy and as part of project planning teams. In NQBP, his roles have spanned media management, community engagement, stakeholder and government relations and major project approvals and planning. He is a Director on the national Board of the International Cargo Handling Coordination Association (ICHCA) Australia Limited.

Responsibilities: In his current role Mr Campbell has executive responsibility for sustainability, environment, planning, indigenous relations and external affairs. As part of the role, Mr Campbell liaises with all levels of government, ensuring strategic and policy issues associated with major projects delivery, port operations and planning are proactively coordinated and addressed and business opportunities are developed which maximise outcomes.



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Corporate Structure

NQBP is a Government Owned Corporation (GOC) incorporated under the Corporations Act 2001 and subject to the requirements of the Government Owned Corporations Act 1993 (GOC Act). Ports Corporation of Queensland Limited (PCQ) and Mackay Ports Limited (MPL) are companies incorporated under the Corporations Act and are also subject to the GOC Act as subsidiaries of a GOC.

The Queensland Government is the owner of all shares in NQBP which are held by two Shareholding Ministers: the Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport; and the Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply. NQBP owns all of the shares in PCQ and MPL. All of the assets and liabilities of PCQ and MPL were transferred to NQBP on 31 March 2012 under the Government Owned Corporations (NQBP Amalgamation) Regulation 2012.

Corporate Governance Practices

The three companies in the NQBP Group have the same Board of Directors. The Board of Directors is responsible for the corporate governance of the organisation and is accountable to the shareholding Ministers for NQBP's performance.

Corporate governance at NQBP encompasses a number of functions including authority, accountabilities, risk management, leadership, performance monitoring and internal control systems. The Board recognises the importance of applying effective corporate governance practices and is committed to a high level of integrity throughout its operations.

The Board has adopted the governance principles set out in the Queensland Government's Corporate Governance Guidelines for GOCs (Government Governance Guidelines), and this is contained in NQBP's Governance Policy. This policy is reviewed annually to improve, where appropriate, NQBP's compliance with these Guidelines.

A copy of NQBP's Governance Policy is included on NQBP's website, with the key aspects of this policy described within this section.

Board of Directors

Details of members of the Board, including their terms of office and their skills, experience and expertise, are outlined on pages 52-53 of this report.

Appointment

Directors of NQBP are appointed by the Governor-in-Council. All of the Directors are Non-Executive Directors. The Board assesses the independence of each of the Directors on a regular basis.

The Directors are subject to NQBP's policy on Disclosure and Conflicts of Interests and the Code of Conduct and are required to disclose potential or actual conflicts of interest as soon as they arise. If a Director discloses a conflict of interest regarding a matter that is considered material by the Board, that Director will not participate in any discussion or decision making on that matter. The independence of Directors is a key issue in ensuring the Board exercises independent judgement. At NQBP, materiality in relation to the independence of Directors is assessed on a case-by-case basis, taking into account the particular circumstances.

NQBP's Governance Procedure sets out some criteria to provide the Board with guidance on the assessment of Director independence. This includes taking account of relationships that the Director currently has, or had in the past, with NQBP or any organisation with which it does business.

Although NQBP does not have any fixed materiality thresholds in place to determine whether a conflict of a Director exists, (a departure from the Government Governance Guidelines previously notified to shareholding Ministers' departments), the Board has comprehensive criteria which are applied on a case-by-case basis, to determine any potential conflict situation.

The Board considers this provides an effective way to comprehensively assess Director independence.



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Role of the Board

A Board Charter is in place which sets out the key roles and functions of the Board. A copy of the Charter is included on NQBP's website.

The collective role of the Board is to:

- » *Set corporate direction and goals*
- » *Oversee the plans of management to achieve these goals*
- » *Review progress at regular intervals.*

The Board's functions include:

- » *Responsibility for NQBP's commercial policy and management*
- » *Ensuring that, as far as possible, NQBP achieves and acts in accordance with its Statement of Corporate Intent (SCI)*
- » *Accounting to shareholders for NQBP's performance as required by the GOC Act and other laws applying to NQBP*
- » *Ensuring that NQBP otherwise performs its functions in a proper, effective and efficient way.*

As the NQBP companies are incorporated under the Corporations Act 2001, the statutory duties imposed on Directors under that legislation also apply to its Board. The Board has observed the terms of its Charter and has had due regard to relevant legislation, relevant binding policies of the Queensland Government, as well as NQBP's policies.

The Board has delegated various functions to management but has reserved certain matters to the Board. This allocation of responsibility is set out in an Instrument of Delegation approved by the Board.

Board Meetings

The Board generally meets monthly (except in December) and, in addition to this, it meets at other times should the need arise. During 2015-16, the Board met 11 times. Directors also met for committee meetings and to discuss strategic planning. The Chair usually meets the Chief Executive Officer prior to each Board meeting to discuss current issues as well as the agenda, which includes the following:

- » *Monthly reports on non-financial performance*
- » *Monthly financial performance reports*
- » *Strategy*
- » *Commercial and governance decisions requiring a Board resolution.*

Key stakeholders are regularly invited to attend an informal meeting usually scheduled around the date of Board meetings. This provides an opportunity for Directors to discuss relevant port-industry topics, while also developing and maintaining important relationships. The Directors provide a broad range of skills and experience covering maritime operations, finance and accounting, engineering, regional matters, agriculture, transport, human resources and industrial relations.

Director Induction and Education

A comprehensive induction is carried out for new Directors, whereby they are familiarised with their responsibilities as a Director, as well as key corporate documents such as the Board Charter, Code of Conduct, Committee Charters and other applicable NQBP policies. This is supplemented by inductions provided to new members on committees.

The Directors' Handbook provides Directors with a detailed overview of corporate and government policies, the role and strategic direction of the organisation and a detailed briefing on each of the NQBP ports and the key commodities handled at each port.

Directors are required to acquire and maintain the skills and knowledge to perform their role as an NQBP Director. Each Director has a duty to comply with the law and binding government and NQBP policies.

The Board supports the ongoing development of individual Directors as appropriate, so that the Board has the skills and knowledge to effectively perform its role in relation to NQBP. Training is provided to the Board on key areas such as competition law, environmental and safety laws, as well as conflicts of interest.

Directors are also kept advised of the various workshops, seminars and conferences on offer to update their skills and knowledge so that they can undertake their role effectively.

Independent Advice and Access to Information

It is the Board's policy (in the Board Charter and each Committee Charter) that Directors are able to seek independent professional advice at NQBP's expense to assist in the performance of their duties. In addition, Directors must be provided with all necessary access to documents, reports and records in pursuit of the Board's mandate.

The Chair has regular briefings from the Chief Executive Officer, and also with managers as required, on all relevant aspects of the organisation's activities and performance. Detailed verbal and written briefings on various issues are provided to the Chair and/or Board as necessary.



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Ethical Behaviour and Decision Making

NQBP is committed to promoting ethical decision making. Its business is dependent on good relationships and fair treatment of its customers, employees and the public, with due consideration of the operating requirements of the business.

These principles are contained in various policies which apply to Directors and all employees and include the Code of Conduct, Trading (Securities) Policy, the policy on Disclosure and Conflicts of Interest, as well as the Integrity Framework Policy (Corrupt Conduct and Public Interest Disclosures) and the Whistleblower Protection Policy.

These policies require Directors and employees to disclose potential or actual conflicts of interest as soon as they arise, so that the issue can be reviewed and managed in an appropriate and transparent way to promote integrity within NQBP's operations. These policies also require Directors and employees to act honestly and comply with the law and to restrict share trading activities where inside information is an issue.

NQBP falls within the jurisdiction of the Crime and Corruption Commission (CCC), and the Chief Executive Officer is required to report any 'corrupt conduct' by NQBP staff to the CCC, if corrupt conduct is reasonably suspected.

In addition, Directors and employees are required to protect NQBP's interests in any actions which may affect the business, as well as its confidential information and intellectual property.

The Code of Conduct, Integrity Framework Policy (Corrupt Conduct and Public Interest Disclosures), Whistleblower Protection Policy and Fraud Control Policy outline a process for the investigation of allegations of misconduct and fraud. Copies of these policies are included on NQBP's website.

Communications with Shareholding Ministers

The key disclosure requirements under the GOC Act require NQBP to reasonably inform Shareholding Ministers about its operations and financial matters, as well as material risk factors.

Regular communications are initiated with key stakeholders, including Shareholding Ministers and government representatives. Detailed quarterly reports are provided to Shareholding Ministers and their representatives, as well as individual ministerial briefings on specific issues.

The Chair and the Chief Executive Officer meet with Shareholding Ministers and/or their representatives on a regular basis. NQBP's management also meets with representatives of Shareholding Ministers' departments to update them on relevant issues.

NQBP's policies do not prescribe the type and level of disclosure to Shareholding Ministers. The Board and NQBP management team exercise their judgement on a case-by-case basis as to what matters should be disclosed in order to comply with the GOC Act disclosure requirements.

Review of Board Performance

As noted above, NQBP has a Governance Policy in place, and this document outlines the process for evaluation of Board and Committee performance, reflecting the requirements of the Government Governance Guidelines.

NQBP's policy requires that a review of Board performance is conducted annually, with an external review usually undertaken every two years.

The Corporate Governance and Planning Committee is the relevant committee to review and make recommendations to the Board in relation to improvement of Board processes. In 2015, an external review of NQBP's Board performance was undertaken.

NQBP's policy also requires that Directors' skills and competencies be reviewed on an annual basis.

In addition, each committee (in accordance with the relevant charter) addresses competency and performance issues at least annually, as well as their information needs. The Board then reviews the performance of each committee on an annual basis. This was undertaken in May and June 2016.

Shareholding Ministers are informed of any key issues arising out of the performance reviews. The Chair will also raise any material concerns about Board performance directly with the Shareholding Ministers if required.

Remuneration Arrangements for Directors

Remuneration for Directors is determined by the Queensland Government. Details of the remuneration paid to Directors are contained in the Notes to the Financial Statements on pages 85-90. This amount excludes travel and associated expenses incurred in the course of undertaking their duties. Directors do not receive performance-related payments. Directors do not receive retirement benefits other than the compulsory superannuation required under the Superannuation Guarantee (Administration) Act 1992.

Appointment of Chief Executive Officer and Senior Executives

The Chief Executive Officer and Senior Executives are appointed in accordance with the GOC Act by the Board. The appointment of the Chief Executive Officer also requires the prior written approval of the Shareholding Ministers. For the GOC Board to appoint a Senior Executive, the Board must follow the processes set out in relevant Queensland Government policies and advise Shareholding Ministers of the details of the appointments.



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Remuneration Arrangements for Management and Employees

The Chair reviews the performance of the Chief Executive Officer and reports to the Board through the Human Resources and Industrial Relations Committee. All new Senior Executive and Senior Manager employment agreements include provisions consistent with shareholder guidelines.

Review of Performance for Management and Employees

NQBP operates a performance pay scheme for the Chief Executive Officer and Senior Executives with agreed financial, environmental, planning and operational targets set by the Board. The performance pay for the Chief Executive Officer is made up from achievement of individual performance targets (30 per cent) and NQBP group performance targets (70 per cent) and individual performance targets (100 per cent) for other executives, with 15 per cent of total salary the maximum payable.

Recommended payments are determined by the Board after the end of the financial year and paid and reported to Shareholding Ministers in accordance with current guidelines.

The performance pay scheme applicable to other employees is based on individual performance. The scheme involves a performance payment pool for the 2015-16 financial year of six per cent of the base pay of participants as approved by the Board.

Relevant remuneration policies are disclosed on the NQBP website and are listed on page 89 of this Report.

Board Committees

During the 2015-16 financial year, there were three Board committees to assist the Board in discharging its duties. Each of these committees has a charter in place that sets out its role. A copy of these charters is included on the NQBP website.

A general description of the role and achievements of the three committees is outlined below. Details of the qualifications of members of each of the three committees, along with the number of meetings held by the committees and names of attendees, are included on pages 54-55 respectively of this Report.

Audit and Financial Risk Management Committee

Chair: Peter Tait

Current Members: Brad Fish, Annabel Dolphin (became a member 22 March 2016), Kasper Kuiper

Non-current Members: Peter Milton (member from 1 July 2015 to 30 September 2015), Alan Grummitt (member from 1 July 2015 to 30 September 2015)

Secretary: Bernie Wilson (Chief Financial Officer)

NQBP's Audit and Financial Risk Management Committee (AFRMC) provides independent and expert advice and support to assist the Board to discharge its financial and risk management responsibilities.

The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within NQBP, or the reporting lines and responsibilities of either internal audit or external audit functions.

The AFRMC is empowered only to make recommendations to the Board and does not have power to make decisions in its own right. The AFRMC:

- » Monitors external reporting requirements
- » Reviews the annual budget and five-year projections and financial risk management policies before consideration by the Board
- » Reviews the annual financial statements before final sign-off by the Board
- » Oversees all internal audit functions, and reviews findings, recommendations and the implementation progress
- » Reviews reports and other information from the Auditor-General
- » Monitors the internal control and financial risk management environment within the organisation
- » Monitors matters and transactions which may have a material effect on the financial position of NQBP.

The Committee consists of at least three Directors appointed by the Board. NQBP's Board Chair may be appointed to the Committee, but may not sit as the Chair of the Committee. To maintain independence, the membership of the Committee will not include representatives from internal audit or the Queensland Audit Office (QAO), although those representatives may be invited to attend Committee meetings at the discretion of the Committee.

The charter of the AFRMC is supplied to newly appointed Directors to the Board as part of their general induction. The AFRMC Chair is to make sure that, on appointment as a new member to the Committee, the appointee is familiar with the current charter of the Committee and is briefed on key current issues.

The Committee has observed the terms of its charter and had due regard to relevant financial legislation and standards and any relevant binding policy of the Queensland Government, as well as NQBP's policies.

The Board considers the effectiveness of AFRMC meetings, the appropriateness of its charter and the composition of the Committee on an annual basis.



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AFRMC Achievements

In the 2015-16 financial year, the Committee met on 20 August 2015, 5 November 2015, 22 February 2016 and 23 May 2016. The Committee followed a key list of standing items to ensure coverage of:

- » *Strategic and Significant Items*
- » *Financial Risk Management*
- » *Financial Governance*
- » *External Audit*
- » *Proposed Board Papers.*

In addition, during the 2015-16 financial year, the AFRMC also considered the following key matters:

- » *Quarterly Review Deep Dives – Procurement Presentation*
- » *Revaluation and Impairment of Assets*
- » *Annual Financial Statements*
- » *Dividend and Return of Capital*
- » *Internal Audit Program and progress and timing of scheduled audits*
- » *Fraud Risk Assessment*
- » *Insurance Review*
- » *Annual Budget Process*
- » *QTC Debt Structure Review*
- » *Port Pricing*
- » *Financial Investment Options*
- » *Review of Delegations Framework*
- » *Annual Review of Committee Charter and Performance.*

Human Resources and Industrial Relations Committee

Chair: *Annabel Dolphin (appointed 27 October 2015)*

Former Chair: *Suzanne Brown (Chair from 1 July 2015 to 30 September 2015)*

Members: *Brad Fish (became a member 27 October 2015), Stephen Golding, Craig Walker (became a member 22 March 2016)*

Non-current Members: *Peter Milton (member 1 July 2015 to 30 September 2015)*

Secretary: *Peter Sinnott (Director of Legal, People and Governance) (appointed 23 May 2016)*

Former Secretary: *Bernie Wilson (Chief Financial Officer) (Secretary from 1 July 2015 to 23 May 2016)*

NQBP's Human Resources and Industrial Relations Committee (HRIRC) provides independent and expert advice to assist the Board to deliver its employee and industrial relations responsibilities.

The Committee does not replace or replicate established management responsibilities and delegations or the responsibilities of other executive management groups within NQBP.

The HRIRC is only empowered to make recommendations to the Board and does not have power to make decisions in its own right. The HRIRC:

- » *Reviews NQBP's human resources and industrial relations policies*
- » *Annually reviews the Chief Executive Officer's remuneration package and proposals by the Chief Executive Officer in relation to the remuneration packages of senior executives*
- » *Evaluates Chief Executive Officer and senior management performance and the appropriateness of performance pay schemes including the targets and criteria for assessment*
- » *Reviews the appropriateness of industrial agreements and reviews proposals for change considering binding government policy and effectiveness in enhancing the achievement of NQBP's objectives through its award and non-award employees*
- » *Considers Directors' and officers' liability issues and the mechanisms to mitigate risks*
- » *Reviews current industry practices in relation to employee management, remuneration and industrial relations environment as it applies to NQBP and its customers*
- » *Reviews any re-organisational proposal where it entails forced redundancies or the diminishing of employee benefits*
- » *Reviews the appropriateness of succession plans*
- » *Evaluates or audits the handling of conflict of interest issues*
- » *Reviews the appropriateness of NQBP's Employment and Industrial Relations (E&IR) Plan.*

The Committee consists of at least three Directors, appointed by the Board. The Board Chair may be appointed to the Committee but may not sit as the Chair of the Committee. The Charter of the HRIRC is supplied to newly appointed Directors as part of their general induction. The HRIRC Chair is to make sure that, on appointment to the Committee, the appointee is familiar with the current Charter of the Committee and is briefed on key current issues.



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The Committee has observed the terms of its Charter and had due regard to industrial and other relevant legislation, relevant binding policy of the Queensland Government, as well as NQBP's policies.

The Board reviews the effectiveness of HRIRC meetings, the appropriateness of its Charter and the composition of the Committee on an annual basis.

HRIRC Achievements

In the 2015-16 financial year, the Committee met on 13 July 2015, 5 November 2015, 5 February 2016 and 23 May 2016. The Committee followed a key list of standing items to ensure coverage of:

- » *Strategic Issues*
- » *Planning*
- » *Performance Systems*
- » *Governance and Policies.*

In addition, during 2015-16 financial year, the Committee also considered the following key matters:

- » *Reviewed issues in relation to the appointment of a General Manager Engineering and Port Development*
- » *Reviewed and made recommendations to the Board on specific HR procedures and to consolidate HR Policies*
- » *Reviewed and made recommendations to the Board in relation to remuneration and performance payments*
- » *Reviewed and made recommendations to the Board on CEO performance and remuneration*
- » *Reviewed and provided input into the Enterprise Bargaining Agreements for NQBP staff and Marine Pilots*
- » *Reviewed and provided input into the draft NQBP E&IR Plan 2016-17*
- » *Reviewed and recommended enhancement of the Performance Management System*
- » *Considered quarterly HRIR reports*
- » *Provided input into the development of the Employer of Choice Strategy*
- » *Reviewed Committee Performance and the Charter*
- » *Provided input into the review of NQBP's organisational structure to align with NQBP's strategic direction*
- » *Monitored the key risks for NQBP in relation to HRIR matters.*

Corporate Governance and Planning Committee

Chair: *Stephen Golding*

Members: *Peter Tait, Craig Walker (became a member 27 October 2015), Kasper Kuiper (became a member 22 March 2016)*

Non-current Members: *Suzanne Brown (member 1 July 2015 to 30 September 2015), Alan Grummitt (member 1 July 2015 to 30 September 2015)*

Secretary: *Peter Sinnott (Director of Legal, People and Governance)*

The Corporate Governance and Planning Committee (CGAPC) has been established to provide independent and expert advice to assist the Board to discharge its corporate governance and strategic planning responsibilities. The Committee does not replace or replicate established management responsibilities and delegations or the responsibilities of other executive management groups within NQBP.

The CGAPC can make recommendations to the Board and does not have power to make decisions in its own right. The CGAPC:

- » *Reports to the Board on the adequacy of the corporate governance system*
- » *Monitors adherence to policies related to corporate governance and instilling a culture of compliance*
- » *Reviews pricing proposals and commercial negotiating frameworks which impact on return*
- » *Monitors the risk management systems*
- » *Reports to the Board on the adequacy of the planning system as proposed by the Chief Executive Officer and the content of strategic and corporate plans*
- » *Articulates information gained from individual Board members to assist the Chief Executive Officer in developing plans*
- » *Requests the Chief Executive Officer to consider or further consider any strategic issue relevant to NQBP.*

The Committee consists of at least three Directors appointed by the Board. The Board Chair may be appointed to the Committee but may not sit as the Chair of the Committee. The Charter of the CGAPC is supplied to newly appointed NQBP Directors as part of their general induction.

The CGAPC Chair is to make sure that, on appointment to the Committee, the appointee is familiar with the current charter of the Committee and is briefed on key current issues.



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CGAPC Achievements

In the 2015-16 financial year, the Committee met on 5 August 2015, 4 November 2015, 5 February 2016 and 10 May 2016. During 2015-16 financial year, the key matters considered by the Committee included reviews of:

- » *Continual development of IT Functions and Technology Systems*
- » *Risk Management Reporting Framework*
- » *Risk and strategic issues associated with NQBP's major projects*
- » *Risk Appetite Statement and Risk Matrix*
- » *Continual review of the development of Risk Management systems and reports including:*
 - » *Hazardous Goods in **Port of Mackay***
 - » *Master Planning at NQBP Ports*
 - » *Safety Hazard Identification Management*
- » *The Committee Charter*
- » *Relevant policies and a major governance review of the policy framework*
- » *Board Performance and Director's training*
- » *The Port Communities Program*
- » *Developing a detailed conflict of interest management protocol*
- » *Potential business opportunities for port centred logistics in Mackay*
- » *Planned Customer Survey*
- » *Government Engagement and Master Planning for Ports*
- » *NQBP Sustainable Port Development Guidelines*
- » *NQBP's Complaints Report and Lobbyists Register*
- » *Issues for Strategic Planning and progressing strategic initiatives.*

The Committee has observed the term of its Charter and had due regard to relevant legislation, relevant binding policies of the Queensland Government and NQBP's policies, as well as contemporary planning processes. The Board considers the effectiveness of CGAPC meetings, the appropriateness of its Charter and the composition of the Committee on an annual basis.

Managing Risk

NQBP takes a proactive and well informed approach to risk management and has a risk management policy and manual (risk management framework) that provides the strategic direction for risk management. Risk management is the responsibility of all NQBP employees.

In order to meet strategic objectives, the risk management framework is designed to apply systematic and consistent risk management methodologies across NQBP to identify critical risk exposures, realise opportunities, and focus on improving capabilities for predicting and managing uncertainties.

The Risk Management and Assurance team helps the business make well informed decisions through:

- » *Corporate Risk Management*
- » *Innovation*
- » *Insurance*
- » *Assurance (Internal Audit)*
- » *Emergency and Business Continuity Management.*

The risk management framework, including detailed procedures for risk management, are documented in a risk management manual that has been developed based on the Australian and New Zealand Standard for risk management, AS/NZS ISO 31000:2009. This risk management framework has been integrated with other policies and management systems.

The risk management framework is supported by an assurance program of regular internal and external audits of various aspects of the business, such as legal compliance, projects, asset management, human resources, environment, health and safety, emergency and business continuity planning and information management.





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The focus of risk management is to ensure risk management is effectively integrated over time into the business processes so that risk management not only protects value, but creates value by:

- » *Assisting in planning to execute NQBP strategy*
- » *Analysing risks to the business*
- » *Understanding the business risks the strategy creates*
- » *Bringing innovation to realise the opportunities of NQBP.*

The framework enables NQBP to:

- » *Identify, assess, evaluate, prioritise and manage risk across the organisation*
- » *Create value to the organisation through informed decision making and the effective allocation of resources*
- » *Build a risk aware culture with risk embedded into day-to-day activities.*

Risk management is an integral part of NQBP's business management. Management continues to be responsible for identifying changes in the business environment that may generate new risks or require a change to risk rankings or controls. The organisation's risk profile is under constant review by Management and the Board. The risk management framework has operated efficiently and effectively throughout the year. That being said, NQBP strives for continuous improvement in all aspects of its business and the risk management framework continues to be improved over time to meet business needs. Internal compliance controls were in place to implement Board policies.

There were no material breaches of risk management policies during 2015-16. The Risk Management Policy is available on NQBP's website.

Internal Audit

The role of internal audit is to assist the Board of Directors and management in the effective discharge of their responsibilities. In-house internal audit resources are supplemented by external resources where specialist skills or greater independence is required. Internal audit activities are conducted in accordance with the Internal Audit Charter and International Standards for the Professional Practice of Internal Auditing.

These include:

- » *A risk based approach in formulating the audit plan*
- » *Providing impartial and independent advice on whether activities are effectively and economically managed*
- » *Providing advice on any deficiencies identified and recommending remedial action*

- » *Evaluating compliance with relevant legislation and policies*
- » *Determining effectiveness of financial and operational controls and systems in meeting goals.*

The 2015-16 audit program included reviews of:

- » *Stakeholder/Media Management*
- » *Maritime Security Plans*
- » *Cash Management*
- » *Fraud Risk Review*
- » *Financial Delegations.*

Innovation

NQBP has now started the journey toward becoming a smarter port. Becoming a smarter port will allow NQBP to:

- » *Be innovative (inventing better ways of doing things)*
- » *Think differently (which allows us to be different from other ports, but also using our combined brainpower to be innovative)*
- » *Create value for our clients and the community*
- » *Engage differently with the community – in a smarter and more participative way*
- » *Create intergenerational assets for the benefit of future generations.*

A number of internal innovation workshops have already generated and realised business improvement efficiencies for NQBP, delivering value to our shareholders and customers. This was supported by an Innovation Culture Program to assist all staff to participate.

The objectives of the NQBP Innovation Framework and the Smart Ports program is to:

- » *Stimulate thinking within the organisation*
- » *Capture ideas, thoughts, themes and trends*
- » *Assess and evaluate these ideas from a Strategic Alignment, value and deliverability perspective*
- » *Implement those ideas, thoughts, themes and trends in a smart way that will provide NQBP with a value proposition and improve our customer service offering*
- » *Ensuring value for money is achieved for NQBP.*



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The framework provides structure for sustainable cultural change, a set of clearly understood processes, and integrated innovation management infrastructure to enable all employees in NQBP to participate in the Smart Ports journey and harness all the bright ideas and innovative spirit of our employees.

Additional Information

The Finance Policy outlines the NQBP group policy for the determination of its appropriate capital structure range. In establishing its capital structure range and positioning the balance sheet at a target debt to debt-plus equity level, we have two objectives:

- » *Establish the capital structure to minimise its cost of capital while maintaining an appropriate credit rating*
- » *Maintain flexibility for current and future infrastructure opportunities.*

Dividend Policy

NQBP's dividend policy takes into account the return its shareholders expect on their investments, along with the funding of future capital requirements and maintenance of the Group's approved capital structure.

Investments Policy

Cash at bank or on hand, not currently required by us, is invested in Board-approved investments in the Queensland Treasury Corporation (QTC) and Queensland Investment Corporation. NQBP monitors cash flows daily and invests any surplus funds. Comprehensive internal controls are maintained in relation to investments.

Foreign Exchange and Derivative Policy

NQBP seeks to have all agreements, tenders and contracts denominated in Australian dollars. Every month the Board is advised on any Foreign Exchange (FX) exposure or derivative transactions exceeding \$100,000 and whether the exposures are hedged or unhedged. Full details of any hedges placed, or derivative transactions completed since the last Board meeting, are also advised to the Board monthly.

All FX exposures greater than \$1 million are hedged unless the Board explicitly determines otherwise.

General Borrowing Policy

Estimated borrowing requirements (if required) are included in the Statement of Corporate Intent (SCI).

We work closely with QTC to obtain State borrowing approval. In accordance with Government policy, we borrow from QTC for ordinary requirements.

Government Policies Applicable to NQBP

NQBP is to comply with all relevant government policies and guidelines.

There were no commercial impacts of major significance identified in adopting any revised policy positions. The continuing application of the Right to Information legislative framework resulted in NQBP requiring ongoing resources directed to meeting its legislative obligations.

Summary of Directions and Notifications Given to the Board by NQBP's Shareholding Ministers

There were no notifications or directions issued by Shareholding Ministers under the GOC Act for the 2015-16 financial year.

Community Service Obligations

There were no community service obligations identified during 2015-16.

Employment and Industrial Relations Plan

NQBP's Employment and Industrial Relations Plan 2015-16 establishes the Corporation's intent with respect to Directors' and staff remuneration and employment conditions and its human resource priorities.

Corporate Entertainment and Hospitality

NQBP did not hold any events throughout 2015-16 which cost more than \$5,000.

Right to Information

NQBP received four access applications and no consultation requests from Queensland Government departments for information under the Right to Information Act 2009 (Qld) during 2015-16. All access applications were finalised.



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For the year ended 30 June 2016

The Board of Directors of North Queensland Bulk Ports Corporation Limited (NQBP) present their report of NQBP and the entity (the Group) for the year ended 30 June 2016.



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Review of Operations

NQBP was formed on 7 May 2009 and became the holding company for the wholly owned subsidiaries of Ports Corporation of Queensland Limited (PCQ) and Mackay Ports Limited (MPL) on 2 July 2009.

NQBP is a public company incorporated under the Corporations Act 2001. It is also a Government Owned Corporation (GOC) under the Government Owned Corporations Act 1993 and a Port Authority under the Transport Infrastructure Act 1994. Each of the subsidiaries, PCQ and MPL, is a public company incorporated under the Corporations Act 2001 and are subsidiaries of a GOC under the Government Owned Corporations Act 1993.

As at 30 June 2016, both MPL and PCQ remain as non-operating companies with nil assets and liabilities.

Overall NQBP's results, notwithstanding slowing demand export of coal, coal throughput at Abbot Point and Hay Point was substantially maintained at the same volume as 2014-15 and just 10.2 million tonnes (6.6 per cent) shy of NQBP's stretch target of 153 million tonnes.

Bauxite exports finished the year 7.6 per cent up on budget and 1.8 per cent on the previous year. Strong demand for bauxite, especially to China, has contributed to the increase.

Mackay performed fairly given the poor economic conditions in the region and finished the year only 71,000 tonnes below the throughput for 2014-15 due mainly to smaller import volume of fuel and export volume of refined sugar and grain.

NQBP continues to work closely with government departments and industry at the ports of Abbot Point and Hay Point to facilitate growth and ensure future expansion is best accommodated.

Operating Results

The profit of the consolidated NQBP Group for the financial year, after providing for income tax equivalents, amounted to \$18.4 million. Despite being below the budget target of \$24.7 million, this result is considered a good outcome given the impact of higher depreciation charges as a consequence of the 2014-15 valuation process.

NQBP has ensured the sustainable operation and development of the ports through a structured environmental management, monitoring and improvement program which reflects a strong commitment to best practice, effective community consultation and environmental protection.

NQBP is encouraged by the return from the State of the Abbot Point Growth Gateway Project and the significant opportunities to develop both on-shore and off-shore facilities to support the economic development of Queensland.

The Corporation maintained external certification of its Environmental Management System for the Ports of Hay Point, Abbot Point, Mackay and Weipa to AS/NZS ISO14001:2004.

Principal Activities

During the year the principal activities of entities within the Group consisted of:

- » port operation and management
- » strategic port planning and port infrastructure development
- » trade facilitation and port marketing and
- » pilotage services.

Dividends

The Directors of NQBP have recommended a dividend of \$15.7 million be paid to shareholders for 2015-16. This recommended dividend represents 100 per cent of net profit after tax for 2015-16 adjusted for abnormal items.

Due to the net loss incurred for 2014-15, NQBP's Directors did not recommend a dividend payment for that year.

In addition, NQBP's directors have approved a return of capital of \$110.0 million, fully funded by way of additional long term borrowings from Queensland Treasury Corporation, be paid to shareholders on 30 November 2016.

No options over issued shares or interests in the Corporation were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of NQBP other than the ongoing impact of the slowdown in mining industry growth.

NQBP has continued to review its business model to focus management attention on working with its customers to facilitate port development while also seeking to implement productivity improvements to manage down its costs and improve the efficiency of its operations.

NQBP's Board and management have actively and closely monitored NQBP's operations to ensure sustainable value is delivered to its customers and shareholders.



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Likely Developments

The Sustainable Ports Development Act 2015 ('the Act') was passed by the Queensland Parliament on 12 November 2015. The Act:

- » *Restricts new port development in and adjoining the Great Barrier Reef World Heritage Area (GBRWHA) to within current port limits and outside Commonwealth and state marine parks*
- » *Prohibits major capital dredging for the development of new or expansion of existing port facilities in the GBRWHA outside the priority ports of Gladstone, Abbot Point, Townsville and Hay Point/Mackay*
- » *Prohibits the sea-based disposal of port-related capital dredge material within the GBRWHA*
- » *Supports the development at the Port of Cairns where it does not impact the GBRWHA.*

The Act also requires master plans to be developed for the priority ports of Gladstone, Abbot Point, Townsville and Hay Point/Mackay.

Historically, Queensland ports have focussed on land use planning within strategic port land. The new port master plans under the Act will require consideration of issues beyond strategic port land including marine and land-based impacts, port and supply chain capacity and connectivity, and environmental and community values.

The master plans for Hay Point/Mackay and Abbot Point will ultimately be developed by the Department of State Development (DSD). Abbot Point is well progressed and Hay Point/Mackay is likely to commence at the end of 2016. To support the Abbot Point Master Plan, NQBP are preparing the Abbot Point 2016+ Port Vision, which will present a highly defensible, evidence-based position on the future development of the port and outline NQBP's expectations of the State run master planning process.

Environmental Management

NQBP maintains an internationally accredited ISO104001 quality environmental management system and this year has again demonstrated operational excellence, with Det Norske Veritas (DNV) finding no major non-conformances to the ISO standards.

There were no breaches of legislation or any insignificant environmental incidents during the year.

Shipping Infrastructure

As an island nation, Australian ports are essential transport gateways for continuing trade with the rest of the world. Shipping routes and port passages are of significant economic importance to everyday Australians, with over 99 per cent of our nation's imports and exports achieved by ship.

NQBP started an investigation into the long-term management of sedimentation at the **Port of Hay Point** in an effort to discover opportunities to avoid or reduce the long-term need for channel maintenance. A detailed report is expected to be released late 2016.

Environmental Monitoring

As a port authority, NQBP undertakes its business at the interface of the land and sea environments.

Throughout 2015-16, NQBP was proactively involved in the Queensland and Federal Government's Reef 2050 Long Term Sustainability Plan, which provides an overarching strategy for managing the Great Barrier Reef into the future.

NQBP released its first Environment Report, *Your Ports*, demonstrating our commitment to sustainable port practices and dedication to the larger community and regions.

NQBP continued as a major supporter and contributor to the Mackay-Whitsunday Healthy Rivers to Reef Partnership, which consists of 28 organisations. In October 2015, the group launched a pilot regional environment report card on the health of Mackay-Whitsunday waterways.



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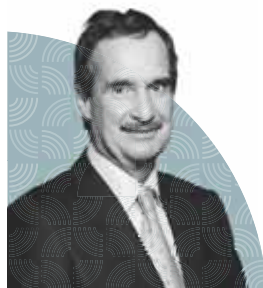
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Board of Directors



Brad Fish
Chair

BBus (Acct), CertCivEng,
GAICD

First Appointed: NQBP on 1 October 2015

Term of Office: to 30 September 2018

Special Responsibilities:

- » *Member of the Audit and Financial Risk Management Committee*
- » *Member of the Human Resources and Industrial Relations Committee.*

Skills and experience: Mr Fish possesses more than 30 years' experience working in the ports sector within Australia, and currently works as a consultant providing advice to businesses in the port and marine sectors. Mr Fish was Chief Executive Officer of North Queensland Bulk Ports for 13 years to July 2014. During that time he was responsible for the strategic planning, infrastructure development and operations of a number of Queensland ports. Mr Fish holds a wide experience in all facets of port management and development.

External appointments: *Graduate of the Australian Institute of Company Directors.*



Annabel Dolphin
Director

Bus. (Mgmt), Dip NSL,
GAICD, CAHRI

First Appointed: NQBP on 1 October 2015

Term of Office: to 30 September 2018

Special Responsibilities:

- » *Chair of the Human Resources and Industrial Relations Committee*
- » *Member of the Audit and Financial Risk Management Committee.*

Skills and experience: Mrs Dolphin is a qualified business management practitioner with over 15 years' experience, bringing a diverse range of expertise to the Board. Starting as a Human Resources professional, she is now regarded as a strategic business adviser providing 'whole-of-business' solutions to business leaders who achieve profitable and sustainable business outcomes. Since 2011, Mrs Dolphin has also made the career move as a professional company director sitting on both private and government boards, and has completed a Diploma in Neuroscience of Leadership which complements her focus on building people capability within organisations.

External appointments: *Graduate of the Australian Institute of Company Directors and a Certified Professional Member of the Australian Human Resources Institute.*



Stephen Golding
Director

AM RFD, BE, MEngSc, BEcon,
Hon FIEAust, FOILT, FITE, FAIM,
FAICD, CPEng, RPEQ, NER

First Appointed: NQBP on 19 June 2009; PCQ on 7 August 2009; MPL on 1 July 2005

Term of Office: to 30 September 2017

Special Responsibilities:

- » *Chair of the Corporate Governance and Planning Committee*
- » *Member of the Human Resources and Industrial Relations Committee.*

Skills and experience: Mr Golding has had a long and distinguished career with the Queensland Department of Main Roads. During his 35 years, he held various key management positions including being appointed Director-General of Main Roads in 2000. He is currently active in four professional associations including an Honorary Fellow of the Institution of Engineers (Australia) and has served on a number of panels and committees. Mr Golding has enjoyed a long career in the Army Reserve enlisting as a private soldier in the Queensland University Regiment in 1963 and retiring in 2004 with the rank of major general. In June 1998, Mr Golding was awarded Member of the Order of Australia for outstanding service to the Army Reserve.

External appointments: *Director and Chair of Transport Certification Australia Ltd, a Director of Transmax Pty Ltd and a Board Member of Queensland Reconstruction Authority.*



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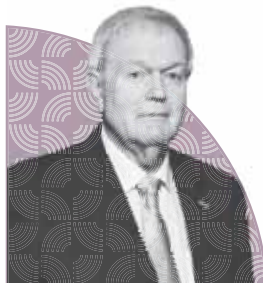
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Kasper Kuiper
Director

R.O.N., M.Mariner FG + ext.,
M.Grad Dip. OSD, MAICD, JP

First Appointed: NQBP on 19 June 2009; PCQ on 1 July 2001; MPL on 7 August 2009

Term of Office: to 30 September 2017

Special Responsibilities:

- » *Member of the Audit and Financial Risk Management Committee*
- » *Member of the Corporate Governance and Planning Committee.*

Skills and experience: Captain Kuiper's expertise in port construction and reclamation includes some of the largest port and underwater constructions in the world. Captain Kuiper was instrumental towards the construction of the Brisbane International Airport, the reclamation of Gold Coast beaches and the Woodside Project in Western Australia. In May 2013, he was a force behind the establishment and dedication of the 'First Contact Memorial', together with the Mapoon Aboriginal Shire Council. An Honorary Consul of The Netherlands in Queensland and was decorated as a Knight in the Order of Oranje-Nassau by Queen Beatrix of the Netherlands in May 2006. Captain Kuiper holds a Queensland Real Estate Principal's Licence and is a member of the REIQ and a member of the Australian Institute of Company Directors.

External appointments: *Branch Master of the Queensland Branch of the Company of Master Mariners and a Member of the Board of Governors of the Management of the 'Duyfken 1606 Replica Foundation'.*



Peter Tait
Director

BCom, M Info Systems,
FCA, FAICD

First Appointed: NQBP on 19 June 2009; PCQ on 7 August 2009; MPL on 1 October 2007

Term of Office: to 30 September 2017

Special Responsibilities:

- » *Chair of the Audit and Financial Risk Management Committee*
- » *Member of the Corporate Governance and Planning Committee.*

Skills and experience: Mr Tait has 30 years' experience as Chartered Accountant in public practice. After commencing at the Brisbane office of an international firm, he moved to a large regional practice, SH Tait & Co in Mackay, before retiring from public practice in July 2016. In public practice, he provided accounting, taxation, audit and strategic business advices to a large range of clients operating in diverse industries. He is a former registered company auditor, registered tax agent and registered self-managed superannuation fund auditor.

External appointments: *Company Secretary of Queensland Mines Rescue Service Limited, Honorary Treasurer of the George Street Neighbourhood Centre Association Inc in Mackay and Honorary Treasurer of Mackay Children's Contact Service Inc since 2001.*



Craig Walker
Director

MBAe, DBus, DEEng,
MAICD, CDec

First Appointed: NQBP on 1 October 2015
Term of Office: to 30 September 2018

Special Responsibilities:

- » *Member of the Human Resources and Industrial Relations Committee*
- » *Member of the Corporate Governance and Planning Committee.*

Skills and experience: Mr Walker is a highly credentialed executive with an expansive career spanning infrastructure, ports, rail, marine and supply chain. He is Managing Director of Brimik Consulting and previously held senior executive roles with Aurizon, Port of Gladstone and Rio Tinto. Mr Walker is renowned for his strategic thinking and domestic and global business acumen that is demonstrated by the growth and success of the enterprises he has worked with. Notably, he has over 20 years' experience in strategic environments including Master-planning, Executive and Project Management, Supply Chain Design and Transport Logistics, Commercial and Development aspects for Investment and Infrastructure.

External appointments: *Chairman of Roseberry Community Services and holds directorships with a number of not-for-profit organisations.*



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Previous members of the Board of Directors until 30 September 2015;
Peter Milton, Suzanne Brown, Adrian Chambers, Alan Grummitt and Gerry Johnstone.

Name and qualifications	Experience, special responsibilities and other directorships
<p>Company Secretary</p> <p>Peter Sinnott BCom, LLB (Hons), MFM, FGIA, FCIS</p> <p><i>Commenced: NQBP, MPL and PCQ on 9 January 2012</i></p>	<p>Prior to joining NQBP, Peter Sinnott was Legal Director at Rio Tinto Alcan.</p> <p>Mr Sinnott was formerly a Senior Associate/Special Counsel at international law firm Minter Ellison and has over 20 years' experience in private practice and corporate in-house roles, specialising in commercial and corporate law.</p> <p>Mr Sinnott is a Fellow of the Governance Institute of Australia.</p>
<p>Company Secretary</p> <p>Steven Maycock JD(Hons), BSc(Hons), BPharm, GradDipACG, FGIA, FCIS, GAICD.</p> <p><i>Appointed Company Secretary: NQBP, PCQ and MPL on 24 May 2016.</i></p>	<p>Steven Maycock has held a number of governance and company secretarial roles in both private and ASX listed companies since leaving top tier law firm Clayton Utz to move inhouse, specialising in compliance, governance and corporate law reform.</p> <p>Mr Maycock is a Fellow of the Governance Institute of Australia and a graduate of the Australian Institute of Company Directors.</p>
<p>Assistant Company Secretary</p> <p>Tina Marsh</p> <p><i>Appointed Company Secretary: NQBP on 1 July 2009; PCQ on 1 July 2007; MPL on 1 July 2009</i></p> <p>Resigned as Company Secretary: NQBP, MPL and PCQ on 18 May 2016</p>	<p>Tina Marsh's history with the Group spans more than 20 years. In addition to holding the Assistant Company Secretary position, Ms Marsh is extensively involved in the corporate administration of NQBP.</p>

Meetings of Directors in 2015-16

The number of meetings of directors for NQBP and its subsidiary companies (including meetings of committees of directors) held during the year, and the number of meetings attended by each director, were as follows:

Board Meetings

Director	NQBP		PCQ		MPL	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
P Milton ¹ Chair	3	3	3	3	3	3
S Brown ²	3	3	3	3	3	3
B Fish ³ Chair	8	8	8	8	8	8
S Golding	11	11	11	11	11	11
A Grummitt ⁴	3	3	3	3	3	3
A Dolphin ⁵	8	8	8	8	8	8
K Kuiper	11	11	11	11	11	11
P Tait	11	11	11	11	11	11
C Walker ⁶	8	8	8	8	8	8

¹ Appointment as a Director expired on 30 September 2015

² Appointment as a Director expired on 30 September 2015

³ Appointed as a Director on 1 October 2015

⁴ Appointment as a Director expired on 30 September 2015

⁵ Appointed as a Director on 1 October 2015

⁶ Appointed as a Director on 1 October 2015



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Committee Meetings

Director	Audit and Financial Risk Management Committee		Corporate Governance and Planning Committee		Human Resources and Industrial Relations Committee	
	Eligible to attend	Number attended	Eligible to attend	Number attended	Eligible to attend	Number attended
P Milton ⁷	1	1	-	-	1	1
S Brown ⁸	-	-	1	1	1	1
B Fish ⁹	3	3	-	-	3	3
S Golding	-	-	4	4	4	4
A Grummitt ¹⁰	1	1	1	1	-	-
A Dolphin ¹¹	1	1	-	-	3	3
K Kuiper ¹²	4	4	1	1	-	-
P Tait	4	4	4	4	-	-
C Walker ¹³	-	-	3	3	1	1

⁷ Term as a Director expired on 30 September 2015

⁸ Term as a Director expired on 30 September 2015

⁹ Became a member of AFRMC and HRIRC on 27 October 2015

¹⁰ Term as a Director expired on 30 September 2015

¹¹ Became Chair of HRIRC on 27 October 2015 and AFRMC on 22 March 2016

¹² Became a member of CGAPC on 22 March 2016

¹³ Became a member of CGAPC on 27 October 2015 and HRIRC on 22 March 2016

Deeds of Indemnity and Insurance

The constitution of each of NQBP, PCQ and MPL provides that, to the extent permitted by law:

- » Each such company must indemnify every person who is, or has been, a director or secretary of that company against any liability incurred by that person as a director or secretary
- » Each such company may make a payment in respect of legal costs incurred in defending an action for a liability incurred by that person as a director or secretary
- » Each such company may pay a premium to insure a director or secretary against certain liability incurred by the director or secretary acting in that capacity.

Each of NQBP, PCQ and MPL entered into a separate Deed of Indemnity for the benefit of persons who are or become Directors, Secretaries, CEO and certain other key decision making persons of any of those companies ("Officers") during the term of the Deed. Under this Indemnity, each of NQBP, PCQ and MPL agrees to indemnify such persons against any liabilities (including costs and expenses) incurred by such persons as an Officer during the term of the Indemnity. The Indemnity operates until revoked by the relevant Board.

The Indemnity does not apply in respect of:

- » Any liability to NQBP, PCQ or MPL (as applicable) or to any subsidiary of those companies
- » Any liability which arises out of the conduct by the Officer involving lack of good faith
- » Any liability which is not permitted to be indemnified under the Corporations Act 2001 (Cth), the Competition and Consumer Act 2010 (Cth) and any other applicable law
- » Any liability where, and to the extent that the Officer is indemnified under a policy of insurance or Repayment obligations apply if NQBP, PCQ and/or MPL (as applicable) has paid an amount to an Officer under the Indemnity, and the Officer is no longer entitled to be indemnified.

Each of NQBP, PCQ and MPL is required to effect insurance in relation to these liabilities, except for liabilities arising out of wilful breach of duty or the breach of certain provisions of the Corporations Act 2001 (Cth).

No liability has arisen under these Indemnities as at the date of this report.

The Group has not entered into any agreement to indemnify its auditors.

Contract of Insurance

The Group has paid a premium in respect of a contract insuring the Directors and Officers of each of NQBP, MPL and PCQ against liabilities.

Proceedings on Behalf of the Group

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

No proceedings under section 236 of the Corporations Act 2001 (Cth) have been brought or intervened in on behalf of any of NQBP, PCQ and MPL.

Non-Audit Services

The Group's auditor has not provided the Group any non-audit services.



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Rounding of Amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 (Cth) is set out on page 58.

This report is signed in accordance with a resolution of Directors.

Brad Fish

*Chair, North Queensland
Bulk Ports Corporation Limited*

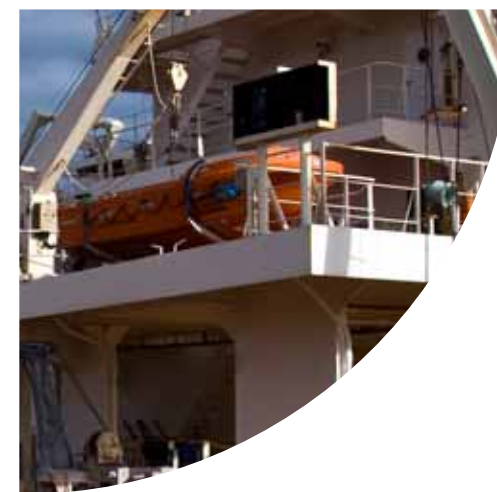
29 August 2016





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